

**JOINT-STOCK COMPANY
NATIONAL INFORMATION TECHNOLOGIES
ANNUAL FINANCIAL STATEMENTS**

**For the year ended December 31, 2022 with the opinion of
independent auditors**

TOO «ABM AUDIT»

Astana

2023

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MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022.

In order to delineate the responsibilities of the auditors and management in relation to the financial statements, Joint-Stock Company NATIONAL INFORMATION TECHNOLOGIES (the "Company") has made the following statement, which should be read in conjunction with the description of the auditors' responsibilities contained in the auditor's report.

The management of the Company is responsible for preparing financial statements that fairly reflect, in all material respects, the financial position of the Company as at 31 December 2022, as well as the financial results of its operations, cash flows and changes in equity for the year ended on that date, in accordance with International Financial Reporting Standards ("IFRS") Law of the Republic of Kazakhstan "On Accounting and Financial Reporting".

In preparing the financial statements, management is responsible for:


- Ensuring correct selection and application of accounting policies;
- presentation of information, incl. data on accounting policies, in a form that ensures the relevance, reliability, comparability and understandability of such information;
- disclosure of additional information in cases where compliance with IFRS requirements is insufficient for the users of financial statements to understand the impact that certain transactions, as well as other events or conditions have on the financial position and financial performance of the Company;
- an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

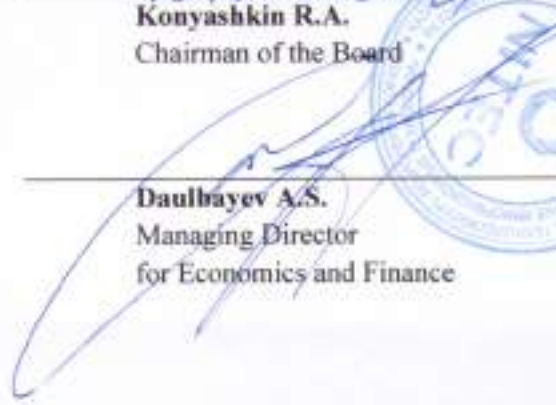
- development, implementation and maintenance of an effective and reliable system of internal control of the Company;
- keeping records in a form that allows to disclose and explain the transactions of the Company, as well as provide information of sufficient accuracy on the financial position of the Company on any date and ensure compliance of financial statements with the requirements of IFRS and the legislation of the Republic of Kazakhstan;
- bookkeeping in accordance with the legislation of the Republic of Kazakhstan and IFRS;
- taking all reasonably possible measures to ensure the safety of the Company's assets;
- detection and prevention of fraud, financial and other abuses.

To the best of our knowledge and belief, there have been no events after the balance sheet date and prior to the date of this letter that would require adjustments or disclosures in the above financial information.


On behalf of the management of JSC NATIONAL INFORMATION TECHNOLOGIES



Konyashkin R.A.
Chairman of the Board



Daulbayev A.S.
Managing Director
for Economics and Finance



Smagulova A.S.
Department Director -
Chief Accountant



«ABM AUDIT» JShS, BSN 201140023492

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Affirm

Bulgunova A.T.

Director of LLP «ABM Audit»

State Audit License for audit activities
on the territory of the Republic of Kazakhstan:

No 22021091 dated 11/11/2022

(Primary from 12/07/2022)

AN INDEPENDENT AUDITOR'S REPORT

*Participants and management of the Joint-Stock Company
National Information Technologies*

Opinion

We have audited the financial statements of JSC NATIONAL INFORMATION TECHNOLOGIES (hereinafter referred to as the "Company"), consisting of a statement of financial position as at 31 December 2022, a statement of income, a statement of changes in equity and a statement of cash flows for the year ended on that date and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, as well as its financial results and cash flows for the year ended as of that date, in accordance with International Financial Reporting Standards ("IFRS").

Basis for an audit 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 (the IESBA Code) and the ethical requirements applicable to our audit of financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, for disclosing information relating to going concern, as appropriate, and for reporting on a going concern basis, unless management intends to liquidate the Company, terminate its activities or when it has no other viable alternative than liquidation or termination of activities.

Those charged with governance are responsible for overseeing the preparation of the Company's financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements are free from material fraud or error, and in issuing the auditor's report, our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements could be fraud or errors and be considered material if they can reasonably be expected to account for user settlement decisions based on these financial statements.

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

- identify and assess the risks of material misstatement of financial statements due to fraud or error; develop and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement from fraud is greater than the risk of not detecting a material misstatement from an error, as fraud may include collusion, forgery, omission, misrepresentation, or circumvention of internal controls;

- obtain an understanding of the internal control system relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;

- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by management;

- conclude on the appropriateness of management's use of the going concern assumption 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 inappropriate, 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 presentation of the financial statements as a whole, its structure and content, including disclosures, and whether the financial statements present underlying transactions and events in such a way that they are presented fairly.

We communicate with those charged with governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant observations on the results of the audit, including significant deficiencies in the internal control system that we identify during the audit process.

We also provide those charged with governance with a declaration that we have complied with all relevant ethical requirements for independence and have kept them informed of all relationships and other matters that could reasonably be considered to have an impact on the auditor's independence, and where appropriate about appropriate precautions.



Bulgynov M.T.
Certified Auditor of the Republic of Kazakhstan
(Auditor's Qualification Certificate
No. MQ-0001176 dated 10.12.2020)



Mendekinova M.T.
Assistant Auditor

May 19, 2023



TOO «ABM AUDIT»

BALANCE SHEET
The period under review 2022

Submitted: to the depository of financial statements in electronic format through software:

No. 1 - B (balance)

Periodicity: annual

Range of persons providing information: public interest organizations based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than 31 August of the year following the reporting year

Organization name: National Information Technologies JSC
as of December 31, 2022

thousand tenge


ASSETS	Line code	Note	At the end of the reporting period	At the beginning of the reporting period
1	2		3	4
I. Short-term assets				
Cash and cash equivalents	010	5	40 314 243	30 267 003
Short-term financial assets measured at amortized cost	011	6	100 119	90 197
Short-term financial assets at fair value through other comprehensive income	012		-	-
Short-term financial assets at fair value through profit or loss	013		-	-
Short-term derivative financial instruments	014		-	-
Other short-term financial assets	015	7	115 299	72 912
Short-term trade and other receivables	016	8	703 713	348 657
Short-term lease receivables	017			
Short-term assets under contracts with customers	018			
Current income tax	019	9	348 379	212 099
Inventory	020	10	219 296	205 534
Biological assets	021			
Other short-term assets	022	11	1 669 142	582 428
Total short-term assets (sum of lines 010 to 022)	100		43 470 191	31 778 830
Assets (or disposal groups) held for sale	101			
II. Long-term assets				
Long-term financial assets measured at amortized cost	110			
Long-term financial assets at fair value through other comprehensive income	111			
Long-term financial assets at fair value through profit or loss	112			
Long-term derivative financial instruments	113			
Investments carried at cost	114			


National Information Technologies JSC
Financial statements for the year ended 31 December 2022

Equity accounted investments	115			
Other long-term financial assets	116			
Long-term trade and other receivables	117			
Long-term lease receivables	118			
Long-term assets under contracts with customers	119			
Investment property	120			
Fixed assets	121	12	14 187 264	10 232 954
Right-of-Use Asset	122	13	4 866 232	5 607 723
Biological assets	123			
Exploration and evaluation assets	124			
Intangible assets	125	14	1 731 873	2 005 931
Deferred tax assets	126			
Other long-term assets	127		-	-
Total long-term assets (sum of lines 110 to 127)	200		20 785 369	17 846 608
BALANCE (line 100 + line 101 + line 200)			64 255 560	49 625 438
				thousand tenge
LIABILITIES AND EQUITY	Line code		At the end of the reporting period	At the beginning of the reporting period
1	2		3	4
III. Short-term liabilities				
Short-term financial liabilities measured at amortized cost	210		-	-
Short-term financial liabilities at fair value through profit or loss	211		-	-
Short-term derivative financial instruments	212		-	-
Other short-term financial liabilities	213			
Short-term trade and other payables	214	15	16 000 992	10 242 461
Short-term estimated liabilities	215	16	654 245	2 113 721
Current income tax liabilities	216			
Employee benefits	217	17	2 046 493	852 676
Short-term rent debt	218	18	4 657 373	2 500 709
Short-term obligations under contracts by buyers	219	19	9 244	19 108
Government subsidies	220			
Dividends payable	221			
Other current liabilities	222	20	560 339	678 241
Total short-term liabilities (sum of lines 210 to 222)	300		23 928 686	16 406 916
Obligations of retiring groups held for sale	301		-	-
IV. Long-term liabilities				
Long-term financial liabilities measured at amortized cost	310		-	-
Long-term financial liabilities at fair value through profit or loss	311		-	-
Long-term derivative financial instruments	312			
Other long-term financial liabilities	313		-	-
Long-term trade and other payables	314			


National Information Technologies JSC
Financial statements for the year ended 31 December 2022

Long-term estimated liabilities	315			
Deferred tax liabilities	316	21	31 534	505 823
Employee benefits	317			
Long-term rent debt	318	22	1 248 294	3 778 991
Long-term liabilities under contracts with customers	319			
Government subsidies	320			
Other long-term liabilities	321			
Total long-term liabilities (sum of lines 310 to 321)	400		1 279 828	4 284 814
V. Equity				
Authorized (share) capital	410	23	13 507 365	13 507 365
Seigniorage	411			-
Repurchased own equity instruments	412			-
Components of other comprehensive income	413		-	-
Retained earnings (uncovered loss)	414	24	25 539 681	15 426 343
Other capital	415			
Total equity attributable to owners of the parent (sum of lines 410 to 415)	420		39 047 046	28 933 708
Share of non-controlling owners	421			-
Total equity (line 420 + line 421)	500		39 047 046	28 933 708
BALANCE (line 300 + line 301 + line 400 + line 500)			64 255 560	49 625 438


Konyashkin R.A.
Chairman of the Board


Daulbayev A.S.
Managing Director
for Economics and Finance




Smagulova A.S.
Department Director -
Chief Accountant

GAINS AND LOSSES REPORT
The period under review 2022

Submitted: to the depository of financial statements in electronic format through software

Administrative Data Form Index: No. 2 - GTC

Periodicity: annual

Range of persons providing information: public interest organizations based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than 31 August of the year following the reporting year

Organization name: National Information Technologies JSC

as of December 31, 2022

thousand tenge


Index	Line code	Note	At the reporting period	At the past period
1	2		3	4
Revenue	010	25	53 887 788	46 689 885
Cost of goods and services sold	011	26	43 778 585	36 002 834
Gross profit (line 010 - line 011)	012		10 109 203	10 687 051
Implementation costs	013	27	810	1 433
Administrative expenses	014	28	1 648 572	1 169 578
Total operating profit (loss) (+/- lines 012 to 014)	020		8 459 821	9 516 040
Financial income	021	29	2 569 958	1 309 819
Financial expenses	022	30	889 506	768 294
The organization's share in the profit (loss) of associates and joint ventures accounted for using the equity method	023			
Other income	024	31	317 264	170 154
other expenses	025	32	292 585	199 086
Profit (loss) before tax (+/- lines from 020 to 025)	100		10 164 952	10 028 633
Income tax expense (-) (revenue (+))	101	33	(50 030)	(2 564 639)
Profit (loss) after tax from continuing operations (line 100 + line 101)	200		10 114 922	7 463 994
Profit (loss) after tax from discontinued operations	201			

National Information Technologies JSC
Financial statements for the year ended 31 December 2022


Profit for the year (line 200 + line 201) attributable to:	300		10 114 922	7 463 994
owners of the parent company			10 114 922	7 463 994
share of non-controlling owners				
Other comprehensive income, total (sum of lines 420 to 440):	400		0	0
including:				
revaluation of debt financial instruments at fair value through other comprehensive income	410			
share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	411			-
effect of a change in income tax rate on deferred tax	412			-
cash flow hedging	413			-
foreign exchange difference on investments in foreign organizations	414			-
hedging of net investments in foreign operations	415			-
other components of other comprehensive income	416			-
reclassification adjustment to profit (loss)	417			-
tax effect of components of other comprehensive income	418			-
Total other comprehensive income to be reclassified to income or expense in subsequent periods (net of income tax) (sum of lines 410 to 418)	420			-
revaluation of fixed assets and intangible assets	431			
share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	432			
actuarial gains (losses) on pension liabilities	433			
tax effect of components of other comprehensive income	434			
revaluation of equity financial instruments at fair value through other comprehensive income	435			
Total other comprehensive income not to be reclassified to income or expense in subsequent periods (net of income tax) (sum of lines 431 to 435)	440			-
Total comprehensive income (line 300 + line 400)	500		10 114 922	7 463 994
Index	Line code		At the reporting period	At the past period

National Information Technologies JSC
Financial statements for the year ended 31 December 2022

1	2	3	4
Total comprehensive income attributable to:			
owners of the parent company		10 114 922	7 463 994
share of non-controlling owners			
Earnings per share :	600		
including:			
Basic earnings per share:			
from ongoing activities		-	-
from discontinued operations		-	-
Diluted earnings per share:		-	-
from ongoing activities		-	-
from discontinued operations		-	-



Konyashkin R.A.
Chairman of the Board



Smagulova A.S.
Department Director -
Chief Accountant



Daulbayev A.S.
Managing Director
for Economics and Finance

STATEMENT OF CASH FLOW (Direct method)
The period under review 2022

Submitted: to the depository of financial statements in electronic format via software
Administrative Data Form Index: No. 3 - DDS-P

Periodicity: annual

Range of persons providing information: public interest organizations based on the results of the financial year
Deadline for submission of the administrative data form: annually no later than 31 August of the year following the reporting year

Organization name: National Information Technologies JSC
as of December 31, 2022

thousand tenge


Index	Line code	Note	At the reporting period	At the past period
1	2		3	4
I. Cash flow from operating activities				
1. Cash inflow, total (sum of lines from 011 to 016),	010		60 517 779	53 313 214
including:				
sale of goods and services	011		58 025 121	52 138 305
other revenue	012			
advances received from buyers, customers	013		9 244	19 108
income from insurance contracts	014			-
remuneration received	015		2 430 046	1 146 748
other supply	016		53 368	9 053
2. Cash outflow, total (sum of lines from 021 to 027),	020		39 630 462	37 669 180
including:				
payments to suppliers for goods and services	021		23 504 818	23 181 772
advances given to suppliers of goods and services	022		1 755	1 610
payroll payments	023		8 191 066	7 043 089
payment of remuneration	024		889 506	768 294
payments under insurance contracts	025			
income tax and other payments to the budget	026		6 504 922	6 304 429
other payments	027		538 395	369 986
3. Net cash from operating activities (line 010 - line 020)	030		20 887 317	15 644 034
II. Cash flow from investing activities				
1. Cash inflow, total (sum of lines from 041 to 052),	040		3 080	13 236
including:				
sale of fixed assets	041		-	-
sale of intangible assets	042		-	-
sale of other long-term assets	043		-	-
sale of equity instruments of other organizations (except for subsidiaries) and interests in joint ventures	044		-	-
sale of debt instruments of other organizations	045		-	-


National Information Technologies JSC
Financial statements for the year ended 31 December 2022


compensation in case of loss of control over subsidiaries	046		-	-
withdrawal of cash deposits	047			
sale of other financial assets	048			
futures and forward contracts, options and swaps	049		-	-
received dividends	050		-	-
remuneration received	051			
other supply	052		3 080	13 236
2. Cash outflow, total (sum of lines from 061 to 073),	060		5 694 649	347 675
including:				
acquisition of fixed assets	061		5 620 018	315 334
acquisition of intangible assets	062		74 631	32 341
acquisition of other long-term assets	063		-	-
acquisition of equity instruments of other organizations (except subsidiaries) and interests in joint ventures	064		-	-
acquisition of debt instruments of other organizations	065		-	-
acquisition of control over subsidiaries	066		-	-
placement of cash deposits	067			
payment of remuneration	068			
acquisition of other financial assets	069			
lending	070		-	-
futures and forward contracts, options and swaps	071		-	-
investments in associates and subsidiaries	072		-	-
other payments	073			
3. Net cash from investing activities (line 040 - line 060)	080		(5 691 569)	(334 439)
Index	Line code		At the reporting period	At the past period
1	2		3	4
III. Cash flow from financing activities				
1. Cash inflow, total (sum of lines from 091 to 094),	090		5 224 796	-
including:				
issue of shares and other financial instruments	091		-	-
loans	092		-	-
remuneration received	093		-	-
other supply	094	24	5 224 796	-
2. Cash outflow, total (sum of lines from 101 to 105),	100		10 402 331	7 683 826
including:				
repayment of loans	101			-
payment of remuneration	102			-
dividend payment	103	24	5 224 796	5 141 815
payments to owners on the shares of the organization	104			-
other disposals	105		5 177 535	2 542 011
3. Net cash from financing activities (line 090 - line 100)	110		(5 177 535)	(7 683 826)
4. The impact of exchange rates against the tenge	120		15 327	(1 478)


National Information Technologies JSC
Financial statements for the year ended 31 December 2022

5. Effect of changes in the carrying amount of cash and cash equivalents	130		13 700	38 315
6. Increase +/- decrease in cash (line 030 +/- line 080 +/- line 110 +/- line 120 +/- line 130)	140		10 047 240	7 662 606
7. Cash and cash equivalents at the beginning of the reporting period	150		30 267 003	22 604 397
8. Cash and cash equivalents at the end of the reporting period	160		40 314 243	30 267 003


Konyashkin R.A.
Chairman of the Board


Smagulova A.S.
Department Director -
Chief Accountant


Daulbayev A.S.
Managing Director
for Economics and Finance



STATEMENT OF CHANGES IN EQUITY
The period under review 2022

Submitted: to the depository of financial statements in electronic format via software

Administrative data form index: No. 5-IK

Periodicity: annual

Range of persons providing information: public interest organizations based on the results of the financial year

Deadline for submission of the administrative data form: annually no later than 31 August of the year following the reporting year

Organization name: **National Information Technologies JSC**

as of December 31, 2022

Name of components	Line code	Note	Capital of the parent organization					Share of non-controlling owners	Total equity
			Authorized (share) capital	Seigniorage	Repurchased own equity instruments	Components of comprehensive income	Retained earnings		
Balance as of January 1 of the previous year	010	23	13 497 723	-	-	-	13 104 164	-	26 601 887
Change in accounting policy	011						-		-
Restated balance (line 010+/- line 011)	100	23	13 497 723	-	-	-	13 104 164	-	26 601 887
Total comprehensive income, total (line 210 + line 220):	200	24				-	7 463 994	-	7 463 994
Profit (loss) for the year	210	24					7 463 994		7 463 994
Other comprehensive income, total (sum of lines 221 to 229):	220							-	
including:									
revaluation of debt financial instruments at fair value through other comprehensive income (except tax effect)	221							-	

thousand tenge

National Information Technologies JSC
Financial statements for the year ended 31 December 2022

	600	10 114 922	10 114 922	10 114 922
Total comprehensive income, total (line 610+ line 620):	600			10 114 922
Profit (loss) for the year	610	24		10 114 922
Other comprehensive income, total (sum of lines 621 to 629):	620			
including:				
revaluation of debt financial instruments at fair value through other comprehensive income (except tax effect)	621			
Revaluation of equity financial instruments at fair value through other comprehensive income (except tax effect)	622			
revaluation of fixed assets and intangible assets (except tax effect)	623			
Share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	624			
Actuarial gains (losses) on pension liabilities	625			
Effect of a change in income tax rate on deferred tax	626			
Cash flow hedging (except tax effect)	627			
hedging of net investments in foreign operations	628			
Exchange difference on investments in foreign organizations	629			
Hedging net investments in foreign operations	629			
Transactions with the owners of everything (the sum of lines from 710 to 718)	700	24	(1 584)	(1 584)
including:				
Remuneration of employees with shares	710			
including:				
cost of employee services				
issuance of shares under an employee share scheme				
tax benefit in relation to the employee share scheme				
Owner contributions	711			
Issue of own equity instruments (shares)	712			
Issuance of equity instruments related to a business combination	713			
Equity component of convertible instruments (net of tax effect)	714			
Dividend payment	715	24	(5 224 796)	(5 224 796)
Other distributions to owners	716			

1. GENERAL INFORMATION

Organizational structure

Full and abbreviated name:

- full - Joint Stock Company "National Information Technologies"
- abbreviated - JSC NIT

"National Information Technologies" JSC (hereinafter referred to as the "Company") was established in accordance with 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 in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies" No. 415 dated 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. BIN 000740000728.

Sole Shareholder of the Company: Zerde National Infocommunication Holding JSC (hereinafter referred to as the Sole Shareholder). The Government of the Republic of Kazakhstan, represented by the State Property and Privatization Committee of the Republic of Kazakhstan, is the founder of the Sole Shareholder of the Company. The rights of ownership and use of the state block of shares of the Sole Shareholder of the Company, which are in republican ownership, in accordance with 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 "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, as well as 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 is defined as the operator of a unified information system for 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 the joint-stock company National Company Kazsatnet, Kazsatnet National Company JSC was merged with the Company with the transfer of all property, rights and obligations.

Legal address and actual location of the Company: Republic of Kazakhstan, 010000, Astana, Yesil district, Mangilik El Avenue, building 55/15.

The Company performs the following main tasks (according to the Charter):

- 1) ensuring compliance with common requirements in the field of information and communication technologies and ensuring information security, as well as the rules for implementing the service model of informatization;
- 2) provides system and technical maintenance and maintenance of Internet resources of state bodies and objects of information and communication infrastructure of "electronic government" in accordance with the list approved by the authorized body;
- 3) has the right to attract objects of information and communication infrastructure of other persons for the development of their own information and communication infrastructure;
- 4) provision of information and communication services to government bodies on the basis of the information and communication infrastructure of "electronic government" in accordance with the catalog of information and communication services;
- 5) ensuring the security of storage of state electronic information resources hosted on the information and communication infrastructure of the "electronic government" assigned to the operator;

1. GENERAL INFORMATION (continued)

- 6) ensuring the security of storage of state electronic information resources in the provision of information and communication services;
- 7) ensuring prompt response to identified shortcomings in the provision of information and communication services, as well as public services in electronic form and taking measures to eliminate them;
- 8) provision free of charge 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) when integrated, it connects the objects of informatization of the "electronic government" to the gateway of the "electronic government" and the national gateway of the Republic of Kazakhstan, as well as the connection of local (except for local networks with access to the Internet), departmental and corporate telecommunications networks of state bodies to the information and communication infrastructure "electronic government";
- 10) provision of communication services to state bodies, their subordinate organizations, local governments, as well as other subjects of informatization, determined by the authorized body and connected to a single transport environment of state bodies, for the functioning of their electronic information resources and information systems. To provide communication services, has the right to engage other persons as subcontractors (co-executors) of services;
- 11) implementation of the creation and development of the information and communication platform of "electronic government" and a unified transport environment of state bodies;
- 12) implementation of maintenance and system maintenance of the national gateway of the Republic of Kazakhstan;
- 13) implementation of the content of the web portal of "electronic government" with electronic information resources provided by state bodies and other subjects of the provision of services in electronic form; 14) performance of work and provision of services for the creation of state information systems, state information resources and information databases of state bodies;
- 13-1) provision of consulting assistance to state bodies in the development of objects of information and communication infrastructure of "electronic government";
- 13-2) implementation of project management for the development of objects of information and communication infrastructure of "electronic government" and the national gateway of the Republic of Kazakhstan
- 14) excluded;
- 15) performance of work and provision of services for the creation, development and maintenance of a unified system of electronic document management of state bodies;
- 16) provision of services for system and technical maintenance of state bodies within the framework of the main activity;
- 17) provision of services to support state information systems;
- 18) design, development and distribution of information systems and other information products integrated with information systems of state bodies;
- 19) provision of services for organizing the work of backup centers of information systems of state bodies;
- 20) carrying out, in accordance with the legislation of the Republic of Kazakhstan, technical analysis and certification of information projects and software products;
- 21) development of scientific and methodological, regulatory and technical documentation, draft standards and regulations in the field of informatization;
- 22) training and provision of consulting services in the field of informatization;
- 23) excluded;
- 24) ensuring monitoring and maintenance of the server infrastructure, engineering systems of the Server Center of state bodies and regional data processing centers;

1. GENERAL INFORMATION (continued)

- 25) provision of services for the provision of rack space (colocation), virtual and physical servers (hosting and dedicated) and business applications (cloud computing) for government agencies and entities of the quasi-public sector in the Server Center of government agencies and regional data processing centers;
- 26) organizing the purchase, installation and maintenance of a hardware and software complex and a structured cable network in order to ensure the functioning of national information systems and resources;
- 27) implementation of round-the-clock consulting support for individuals and legal entities on the provision of public and other services;
- 28) implementation of round-the-clock consulting support to state bodies on the issues of information and communication services provided to them;
- 29) implementation of round-the-clock consulting support for individuals and legal entities, government agencies on issues of "electronic government";
- 30) sending requests to the operator, state bodies and other organizations for clarification on issues that have arisen for the recipient of information and communication, government and other services;
- 31) on a systematic basis sends information to the operator, state bodies and other organizations on received applications from individuals and legal entities;
- 32) implementation of maintenance and system 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;
- 33) storage and restoration of state electronic information resources, as well as liability for loss, modification or other failure to ensure the safety of state electronic information resources in the manner prescribed by the laws of the Republic of Kazakhstan;
- 34) ensuring the production of a backup copy of state electronic information resources in the manner prescribed by the laws of the Republic of Kazakhstan;
- 35) ensuring automated online transmission of data from control metering devices to the authorized body and its territorial divisions in the field of production and circulation of ethyl alcohol and alcoholic products, and in the field of circulation of petroleum products;
- 36) creation and implementation of investment projects within the framework of the current legislation on informatization.

During implementation of its activities, the Company uses the following licenses:

- State license to certify the compliance of the public key of the electronic digital signature with the private key of the electronic digital signature, as well as to confirm the reliability of the registration certificate ABA No. 001300 dated June 12, 2006, issued by the Agency of the Republic of Kazakhstan for Informatization and Communications;
- State license for the provision of IT - telephony (Internet - telephony) ABA No. 002170 dated August 26, 2009, issued by the Agency of the Republic of Kazakhstan for Informatization and Communications;
- State license for data transfer ABA No. 000685 dated December 2, 2004, issued by the Agency of the Republic of Kazakhstan for Informatization and Communications;
- License for the provision of services to identify technical channels of information leakage and special technical means intended for conducting operational search activities No. 072 dated March 6, 2019, issued by the National Security Committee of the Republic of Kazakhstan.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Presentation of Financial Statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, including all previously adopted standards and interpretations of IFRS, and fully comply with them. The preparation of financial statements in accordance with IFRS requires the application of certain critical accounting estimates and also requires management to exercise judgment on assumptions in the course

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

of applying accounting policies. Areas of application that include an increased level of complexity or use of assumptions, as well as areas where the use of estimates and assumptions are material to the financial statements, are disclosed in Note 4 below.

Functional and presentation currency

The functional currency of the Company is the Kazakhstani tenge (hereinafter referred to as the "tenge"), which, being the national currency of the Republic of Kazakhstan, best reflects the economic substance of most of the Company's transactions and related circumstances affecting its activities. The Kazakhstani tenge is also the presentation currency for these financial statements. All financial statements have been rounded to the nearest thousand tenge. The financial statements present comparative information for the previous period.

Transactions and events in foreign currency

Transactions and events in foreign currencies are accounted for in the national currency of the Republic of Kazakhstan using the market exchange rate. Exchange differences arising on the settlement of monetary items or on 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.

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

Currency	As of December, 31,2022	Average of 2022	As of December, 31,2021	Average of 2021
US Dollar	462,65	460,48	431,67	426,03
Euro	492,86	484,22	487,79	503,88
Russian Ruble	6,43	6,96	5,77	5,79

Conditions for conducting business activities

The Republic of Kazakhstan continues to implement economic reforms and develop its legislative tax and regulatory framework, as required by the conditions of a market economy. The future stability of the Kazakh economy depends to a greater extent on these reforms and developments in the effectiveness of the economic, financial and monetary measures taken by the Government of the Republic of Kazakhstan. The Kazakh economy is sensitive to the downturn in business activity and slowdown in economic development in the world.

Despite the fact that the Government of Kazakhstan has introduced a number of stabilization measures aimed at supporting the economy of Kazakhstan, nevertheless, there is uncertainty regarding access to capital and the cost of capital for the Company and its counterparties, which may affect the financial position of the Company, its results of operations and economic perspectives.

While management believes that it is taking appropriate measures to support the sustainability of the Company's operations, under the current circumstances, an unanticipated further deterioration in the areas described above could adversely affect the Company's financial results and financial position in a way that is not currently determinable.

Going concern principle

The financial statements have been prepared on the assumption that the Company will adhere to the going concern principle, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets, pay off debts and meet its liabilities. The Company has no intention or need to liquidate or significantly reduce its activities in the future.

The attached financial statements do not contain any adjustments necessary if the Company could not continue its activities on the basis of the continuity principle.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Base for determining the cost

These financial statements have been prepared generally in accordance with historical cost accounting principles. For certain line items in the financial statements, fair value measurements were used.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether that value is directly observable or determined using another technique. When reporting, fair value measurement is classified into levels depending on the observability of the input data and their significance 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;
- Level 2 inputs that do not correspond to level 1, but are directly or indirectly observable for the asset or liability;
- Level 3 – unobservable inputs to the asset or liability.

Recognition of elements of financial statements

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

- The Company has a significant degree of confidence that any economic benefit associated with the facility will be gained (or lost);
- the object has a value that can be reliably measured.

All elements of the financial statements are presented in the accompanying balance sheet and income statement as line items. Consolidation of several elements of financial statements into one item is made taking into account their characteristics (functions) in the Company's activities.

Presentation Sequence

The presentation and classification of items in the financial statements are retained from the current period to the next. A significant revision in the presentation of the financial statements may require changes to the presentation of the financial statements. The company makes changes to the presented financial statements only if the changed form of presentation provides 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 and Revised International Financial Reporting Standards

The following amendments to the standards came into force on January 1, 2022:

Amendments to the Conceptual Framework for Financial Reporting (IFRS 3) (issued on March 29, 2019 and effective for annual periods beginning on or after January 1, 2022). The revised Conceptual Framework for Financial Reporting contains a new chapter on valuation, guidance on reporting financial performance, improved definitions and guidance (in particular the definition of liabilities), and clarifications on important issues such as the role of governance, prudence and valuation uncertainty in the preparation of financial statements.

Amendment to IAS 16 Property, Plant and Equipment – Revenue before intended use. Under IAS 16, the cost of an asset includes any cost to deliver and prepare it for use, including the cost of verifying that the asset is functioning properly.

The amendment to IAS 16 prohibits entities from deducting from the cost of property, plant and equipment amounts received from the sale of manufactured items or products while the entity is preparing the asset for use. Instead, the entity should recognize the proceeds from such sales, together with the costs, in profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

To measure the value of such assets, an entity shall apply IAS 2 Inventories, excluding depreciation, because the asset is not yet ready for its intended use.

Changes to IAS 37 - Onerous contracts and cost of fulfilling a contract. Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a contract is considered onerous if the unavoidable costs of meeting obligations exceed the expected economic benefits.

The amendment defines what costs a company should include when evaluating the unprofitability of a contract. Thus, direct costs for the execution of the contract include: additional costs for the execution of such a contract (for example, direct costs for labor and materials); distribution of other costs directly attributable to the execution of contracts (for example, the distribution of depreciation charges on an item of property, plant and equipment that is used to fulfill a contract).

Since some entities previously included only incremental costs in fulfillment costs, the amendment would allow the recognition of a large amount of provision for onerous contracts.

Annual amendments to IFRS (2018-2020): (IFRS) 1 "First-time Adoption of International Financial Reporting Standards", 9 "Financial Instruments", 16 "Leases" and IAS 41 "Agriculture".

These amendments did not affect the financial statements of the Company.

New standards that have been released and are not yet effective

The improvements relate to the following standards:

- Amendment to IAS 8 – Determination of Accounting Estimates (Illustrations of Changes in Accounting Policies and Accounting Estimates)
- Amendment to IAS 1 – Application of materiality judgment to disclosures about accounting policies
- Amendment to IAS 1 Presentation of Financial Statements - classification of short-term and long-term liabilities
- Amendment to IAS 12 Income Tax – deferred tax relating to assets and liabilities arising in a single transaction
- Sale and leaseback lease liability - Amendments to IFRS 16 Leases (issued in September 2022 and effective for annual periods beginning on or after 1 January 2024).
- IFRS 17 Insurance Contracts (issued on May 18, 2017 and effective for annual periods beginning on or after January 1, 2023).

Deferred Tax on Single Transaction Assets and Liabilities – Amendments to IFRS 1, IFRS 12 (issued in May 2021 and effective for annual periods beginning on or after 1 January 2023)

The Company has not applied new and revised IFRS issued but not yet effective as of the date of issue of the Company's financial statements, and which the Company plans to apply only from the date of their entry into force.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been consistently applied by the Company in all reporting periods presented in these financial statements.

Fixed assets (Property, plant and equipment)

Property, plant and equipment is initially recognized at cost. Subsequent accounting is carried out at historical cost less accumulated depreciation and impairment losses (if any). The cost of an asset consists of the purchase or construction price, any costs directly attributable to bringing the asset back to working order, and an initial estimate of the cost of decommissioning the asset, if necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Group name	Useful life	Annual depreciation rate (%)
Property	40 years	2,5
Plant	10-20 years	5-10
Machinery and equipment	4-10 years	10-25
Transport	5-10 years	14,3-20
Other fixed assets	3-10 years	20-33,3

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

Intangible assets

Intangible assets that were acquired separately are measured at initial recognition at initial cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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

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

Name	Useful life	Annual depreciation rate
Software, licenses	1-10 years	100-20%

The gain or loss on the disposal of an intangible asset is measured as the difference between the net revenue from the disposal of the asset and the carrying amount of the asset and is recognized in the income statement when the asset is written-off.

Research and development costs

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

- the technical feasibility of creating an intangible asset so that the asset is available for use or sale;
- its intention to complete the development of the intangible asset and use or sell it;
- how the intangible asset will generate future economic benefits;
- availability of sufficient resources to complete the development;
- the ability to reliably estimate the costs associated with an intangible asset during its development;
- the 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. Depreciation of an asset begins after the end of development, when the asset is ready for use, and is incurred over the estimated period of future economic benefits. Depreciation is included in cost. During the development period, the asset is tested annually for impairment.

Impairment of non-financial assets

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

At each reporting date, the Company determines whether there are indications of an asset's possible impairment. If such indications exist, or if an annual impairment test of an asset is required, the Company makes an estimate of the asset's recoverable amount. Intangible assets at the development stage are not amortized, but are tested annually for impairment, regardless of the presence/absence of signs of impairment. The recoverable amount of an asset or cash generating unit (CGU) is the higher of the asset's fair value (CGU) less costs to sell and value in use (CGU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those 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 is written down to its recoverable amount. In assessing value in use, future cash flows are discounted at a pre-tax discount rate that reflects the current market estimate of the time value of money and the risks inherent in the asset. In determining fair value less costs to sell, recent market transactions (if any) are taken into account. In their absence, the appropriate valuation model is applied. Impairment losses from continuing operations (including impairment of inventories) are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

Financial assets

Initial recognition and valuation

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 at initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the business model used by the Company to manage these assets. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied a practical expedient, the Company initially measures financial assets at fair value, increased in the case of financial assets not at fair value through profit or loss, by the amount of costs by deal.

Trade receivables that do not contain a significant financing component or for which the Company has applied a practical expedient are valued at the transaction price determined in accordance with IFRS 15 Revenue from Contracts with Customers.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the asset's contractual terms must give rise to cash flows that are "solely payments of principal and interest" on the principal (убрать) the principal amount of the debt. This evaluation is called the SPPI test and is carried out at the level of each instrument.

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

All transactions for the purchase or sale of financial assets that require the delivery of assets within the time period established by law or the rules adopted in a particular market (trading on "standard terms") are recognized on the date of the transaction, that is, on the date when the Company assumes an obligation buy or sell an asset.

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

Subsequent measurement

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

- financial assets measured at amortized cost (debt instruments);
- financial assets measured at fair value through other comprehensive income with subsequent reclassification of accumulated profit or loss (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 on derecognition (equity instruments);

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category is the most appropriate for the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model which 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 amount outstanding.

Financial assets measured at amortized cost are subsequently measured using the effective interest method and are subject to impairment requirements. Gains or losses are recognized in profit or loss when an asset is derecognised, modified or impaired.

The category of financial assets measured at amortized cost includes trade receivables, investments in bonds and funds in credit institutions (bank deposits, cash and cash equivalents).

The Company records all financial assets at amortized 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. removed from the Company's balance sheet) if:

- the rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay to a third party the received cash flows in full and without material delay under a "pass through" agreement; And
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

In this case, the Company also recognizes a corresponding liability. The transferred asset and the corresponding liability are valued on a basis that reflects the rights and obligations retained by the Company. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the original carrying amount of the asset or the maximum consideration the Company may be required to pay.

Impairment of financial assets

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

For trade and other receivables, the Company applied the standard's simplified approach and calculated lifetime expected credit losses. The Company has used an allowance matrix based on its past credit loss experience, adjusted for borrower-specific forward-looking factors and general economic conditions. For other debt financial assets, including loans issued, expected credit losses are calculated for 12 months. 12-month expected credit losses is the portion of lifetime expected credit losses that is the expected credit losses that result from defaults on a financial instrument that are possible within 12 months after the reporting date. However, if there has been a significant increase in the credit risk of a financial instrument since initial recognition, the loss allowance is measured at an amount equal to lifetime expected credit losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and valuation

Financial liabilities are classified upon 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 attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

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

- financial liabilities measured at fair value through profit or loss;
- financial liabilities measured at amortized cost (credits and loans).

Trade and other payables

Trade payables are initially recognized at fair value and subsequently measured at initial cost.

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

Fair value of financial instruments

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

For financial instruments not traded in an active market, fair value is determined by applying appropriate valuation techniques. Such techniques may include using the prices of recent commercial transactions, using 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, which 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 evidenced by a current quoted price in an active market for a similar asset or liability and is not based on a valuation technique that uses only observable inputs, the financial instrument is initially measured at fair value, adjusted to defer any difference between the fair value at initial recognition and the transaction price. After initial recognition, the difference is recognized in profit or loss on an appropriate basis over the life of the instrument, but no later than when the estimate is fully supported by observable inputs or when the transaction is completed.

Derecognition

A financial liability is derecognized if the liability is discharged, canceled or expired.

If an existing financial liability is replaced by another from the same creditor on substantially different terms, or if the terms of an existing liability are substantially modified, such replacement or modifications are treated as a derecognition of the original liability and the commencement of recognition of a new liability, and the difference in their carrying amounts is recognized in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and presented net in the balance sheet when there is a currently enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and simultaneously settle obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventories are accounted for at the lower of two values: actual cost and net realizable value.

The cost of inventories includes all costs incurred in the ordinary course of business to bring the inventories to the site and bring them to their present condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs to sell.

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

Cash and cash equivalents

Cash and cash equivalents include cash held at call with banks and other short-term, highly liquid investments with contractual maturities of three months or less.

Cash in credit institutions on the balance sheet has an original maturity of up to one year.

Reverse REPO transactions

Securities purchased under agreements with an obligation to resell (hereinafter referred to as "reverse repurchase agreements") are recorded in "Cash and cash equivalents". The difference between the purchase price and the resale price represents interest income and is accrued over the period of the reverse repurchase agreement using the effective interest method.

Provisions (reserves)

Provisions are recognized if the Company has a current obligation (legal or constructive) arising from a past event; the outflow of economic benefits that will be required to settle this liability is probable and a reliable estimate of the amount of such liability can be obtained. If the Company expects to receive reimbursement of reserves, then the reimbursement is recognized as a separate asset, but only if the receipt of reimbursement is beyond doubt. The expense relating to the provision is recognized in the income statement, net of any reimbursement. 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. When discounting is used, the increase in the provision over time is recognized as a finance cost.

Lease

At the time of conclusion of the agreement, 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 an identified asset for a certain period of time in exchange for reimbursement.

Company as a lessee

The Company applies a single approach to the recognition and measurement of all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities for making lease payments and right-of-use assets, which represent the right to use the underlying assets.

Right-of-Use Assets

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

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities that are measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(including, in substance, fixed payments) less any lease receivable incentives, variable lease payments that depend on an index or rate, and amounts expected to be paid under liquidation guarantee cost.

Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Company will exercise the option, and lease termination penalties if the lease term reflects the Company's potential exercise of the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which the event or condition that gives rise to such payments occurs.

To calculate the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease, as the interest rate implicit in the lease agreement cannot be easily determined. After the lease commencement date, the lease liability increases to reflect accrued interest and decreases to reflect the lease payments made.

Short-term leases and leases of low-value assets

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

Company as a landlord

A lease under which the Company retains substantially all the risks and rewards incidental to ownership of an asset is classified as an operating lease. The resulting rental income is recognized on a straight-line basis over the lease term and included in revenue in the income statement due to its operating nature. Initial direct costs incurred in 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 rent is recognized in revenue in the period in which it is received.

Employee benefits

Employee benefits include: short-term employee benefits such as wages, social security contributions, annual paid leave and paid sick leave, compensation and guarantees provided for by the labor legislation of the Republic of Kazakhstan, bonuses, as well as benefits in kind, and other payments.

The Company recognizes the undiscounted amount of short-term employee benefits payable in exchange for services rendered by an employee.

Revenue from contracts with customers

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

- ensuring compliance with uniform requirements in the field of information and communication technologies and ensuring information security, as well as the rules for implementing the service model of informatization;
- implementation of system and technical maintenance and maintenance of objects of information and communication infrastructure of "electronic government" in accordance with the list approved by the authorized body;
- provision of information and communication services to government bodies on the basis of the information and communication infrastructure of "electronic government" in accordance with the catalog of information and communication services;
- provision of communication services to state bodies, their subordinate organizations, local governments, as well as other subjects of informatization, determined by the authorized body and connected to a single transport environment of state bodies, for the functioning of their electronic information resources and information systems, etc.

Revenue in relation to the main activities is recognized over a certain period of time (on a periodic basis), since the criteria for recognizing revenue over a period are met, that is, the customer simultaneously receives and consumes the benefits provided by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts entered into by the Company with customers typically include one or more performance obligations that are on the same time basis. The Company does not have the effect of variable consideration, since the contract does not provide for other promises, which may be separate performance obligations (for example, guarantees, and reward points provided under the customer loyalty program), to which it is necessary to allocate a part of the transaction price.

Generally, 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 applying the IFRS 15 practical expedient, the Company does not adjust the promised consideration for the effect of a significant financing component if, at contract inception, it expects that the period between the transfer of the promised service to the customer and the customer's payment for that service will be no more than one year.

Contract assets

A contract asset is the Company's right to receive reimbursement in exchange for services rendered to the customer. If the Company transfers services to a customer before the customer makes a reimbursement or before the reimbursement becomes payable, then a contract asset is recognized for the reimbursement received, which is contingent.

Trade receivables

The receivables provide the Company's right to a reimbursement that is unconditional (i.e. the point at which such reimbursement becomes a limitation on the reimbursement for a limited period of time). Accounting policies for financial assets are included in IFRS 9 Financial Instruments.

Obligations under the contract

The obligation under the contract is the obligation to transfer to the buyer services (goods) for which the Company will receive reimbursement (or received) from the buyer. If the customer pays the reimbursement before the Company transfers the service to the customer, a contract liability is recognized at the time the payment is made or at the time the payment becomes due (whichever occurs first). Contract liabilities are recognized as revenue when the Company fulfills its obligations under the contract.

Finance income/expenses

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

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

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recoverable from the tax authorities or payable to the tax authorities.

Tax rates and tax laws applied to calculate this amount are the rates and laws adopted or actually adopted as of the reporting date in the Republic of Kazakhstan, where the Company operates and receives taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Company's management periodically assesses positions reflected in tax returns, in respect of which the relevant tax legislation can be interpreted differently, and creates reserves as necessary.

Other income and expenses

Other income includes income in the form of income from the disposal of assets, income from foreign exchange differences, other income (fines, penalties, income from the recovery of impairment losses on financial assets). Expenses are recognized as incurred 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 price), general and administrative expenses, sales expenses, remuneration expenses, other expenses arising in the course of the ordinary activities of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- when a deferred tax liability arises from the initial recognition of goodwill, an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; And
- for taxable temporary differences relating to investments in subsidiaries and interests in joint ventures, if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that there will be taxable profit against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized, except in the following cases:

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is unlikely that sufficient taxable profit will be available to enable all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it is probable that future taxable profit will allow the use of deferred tax assets.

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

Deferred tax relating to items recognized outside of profit or loss is also not recognized in profit or loss. Deferred tax items are recognized in relation to their underlying transactions either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset against each other if there is a legal right to set off current tax assets and liabilities and the deferred taxes relate to the same taxable company and tax authority.

Value Added Tax (VAT)

VAT on sales is payable to the budget at the time of shipment of goods or provision of services. VAT on purchases is subject to offset against VAT on sales upon receipt of a tax invoice from the supplier.

Revenue, expenses and assets are recognized net of VAT unless the VAT incurred on the purchase of assets or services is not recoverable by the tax authority; in this case, VAT is recognized, as appropriate, as part of the cost of acquiring the asset or as part of an expense item.

The tax legislation permits settlements with the VAT budget on a net basis. Thus, VAT on sales and purchases that are not settled at the reporting date are recognized in the balance sheet on a net basis.

Accounts receivable and accounts payable are reflected including the amount of VAT.

The net amount of VAT recoverable or payable by the taxing authority is included in VAT receivable and other taxes prepaid and other taxes payable in the balance sheet.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized, taking into account the tax effect, as a deduction from equity.

Dividends

The Company recognizes a liability for the distribution of cash and non-monetary assets to shareholders of the parent organization when the distribution is approved and is no longer subject to the Company's discretion. According to the legislation of the Republic of Kazakhstan, the distribution is approved by the shareholders. The corresponding amount is recognized directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Related parties

Related parties include the Sole Shareholder of the Company, key management personnel and organizations in which a significant share of voting shares is directly or indirectly owned by the Sole Shareholder or key management personnel of the Company, as well as organizations controlled by the Government of the Republic of Kazakhstan (Note 34).

In order for users of financial statements to form an opinion on the impact of relationships between related parties, the Company discloses information about relationships between related parties, in cases where control exists, regardless of whether transactions were carried out between these related parties.

Events after the reporting date

Events that occur after the end of the reporting year that provide evidence of conditions that existed at the date of preparation of the financial statements (adjusting events) are recognized in the financial statements. Events that occurred after the end of the reporting year and are not adjusting events are 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. Such liabilities are disclosed in the notes to the financial statements unless an outflow of resources embodying 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, these assets are disclosed in the notes.

4. SIGNIFICANT JUDGMENTS AND MAJOR SOURCES OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The preparation of the Company's financial statements requires its management to make judgments and make estimates and assumptions at the end of the reporting period that affect the reported amounts of revenue, expenses, assets and liabilities, as well as disclosure of information about contingent liabilities. However, uncertainty about these assumptions and estimates may require a significant future adjustment to the carrying amount of the asset or liability for which such assumptions and estimates are made.

Estimates and assumptions

The key forward-looking assumptions and other key sources of estimation uncertainty at the reporting date that could cause significant adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company's assumptions and estimates are based on inputs available to it at the time of preparation of the financial statements. However, current circumstances and assumptions about the future may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

Recognition and impairment of financial assets

When calculating the allowance for impairment of financial assets, the Company applies the expected credit loss model in accordance with the requirements of IFRS 9 "Financial Instruments".

For trade and other receivables, the Company applied the standard's simplified approach and calculated lifetime expected credit losses. The Company has used an allowance matrix based on its past credit loss experience, adjusted for borrower-specific forecast factors and general economic conditions. As at 31 December 2022,

4. SIGNIFICANT JUDGMENTS AND MAJOR SOURCES OF UNCERTAINTY ASSOCIATED WITH ESTIMATES (continued)

impairment allowances have been recognized for: trade receivables in the amount of KZT 15 098 thousand (31 December 2021: KZT 10 129 thousand) (Note 8). The small amount of the reserve is explained by the fact that the main customers of the Company are the state bodies of the Republic of Kazakhstan, financed from the republican budget and, accordingly, having a low credit risk.

With respect to depreciation of cash on settlement and deposit accounts with credit institutions, the Company applied a general approach that involves the analysis of credit risks and the calculation of impairment losses depending on the stages in which financial assets are located. Based on the calculations made in accordance with the Methodology for calculating reserves under IFRS 9 Financial Instruments, the Company recognized an allowance for the impairment of cash on settlement accounts with credit institutions as of December 31, 2022 in the amount of KZT 254 thousand (in 2021: KZT 15 428 thousand) (Note 5).

In 2019, the Company's management revised its assessment of the recognition / non-recognition of impairment reserves in respect of cash placed on deposits with credit institutions: since the Company immediately opens a new deposit for the next term after closing the deposit, the credit risk in respect of cash on deposit accounts in credit institutions is saved. In the financial statements as at 31 December 2022, an allowance for impairment in the amount of KZT 4 840 thousand (2021: KZT 3 240 thousand) was recognized for these assets (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, a third party, signed a framework agreement to improve the financial condition of RBK Bank JSC. In accordance with the Decree of the Government dated November 7, 2017, on 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 Special Financial Company DSFK (DSFC) LLP, nominal value of 1 tenge with an interest rate of 0.01% per annum. Partnership "Corporation Kazakhmys" was issued a guarantee (hereinafter - the Guarantor), covering the amount within the limits of KZT 100 119 thousand in 5 years. Warranty terms:

- Maximum liability of the Guarantor does not exceed KZT 100 119 thousand;
- Claim under the Guarantee can be made only on the condition that after 5 years from the date of placement of bonds, all bondholders will receive from Special Financial Company DSFK (DSFC) LLP a total amount of at least KZT 122 000 000 thousand;
- The amount of the maximum liability of the Guarantor is reduced (on a pro rata basis) by the amount of redemption of bonds received by all bondholders in excess of the redemption amount of KZT 72 000 000 thousand.

The guarantee may be claimed at the request of the Company after five years from the date of issue of the bonds. The guarantee expired in December 2022. As at 31 December 2021, the carrying amount of investments in bonds was reclassified to short-term assets.

Reference: the total amount of placed bonds of Special Financial Company DSFK LLP is KZT 335 000 000 thousand.

At the reporting date, the total amount of cash received from Special Financial Company DSFK LLP as a result of the repurchase of bonds amounted to KZT 3,080 thousand (2021: KZT 13 236 thousand) out of the outstanding amount of KZT 222 695 thousand. An allowance for impairment in the amount of KZT 222 695 thousand was recognized in the financial statements at the reporting date (2021: KZT 225 775 thousand).

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

4. SIGNIFICANT JUDGMENTS AND MAJOR SOURCES OF UNCERTAINTY ASSOCIATED WITH ESTIMATES (continued)

Determination of the lease term under agreements with an extension option or an option to terminate the lease - the Company as a lessee

The Company defines a lease term as a non-cancellable period of a lease, together with periods that have an option to extend the lease if it is reasonably certain that it will be exercised, or periods that have an option to terminate the lease if there is sufficient certainty that it will not be executed.

The Company has land lease agreements for more than one year, as well as several equipment lease agreements that include an option to terminate the lease. The Company applies judgment to assess whether it is reasonably certain that it will exercise the option to terminate the lease. In doing so, it takes into account all relevant factors that give rise to an economic incentive to exercise any of the options. After the start date of the lease, the Company reassesses the lease term if a significant event or change in circumstances that are within the Company's control occurs and affects its ability to exercise (or not exercise) an option to terminate the lease (for example, a significant improvement to the leased property or a significant adaptation of the leased asset to the needs of the Company).

Note 13 provides complete information about lease agreements with options to terminate the lease, which were not taken into account when determining the lease term.

Leasing - determining the rate of attraction of additional borrowed funds

The company cannot easily determine the interest rate implicit in the lease agreement. Therefore, it uses the incremental borrowing rate, which is the rate at which the Company could borrow for a similar period and with similar collateral necessary to obtain an asset with a value similar to that of a right-of-use asset in similar economic conditions. Thus, the calculation of interest requires estimated estimates if there are no observed rates. The Company determines the incremental borrowing rate using observable inputs - according to the statistical data of the National Bank of the Republic of Kazakhstan at the start date of the lease.

Property trust agreement

On the basis of Agreement No. 2/38 dated 11/07/2019, to trust management without the right to redeem for a period of 5 (five) years the state information system "Unified System for Electronic Document Management of State Bodies of the Republic of Kazakhstan" of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic Kazakhstan was transferred. 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. Under the concluded trust management agreement, the Company undertakes to transfer state bodies to cloud workflow by changing the platform.

On the basis of agreement No. 2/23/5953 dated 06/02/2021, to trust management without the right to redeem for a period of 5 (five) years the information systems "Web Portal" Electronic Government", "Gateway "Electronic Government", "Mobile Government", "State database "E-licensing", "Payment gateway of "electronic government" of state bodies of the Republic of Kazakhstan" of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan were transferred to the Company. The property with a book value of KZT 3 006 526 thousand was transferred to the Company on June 4, 2021. Within the framework of the concluded trust management agreement, the Company undertakes to provide the measures approved by the agreement in order to develop the components of the Electronic Government in accordance with the Decree of the Government of the Republic of Kazakhstan No. 827 dated December 12, 2017. Since the ownership rights are not transferred to the Company, the Management decided to reflect the assets received under this agreement, to be recorded on off-balance accounts without being reflected in the financial statements.

Useful life of property, plant and equipment and intangible assets

The Company evaluates the remaining useful life of property, plant and equipment and depreciable intangible assets at least at the end of each financial year, and if expectations differ from previous estimates, it accounts for changes in estimates in accordance with IAS 8 "Accounting policy changes in estimates and mistakes." These estimates can have a material effect on the amounts of the carrying amounts of property, plant and equipment, intangible assets and depreciation recognized in the income statement.

4. SIGNIFICANT JUDGMENTS AND MAJOR SOURCES OF UNCERTAINTY ASSOCIATED WITH ESTIMATES (continued)

Development costs

Development costs are capitalized in accordance with the accounting policy of the Company. Initial cost capitalization is based on management's judgment that technological and economic feasibility is generally possible when the project reaches a certain stage in accordance with the established project implementation model. To determine the amounts that may be capitalized, management makes assumptions about the expected cash flows from the project, discount rates and the expected timing of the benefits. As at 31 December 2022, the carrying amount of capitalized costs was KZT 53 000 thousand (2021: KZT 92 526 thousand) (Note 14).

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company determines whether there are signs of a possible impairment of assets. If there is such a sign, the Company calculates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash generating unit less costs to sell and the asset's value in use. The recoverable amount is determined for an individual asset, unless the asset generates cash inflows that are largely independent of those 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 is written down to its recoverable amount. When assessing value in use, expected cash flows are discounted to present value using a pre-tax discount rate that reflects current market estimates of the time value of money and asset-specific risks.

As at 31 December 2022 and 2021 The Company has determined that there are no indications of impairment of non-financial assets.

Taxation

Various Kazakh laws and regulations are not always clearly written. There may be cases of divergence of opinions between local, regional and republican tax authorities.

At the same time, in the event that additional taxes are charged by the tax authorities, the existing amounts of fines and penalties are set at a significant amount; the amount of fines is 50% of the amount of additionally assessed tax and the amount of penalties is 1.25 of the refinancing rate of the National Bank of the Republic of Kazakhstan from the amount of untimely paid tax. As a result, fines and penalties may significantly exceed the amounts of additional taxes. Due to the uncertainties discussed above, the potential amount of taxes, penalties and interest, if any, could substantially exceed the amounts expensed to date and accrued as of the balance sheet date. Differences between estimates and amounts actually paid, if any, could have a material effect on future operating results.

On the basis of the agreement on the implementation of activities as a participant in the Free Economic Zone (hereinafter referred to as the FEZ) "Park of Innovative Technologies" No. OD-23/2021 dated December 10, 2021 between the Company and Technopark Alatau LLP, as well as a certificate of a person certifying registration as participant of the FEZ, registration No. 03-356 dated December 13, 2021, the Company has been included in the unified register of participants in the FEZ since December 13, 2021. In this connection, for certain types of work that are included in the list of priority activities related to the FEZ, benefits were applied that significantly reduced the tax burden in relation to income tax. According to TNF 100.00 for 2022, the Company, as a FEZ PIT resident, took advantage of the provided tax benefits and corporate income tax payable to the budget (Article 302 of the Tax Code) was reduced by 100 percent on income received from the sale of goods, works, services resulting from implementation of priority activities.

Deferred taxes

The Company, in accordance with the tax legislation of the Republic of Kazakhstan, determines the obligation to calculate and pay corporate income tax only after the end of the reporting period. Deferred tax is calculated using the balance sheet method by determining temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amounts 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 income statement.

5. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021 cash and cash equivalents in current bank accounts (KZT) are as follows:

thousand tenge	2022	2021
Bank deposits	4 640 000	13 200 000
Cash on current bank accounts with Halyk Bank of Kazakhstan JSC	36 463	326 678
Purchase and sale agreements ("reverse repurchase agreements") with an original term of less than three months - without a credit rating	35 642 871	16 758 990
Cash on current bank accounts with Bank CenterCredit JSC	3	3
Allowance for impairment losses	(5 094)	(18 668)
Total	40 314 243	30 267 003

The cash flow in the Company's accounts is presented in the Cash Flow Statements for each financial year drawn up by the direct method.

In accordance with IFRS 9, as of the reporting date, an assessment of expected credit losses on financial assets (cash balances in bank accounts) was made and a provision for ECL (expected credit losses) was recognized in the amount of KZT 5 094.0 thousand, in including on deposits 4 840 thousand tenge.

Provision for ECL

thousand tenge	2022	2021
January 1st	18 668	56 982
Accrued	5 094	18 668
Reversed	(18 668)	(56 982)
Total	5 094	18 668

Cash balance on deposit accounts as of December 31, 2022 and 2021

thousand tenge	2022	2021
BankCenterCredit JSC	2 400 000	3 400 000
ForteBank JSC	-	3 400 000
JSC Halyk Bank of Kazakhstan	2 240 000	6 400 000
Total	4 640 000	13 200 000

6. SHORT-TERM FINANCIAL ASSETS AT AMORTIZED COST

In December 2017, in accordance with the Decision of the Government of the Republic of Kazakhstan dated November 7, 2017, the Group purchased bonds of Special Financial Company DSFK LLP ("DSFK bonds"), paying for the acquisition with funds placed with RBK Bank JSC (hereinafter - "RBK bank"). The nominal amount of bonds was KZT 364 190 thousand, the number of bonds was 364 190 thousand. DSFK bonds have an interest rate of 0.01% per annum and a maturity of 15 years.

The guarantee may be claimed at the request of the Company after five years from the date of issue of the bonds. The guarantee expired in December 2022.

At the reporting date, the total amount of cash received from Special Financial Company DSFK LLP as a result of the repurchase of bonds amounted to KZT 3 080 thousand (2021: KZT 13 236 thousand) out of the outstanding amount of KZT 222 695 thousand.

6. SHORT-TERM FINANCIAL ASSETS AT AMORTIZED COST (continued)

<i>thousand tenge</i>	2022	2021
As of January, 1	90 197	81 260
Buyback (redemption)	(3 080)	(13,236)
Reverse Discount	9 922	8,937
Income from reversal of impairment loss	3 080	13,236
Total	100 119	90 197

7. OTHER SHORT-TERM FINANCIAL ASSETS

As at 31 December 2022 and 31 December 2021, other short-term financial assets (interest accrued on deposits and "reverse REPO" are as follows:

<i>(thousand tenge)</i>	2022	2021
BankCenterCredit JSC	3 008	23 008
ForteBank JSC	-	20 864
REPO securities	112 291	29 040
Total	115 299	72 912

8. SHORT-TERM TRADE AND OTHER RECEIVABLES

As at 31 December 2022 and 31 December 2021 accounts receivable are as follows:

<i>(thousand tenge)</i>	2022	2021
Short-term receivables from buyers and customers	718 811	358 786
Allowance for impairment losses on short-term receivables	(15 098)	(10 129)
Total	703 713	348 657

Analysis of trade receivables by counterparty is presented as follows:

<i>Thousand tenge</i>	2022	2021
NJSC State Corporation "Government for Citizens"	165 276	130 387
JSC National Infocommunication Holding Zerde	15 663	18 563
Republican Notary Chamber	15 937	-
Banknote Factory of the National Bank of the Republic of Kazakhstan	12 932	8 271
LLP GAS&MUNAY	6 305	3 218
LLP KAZENERGY MARKET	1 220	523
LLP NEFTEK Operating	2 689	896
PETROMOBIL INVEST LLP	1 554	1 493
Autogas Trade LLP	2 842	2 679
JSC "Administration of the International Financial Center "Astana"	1 177	1 284
JSC National Company "Kazakhstan Temir Zholy"	1 416	521
State institution Aktau Aktau city administration	2 678	4
LLP Arna	1 651	407
LLP "Artel company"	4 760	2 611
LLP BAT.K	1 388	226
LLP BIP - Oil	2 305	1 433
Euro Oil LLP	1 262	664
LLP Zharas	1 121	374
LLP Kyzylorda Munai Onimderi	1 021	988
NPP RK "Atameken"	256	2 393
RGU "National Bank of the Republic of Kazakhstan"	3 752	2 900

8. SHORT-TERM TRADE AND OTHER RECEIVABLES (continued)

JSC "National Managing Holding "Baiterek"	1 078	499
LLP Standard Resources	4 317	4 128
JSC "Transtelecom"	2 146	1 650
JSC "Center of Electronic Finance"	5 462	4 292
LLP Shygys zhanar may	2 960	5 764
Other	455 699	162 618
Total	718 811	358 786

The allowance for impairment losses on short-term receivables is determined in accordance with the allowance matrix as at 31 December 2022 and 2021, which is presented as follows:

<i>Thousand tenge</i>	2022	2021
January 1st	10 129	6 036
Accrued	15 098	8 925
Written off	(8 941)	(4 832)
Reversed	(1 188)	-
For December 31	15 098	10 129

9. CURRENT INCOME TAX

As of December 31, 2022, and 2021, current income tax is presented as follows:

<i>(thousand tenge)</i>	2022	2021
Corporate Income Tax Prepayment	348 379	212 099
Total	348 379	212 099

10. INVENTORY

<i>Thousand tenge</i>	2022	2021
Spare parts	17 027	34 330
Raw materials	143 617	132 254
Other materials	64 390	48 108
Fuel	4 988	3 827
Promotional Products	4 717	5 405
Total	234 739	223 924
Provision for write-off of raw materials and materials	(15 443)	(18 390)
Total minus provision	219 296	205 534

The cost of inventory includes costs incurred in acquiring inventory and bringing it to its current state and location.

The movement in the impairment allowance is shown below:

<i>Thousand tenge</i>	2022	2021
Reserve balance at the beginning of the period	(18 390)	(19 895)
Accrued	-	-
Used	2 947	1 505
Reserve balance at the end of the year	(15 443)	(18 390)

11. OTHER SHORT-TERM ASSETS

As of December 31, 2022, and December 31, 2021, other current assets are represented by the following data:

<i>(thousand tenge)</i>	2022	2021
Short-term advances paid	1 755	1 610
Short-term deferred expenses	748 678	539 124
Other short-term receivables	130 402	20 075
Other taxes	788 307	21 619
Total	1 669 142	582 428

Short-term deferred expenses:

<i>(thousand tenge)</i>	2022	2021
Compulsory employee insurance	676	-
Vehicle insurance	1 335	1 285
License Renewal Subscription Services and Hardware Support	746 667	537 839
Total	748 678	539 124

Other short-term receivables:

<i>(thousand tenge)</i>	2022	2021
Short-term accounts receivable of employees	8 211	5 096
Claims payable	1 252	14 760
Other accounts receivable	120 939	219
Total	130 402	20 075

Other receivables include receivables from buyers and customers and guarantee fees for participation in the tender:

<i>(thousand tenge)</i>	2022	2021
JSC Center of Electronic Finance	120 321	-
Other	618	219
Total	120 939	219

Other taxes:

<i>(thousand tenge)</i>	2022	2021
VAT refundable	785 834	-
Other taxes and other obligatory payments to the budget	2 473	21 619
Total	788 307	21 619

12. FIXED ASSETS

a) Movements in fixed assets and other long-term assets for the period from January 01 to December 31, 2021 are as follows:

(thousand tenge)	Buildings	Land	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<u>Value</u>							
As of January 1, 2021	896 733	24 970	16 329 750	255 485	2 489 157	118 487	20 114 582
Receipt	-	-	279 354	-	3 849	2 677	285 880
Internal transfer	-	-	1 079	1 598	-	(2 677)	-
Disposal	-	-	(162 305)	-	(31)	-	(162 336)
As of December 31, 2021	896 733	24 970	16 447 878	257 083	2 492 975	118 487	20 238 126
<u>Depreciation</u>							
As of January 1, 2021	(160 560)	-	(7 422 027)	(163 604)	(369 473)	-	(8 115 664)
Depreciation costs	(24 244)	-	(1 665 982)	(31 229)	(247 330)	-	(1 968 785)
Disposal of depreciation on FA	-	-	79 246	-	31	-	79 277
As of December 31, 2021	(184 804)	-	(9 008 763)	(194 833)	(616 772)	-	(10 005 172)
<u>Residual value</u>							
As of December 31, 2021	711 929	24 970	7 439 115	62 250	1 876 203	118 487	10 232 954

12. FIXED ASSETS (continued)

b) Movements in fixed assets and other long-term assets for the period from January 01 to December 31, 2022 are as follows:

(thousand tenge)	Buildings	Land	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<u>Value</u>							
As of January 1, 2022	896 733	24 970	16 447 878	257 083	2 492 975	118 487	20 238 126
Receipt	-	-	5 015 889	-	604 129	345 852	5 965 870
Internal transfer	35 078	-	-	-	491 018	(432 890)	73 206
Disposal	-	-	(507 738)	-	(25 903)	-	(533 641)
As of December 31, 2022	931 811	24 970	20 956 029	257 083	3 542 219	31 449	25 743 561
<u>Depreciation</u>							
As of January 1, 2022	(184 804)	-	(9 008 763)	(194 833)	(616 772)	-	(10 005 172)
Depreciation costs	(24 265)	-	(1 512 434)	(24 895)	(277 270)	-	(1 838 864)
Disposal of depreciation on FA	-	-	271 294	-	16 445	-	287 739
As of December 31, 2022	(209 069)	-	(10 249 903)	(219 728)	(877 597)	-	(11 556 297)
<u>Residual value</u>							
As of December 31, 2022	722 742	24 970	10 706 126	37 355	2 664 622	31 449	14 187 264
As of December 31, 2021	711 929	24 970	7 439 115	62 250	1 876 203	118 487	10 232 954

As at 31 December 2022, fully depreciated fixed assets amounted to KZT 4 416 143 thousand (31 December 2021: KZT 3 492 170 thousand).

13. ASSETS IN THE FORM OF THE RIGHT OF USE

The Company has contracts for the lease of premises, land plots, equipment that it uses in its activities. The lease term for premises is usually 1 year, the lease term for land plots is from 1 year to 5 years, and the lease term for equipment is up to 4 years. The company's obligations under lease agreements are secured by the lessor's ownership of the leased assets. As a rule, the Company is not entitled to transfer or sublease the leased assets, equipment lease agreements contain options to terminate the lease.

For leases of premises 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 amounts of recognized right-of-use assets and their changes during the period are as follows:
 a) from 01 January to 31 December 2021:

<i>Thousand tenge</i>	Land	Equipment	Total
<u>Value</u>			
As of January 1, 2021	44	6 459 775	6 459 819
Receipt	-	3 012 252	3 012 252
As of December 31, 2021	44	9 472 027	9 472 071
<u>Depreciation</u>			
As of January 1, 2021	(10)	(1 691 182)	(1 691 192)
Depreciation costs	(5)	(2 173 151)	(2 173 156)
As of December 31, 2021	(15)	(3 864 333)	(3 864 348)
<u>Residual value</u>			
As of December 31, 2021	29	5 607 694	5 607 723

b) from January 01 to December 31, 2022:

<i>Thousand tenge</i>	Land	Equipment	Total
<u>Value</u>			
As of January 1, 2022	44	9 472 027	9 472 071
Receipt	-	3 691 134	3 691 134
As of December 31, 2022	44	13 163 161	13 163 205
<u>Depreciation</u>			
As of January 1, 2022	(15)	(3 864 333)	(3 864 348)
Depreciation costs	(5)	(4 432 620)	(4 432 625)
As of December 31, 2022	(20)	(8 296 953)	(8 296 973)
<u>Residual value</u>			
As of December 31, 2022	24	4 866 208	4 866 232
As of December 31, 2021	29	5 607 694	5 607 723

14. INTANGIBLE ASSETS

a) The movement of intangible assets for the period from January 01 to December 31, 2021 is presented as follows:

Thousand tenge	Licenses	Software	Capitalized development	Total
Value				
As of January 1, 2021	1 197 885	2 566 793	41 603	3 806 281
Receipt	-	41 984	89 840	131 824
Transferred from construction in progress	-	22 814	(22 814)	-
Disposal	-	(8 050)	(16 103)	(24 153)
As of December 31, 2021	1 197 885	2 623 541	92 526	3 913 952
Depreciation				
As of January 1, 2021	(345 489)	(1 036 419)	-	(1 381 908)
Depreciation costs	(171 002)	(363 161)	-	(534 163)
Disposal of depreciation on FA	-	8 050	-	8 050
As of December 31, 2021	(516 491)	(1 391 530)	-	(1 908 021)
Residual value				
As of December 31, 2021	681 394	1 232 011	92 526	2 005 931

14. INTANGIBLE ASSETS (continued)

b) The movement of intangible assets for the period from January 01 to December 31, 2022 is presented as follows:

Thousand tenge	Licenses	Software	Capitalized development	Total
Value				
As of January 1, 2022	1 197 885	2 623 541	92 526	3 913 952
Receipt	69 715	7 916	148 170	225 801
Transferred from construction in progress	-	153 748	(153 748)	0
Disposal	(6 951)	(150 619)	(34 828)	(192 398)
Internal transfer	63 974	-	880	64 854
As of December 31, 2022	1 324 623	2 634 586	53 000	4 012 209
Depreciation				
As of January 1, 2022	(516 491)	(1 391 530)	-	(1 908 021)
Depreciation costs	(150 894)	(351 676)	-	(502 570)
Disposal of depreciation on FA	5 248	125 007	-	130 255
As of December 31, 2022	(662 137)	(1 618 199)	-	(2 280 336)
Residual value				
As of December 31, 2022	662 486	1 016 387	53 000	1 731 873
As of December 31, 2021	681 394	1 232 011	92 526	2 005 931

15. SHORT-TERM TRADE AND OTHER PAYABLES

As at 31 December 2022 and 2021 trade and other payables are as follows:

<i>(thousand tenge)</i>	2022	2021
Trade payables to third parties	15 815 530	10 174 626
Other short-term accounts payable	185 462	67 835
Итого	16 000 992	10 242 461

Analysis of trade payables by counterparties is presented as follows:

<i>(thousand tenge)</i>	2022	2021
Kazakhtelecom JSC	6 730 172	4 642 301
LLP "KAZOPTICLINK"	3 265 268	738
JSC Transtelecom	1 621 716	389 732
Kcell JSC	316 631	241 886
JSC "Jusan Mobile"	253 183	166 206
AG TECH LLP	241 920	241 920
NEWTECH DISTRIBUTION LLP	225 325	227 346
LLP Art-IT	163 389	36 970
Arttelecom LLP	142 579	126 828
LCH LLP	64 142	64 142
LLP ALG INNOVATIONS	27 104	50 081
Other	2 764 101	3 986 476
Total	15 815 530	10 174 626

Analysis of other short-term accounts payable by counterparties is presented as follows:

<i>(thousand tenge)</i>	2022	2021
KRAMtech LLP (Ledeco Kazakhstan LLP)	56 683	-
LLP "Lux-telekom"	35 589	-
LLP "Documentolog"	12 325	11 004
LLP "HTEL"	11 558	462
Other	69 303	56 369
Total	185 458	67 835

16. SHORT-TERM ESTIMATED LIABILITIES

Short-term estimated liabilities as at 31 December 2022 and 2021 are as follows:

<i>(thousand tenge)</i>	2022	2021
Supplier payment liabilities	646 350	2 105 745
Liabilities for legal claims	7 895	7 976
Total	654 245	2 113 721

The movement in accrued liabilities is presented as follows:

<i>(thousand tenge)</i>	2022	2021
For January 1	2 113 721	31 753
Accrued	651 018	2 114 026
Paid	(14 902)	(22 211)
Loss recovery	-	(5 151)
Reclassified to accounts payable	(2 095 592)	(4 696)
For December 31	654 245	2 113 721

17. EMPLOYEE BENEFITS

Employee benefits as at 31 December 2022 and 2021 are as follows:

<i>(thousand tenge)</i>	2022	2021
Payroll debt	7 675	35 907
Provision for unused vacations, bonuses and related taxes	2 038 818	816 769
Total	2 046 493	852 676

Employee benefits include: short-term employee benefits such as wages, annual paid leave and material assistance for vacation, paid sick leave, compensations and guarantees, bonuses provided for by the labor legislation of the Republic of Kazakhstan, reserves and other payments provided for by internal regulations.

The movement in the allowance for unused vacations, bonuses and related taxes is as follows:

<i>(thousand tenge)</i>	2022	2021
As of January, 1	816 769	788 798
Accrued	1 919 577	705 508
Used	(697 528)	(677 537)
As of December, 31	2 038 818	816 769

18. SHORT-TERM LEASE ARREARS

<i>(thousand tenge)</i>	2022	2021
Short-term lease arrears	4 657 373	2 500 709
Total	4 657 373	2 500 709

The analysis of short-term lease debt by counterparties is presented as follows:

<i>(thousand tenge)</i>	2022	2021
AG TECH LLP	811 159	733 844
LLP Art-IT	2 118 130	194 249
LLP Fit Leasing	701 378	644 291
TOO LCH	215 189	194 571
Kcell JSC	811 496	733 743
Other	21	11
Total	4 657 373	2 500 709

19. SHORT-TERM LIABILITIES UNDER CONTRACTS FROM CUSTOMERS

As of December 31, 2022, and 2021, short-term contract liabilities from customers are as follows:

<i>(thousand tenge)</i>	2022	2021
Short-term advances received	9 244	19 108
Total	9 244	19 108

20. OTHER SHORT-TERM LIABILITIES

As at 31 December 2022 and 2021 other short-term liabilities are as follows:

<i>(thousand tenge)</i>	2022	2021
Tax liabilities	349 890	480 489
Social security liabilities	70 221	45 851
Pension contributions liabilities	131 179	141 825
Debt on writ of execution	9 045	9 848
Indebtedness to accountable persons	4	228
Total	560 339	678 241

Tax liabilities

As of the reporting date, the Company has obligations to the budget for the following taxes:

<i>(thousand tenge)</i>	2022	2021
Individual income tax	46 835	123 079
Value added tax	240 078	271 850
Social tax	62 927	85 501
Other	50	59
Total	349 890	480 489

21. DEFERRED TAX LIABILITIES

The calculation and components of assets and liabilities for deferred corporate income tax are as follows:

Summary of temporary differences	Accounting base	Tax base	Tax
Fixed assets	15 809 718	12 444 801	(672 983)
Reserve for holidays, bonuses	(2 038 818)	-	407 764
Provision for doubtful claims	(15 098)	-	3 020
Reserve for write-off of unusable goods and materials	(15 443)	-	3 089
Rental obligations	(5 905 667)	-	1 181 133
Lease right	4 866 232	-	(973 246)
Social tax	(62 927)	-	12 585
Compulsory social health insurance	(27 583)	-	5 517
Reserves audit and litigation	(7 895)	-	1 579
Emission	(50)	-	10
Total deferred tax asset	12 602 469	12 444 801	(31 534)

Corporate income tax (CIT) for the period 2022 and 2021 calculated at the rate of 20% of the taxable income of the Company.

<i>(thousand tenge)</i>	2022	2021
Deferred tax asset /(liability)	(31 534)	(505 823)

22. LONG-TERM LEASE LIABILITIES

<i>(thousand tenge)</i>	2022	2021
Long-term lease liabilities	1 248 294	3 778 991
Total	1 248 294	3 778 991

Analysis of long-term lease debt by counterparties is presented as follows:

<i>(thousand tenge)</i>	2022	2021
AG TECH LLP	-	811 159
LLP Art-IT	-	168 730
Fit Leasing LLP	1 248 262	1 772 379
LCH LLP	-	215 189
Kcell JSC	-	811 496
State Revenue Office for the Abay district of Shymkent	32	38
Total	1 248 294	3 778 991

23. AUTHORIZED (SHARE) CAPITAL

As of December 31, 2022, the share capital is presented as follows:

<i>(thousand tenge)</i>	Number of shares outstanding	Accommodation cost	Total
as of December 31, 2021	10 006 294	13 507 365	13 507 365
as of December 31, 2022	10 006 294	13 507 365	13 507 365

The authorized capital as of December 31, 2022 is represented by shares in the amount of 10 006 294 shares (as of December 31, 2021: 10 006 294 shares) of outstanding ordinary shares and amounts to KZT 13 507 365 thousand.

The book value of one share is calculated as follows:

	December 31, 2022	December 31, 2021
Assets	64 255 560	49 625 438
Liabilities	(25 208 514)	(20 691 730)
Intangible assets	(1 731 873)	(2 005 931)
Authorized capital (preferred shares)	-	-
Total net assets for ordinary shares (KZT thousand)	37 315 173	26 927 777
Number of ordinary placed shares (pieces)	10 006 294	10 006 294
Book value of one common share (tenge)	3 729,170	2 691,084

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.

	December 31, 2022	December 31, 2021
Profit after tax	10 114 922	7 463 994
Weighted average number of shares outstanding (pieces)	10 006 294	10 006 294
Basic earnings per share / KZT thousand	1,011	0,746

23. AUTHORIZED (SHARE) CAPITAL (continued)

As of the end of the reporting year, there were no derivative financial instruments that may require the Company to issue ordinary shares. Between the reporting date and the date these financial statements were authorized for issue, no other transactions took place in the ordinary shares.

24. RETAINED EARNINGS

<i>(thousand tenge)</i>	2022	2021
As of January, 1	15 426 343	13 104 164
Profit for the reporting year	10 114 922	7 463 994
Adjustment	(1 584)	-
Payout from profit	-	(5 141 815)
As of December, 31	25 539 681	15 426 343

In the reporting period, dividends were paid in accordance with the decision of the Sole Shareholder of the Company (Minutes No. 11 dated May 25, 2022) in the amount of KZT 5 224 796 thousand. According to the Decree of the Government of the Republic of Kazakhstan 19-1-19/D-2658//750 dated September 29, 2022, dividends were returned from Zerde Holding in the amount of KZT 5 224 796 thousand.

25. REVENUE

The following table presents an analysis of the main components of the revenue from the main activities of the Company:

<i>(thousand tenge)</i>	2022	2021
Communication services (organization of virtual private networks based on wireless / satellite / terrestrial infrastructure by connecting to the network of a single environment of state bodies, UTS GO)	33 242 842	27 304 421
Virtual machine allocation service (hosting)	6 641 395	4 730 459
Maintenance service for objects of information and communication infrastructure of "electronic government" (information systems of state bodies)	4 677 770	5 373 082
Services EPIR GO, SMART BRIDGE, SMART DATA UKIMET, EPS GO, RPEP and service software products	4 250 184	2 790 581
Service of system and technical maintenance of objects of information and communication infrastructure of "electronic government", (information systems and hardware and software complexes of state bodies)	2 586 091	4 313 420
Project management for the development of IKI EP facilities	768 774	460 445
Data-center as Service, DCaaS, co-location)	730 674	646 508
System maintenance and support services of the NTC, KUTS, DTS, UTs GO, National Gateway of the Republic of Kazakhstan	350 334	59 628
Other services	639 724	7 119 376
Total	53 887 788	46 689 885

Sales revenue represents revenue from the provision of information services, system and technical services, communication services, etc. Services are provided on the territory of the Republic of Kazakhstan, contracts with Customers are concluded in Kazakhstani currency. The main customers are the state bodies of the Republic of Kazakhstan.

26. COST OF GOODS AND SERVICES SOLD

<i>(thousand tenge)</i>	2022	2021
Communication services	21 254 217	16 476 494
Salary and contributions	9 108 992	7 892 573
Depreciation of the right to use an asset	3 541 661	2 173 156
Depreciation and amortization	2 515 566	2 467 820
Expense on provision for unused vacations, bonuses and related taxes	1 744 078	684 975
Maintenance Services	181 895	424 823
Lease expenses	1 001 416	773 987
Lease of licensed software	927 780	771 929
Communal expenses	298 032	266 019
Travel expenses	233 316	192 849
Consulting and information services	9 300	9 000
materials	89 854	103 560
Insurance costs	203 016	113 656
Training	17 852	35 678
Other expenses	2 651 610	3 616 315
Total	43 778 585	36 002 834

27. DELIVERY COSTS

<i>(thousand tenge)</i>	2022	2021
Advertising costs	810	1 433
TOTAL	810	1 433

28. ADMINISTRATIVE EXPENSES

<i>(thousand tenge)</i>	2022	2021
Wage and related taxes	1 108 138	874 628
Expense on provision for unused vacations, bonuses and related taxes	206 226	26 311
Leasing expenses	97 610	89 216
Depreciation and amortization	35 766	35 128
Travel expenses	21 456	16 622
Audit and advisory services	14 380	9 500
materials	7 067	7 470
Training	1 783	15 100
Transport costs	26 352	25 760
Membership fee	-	4 419
Other	129 794	65 424
Total	1 648 572	1 169 578

29. FINANCIAL INCOME

<i>(thousand tenge)</i>	2022	2021
Income from accrued interest on deposits	2 560 004	1 300 849
Accrued coupon interest on bonds	32	33
Reverse discount on financial assets carried for depreciable assets	9 922	8 937
TOTAL	2 569 958	1 309 819

Income from accrued remuneration is presented as follows:

<i>(thousand tenge)</i>	2022	2021
Deposit rewards	563 964	685 670
Autorepo rewards	1 996 040	615 179
Bond reward	32	-
TOTAL	2 560 036	1 300 849

30. FINANCIAL EXPENSES

<i>(thousand tenge)</i>	2022	2021
Remuneration on long-term leases	889 506	768 294
TOTAL	889 506	768 294

31. OTHER INCOME

<i>(thousand tenge)</i>	2022	2021
Reversal of provision for cash and cash equivalents	18 668	56 982
Fines, penalties, forfeits	199 919	78 946
Income from changes in the fair value of financial instruments	3 080	13 236
Gain from reversal of impairment loss on financial assets	8 925	9 983
Gains from disposal of assets	70 222	-
Other income	16 450	11 007
Total	317 264	170 154

32. OTHER EXPENSES

<i>(thousand tenge)</i>	2022	2021
Costs of creating estimated liabilities	5 406	6 335
Impairment expense on financial instruments	5 094	18 668
Asset disposal costs	250 922	83 032
Impairment expense for receivables	15 098	8 925
Exchange difference	-	599
Other expenses	16 065	81 527
Total	292 585	199 086

33. INCOME TAX EXPENSES (-) / INCOME (+)

<i>(thousand tenge)</i>	2022	2021
Current income tax expense	439 720	2 468 298
Adjustment of income tax of previous years	-	(228 818)
Income tax paid at the source of payment	84 599	100 864
Expenses/(savings on deferred income tax)	(474 289)	224 295
Total	50 030	2 564 639

34. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or implement significant influence over the other party in making financial or operating decisions. Parties that are under common control with the Company are also considered to be related parties. When considering possible related party relationships, in each case, attention is drawn to the substance of the relationship, and not just the legal form.

Related parties include the Sole Shareholder of the Company, key management personnel and organizations in which a significant share of voting shares is directly or indirectly owned by the Sole Shareholder or key management personnel of the Company, as well as organizations controlled by the Government of the Republic of Kazakhstan. Related party transactions represent transfers of service resources or liabilities between related parties, regardless of whether a fee is charged.

Transactions with related parties were carried out on terms agreed between the parties, which do not necessarily correspond to market rates, with the exception of certain regulated services, which are provided on the basis of tariffs offered to related and third parties.

The following tables show the total amounts of transactions entered into with related parties during the periods ended 31 December 2022 and 2021.

Related party	Nature of the relationship	Accounts receivable		Accounts payable	
		2022	2021	2022	2021
Zerde National Infocommunication Holding JSC	100% stake in the authorized capital of NIT JSC	15 663	18 563	-	-
TOO «Astana IT University»	Zerde National Infocommunication Holding JSC has the right to an appropriate share in the property	9	4	-	1 731

Trade and other payables to related parties are as follows:

<i>(thousand tenge)</i>	2022	2021
Trade and other payables	-	1 731
Total	-	1 731

34. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration of key management personnel

Remuneration and other payments to key management personnel are as follows:

<i>(thousand tenge)</i>	2022	2021
Wage	114 235	92 982
Prizes, Bonuses	23 379	4 841
Total	137 614	97 823

35. FINANCIAL RISK MANAGEMENT

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

The main financial risks for the Company are related to credit market liquidity risk and currency risk arising from all financial instruments. The control and management of financial risks associated with the Company's operations is carried out by analyzing the exposure to risk by the degree and magnitude of risks.

Credit risk

Credit risk related to the Company's financial assets, which mainly include cash and cash equivalents, arises from the risk of possible default by counterparties. Management regularly monitors the financial soundness of counterparties using its knowledge of local market conditions.

In the opinion of the Company's Management, the total amount of credit risk is equal to the sum of current assets less provisions recognized 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, 2022, and 2021 the above articles are presented as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 5)	40 314 243	30 267 003
Trade receivables (Note 8)	703 713	348 657
Financial assets measured at amortized cost (Note 6)	100 119	90 197
Other short-term financial assets (Note 7)	115 299	72 912
Total	41 233 374	30 778 769

35. FINANCIAL RISK MANAGEMENT (continued)

The following table reflects the ratings of second-tier banks in which the Company's funds are placed according to the international rating agency Standard & Poor's.

(thousand tenge)	Cash balance on current and deposit accounts	S&P rating agency	Cash balance on current and deposit accounts	S&P rating agency
		2022		2021
Halyk Bank JSC	36 463	BB+/Stable	327 481	BB+/ Stable
Halyk Bank JSC	2 240 000	BB+/ Stable	6 400 000	BB+/ Stable
Bank CenterCredit JSC	3	B+/ Stable	-	B/ Stable
Bank CenterCredit JSC	2 400 000	B+/ Stable	3 400 000	B/ Stable
Forte Finance JSC	35 642 871	BB-/Negative	16 758 187	B+/ Positive
Forte Bank JSC	-	BB-/ Negative	3 400 000	B+/ Positive
Total	40 319 337		30 285 668	

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting financial liabilities. The Company is exposed to risk due to the daily need to use available funds. Management monitors the Company's cash flow forecasts on a monthly basis. The Company satisfies the need for liquid funds through proceeds from the repayment of receivables. The Company monitors the risk of shortage of funds using the current liquidity planning tool. This tool takes into account the maturity of financial investments and financial assets, as well as projected cash flows from operating activities.

The following tables reflect the Company's contractual terms for its non-derivative financial assets and financial liabilities. The tables have been compiled on the basis of the undiscounted contractual terms of the financial assets to be received from those assets, unless the Company expects the cash flows to occur in a different period and the cash flows of financial liabilities based on the earliest date that the Company can payment be required.

As of December 31, 2022	Note	Less than 1 year	1-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5	40 314 243	-	-	40 314 243
Trade receivables	8	703 713	-	-	703 713
Financial assets measured at amortized cost	6	100 119	-	-	100 119
Other short-term financial assets	7	115 299	-	-	115 299
Total financial assets		41 233 374	-	-	41 233 374
Financial liabilities					
Trade payables	15	16 000 992	-	-	16 000 992
Lease obligations	18	4 657 373	1 248 294	-	5 905 667
Total financial liabilities		20 658 365	1 248 294	-	21 906 659
Difference between assets and liabilities for 2022		20 575 009	(1 248 294)		19 326 715

35. FINANCIAL RISK MANAGEMENT (continued)

As of December 31, 2021	Note	Less than 1 year	1-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5	30 267 003	-	-	30 267 003
Trade receivables	8	348 657	-	-	348 657
Financial assets measured at amortized cost	6	100 119	-	-	100 119
Other short-term financial assets	7	72 912	-	-	72 912
Total financial assets		30 788 691	-	-	30 788 691
Financial liabilities					
Trade payables	15	10 242 461	-	-	10 242 461
Lease obligations	18	2 848 553	4 266 638	-	7 115 191
Total financial liabilities		13 091 014	4 266 638	-	17 357 652
Difference between assets and liabilities for 2021		17 697 677	(4 266 638)	-	13 431 039

Currency risk

The Company is exposed to currency risk when carrying out sales and purchases denominated in a currency other than the functional currency of the Company. The Company does not use hedging instruments to minimize the impact on financial results from currency fluctuations.

December 31, 2022	Note	Tenge	US Dollar	Russian Ruble	Total
Financial assets					
Cash and cash equivalents	5	40 314 243	-	-	40 314 243
Total		40 314 243	-	-	40 314 243
Financial liabilities					
Trade payables	15	(15 988 645)	(12 347)	-	(16 000 992)
Total		(15 988 645)	(12 347)	-	(16 000 992)
Net position		24 325 598	12 347	-	24 313 251

December 31, 2021	Note	Tenge	US Dollar	Russian Ruble	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

35. FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments

Financial assets and liabilities with a maturity of less than one year, including trade receivables, cash and cash equivalents, and trade payables, are carried at their current carrying amount, which, in the opinion of the Company's management, approximates the fair value of these instruments due to the short-term character.

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

	Nominal cost	Fair value	Quotes in an active market (Level 1)	Significant observable inputs (Level2)	Significant unobservable data (Level 3)
As of December 31, 2022	222 695	100 119	-	-	100 119
As of December 31, 2021	325 894	90 197	-	-	90 197

Lease liabilities measured at amortized cost are carried in the financial statements at fair value based on expected cash flows, discounted at incremental borrowing rates at the commencement date of the lease:

	Nominal cost	Fair value	Quotes in an active market (Level 1)	Significant observable inputs (Level2)	Significant unobservable data (Level 3)
As of December 31, 2022	6 691 112	5 905 668	-	-	5 905 668
As of December 31, 2021	7 115 191	6 279 700	-	-	6 279 700

Capital Management

The Company's task in the field of capital management is to maintain its ability to continue its activities in accordance with the going concern principle, providing income for the shareholder and benefit for other stakeholders, as well as maintaining an optimal capital structure to reduce its value.

The Company manages the capital structure and changes it in accordance with changes in economic conditions and the requirements of contractual conditions. The capital structure is represented by retained earnings and authorized capital. The Company complies with the requirements for the minimum amount of capital established by the Law of the Republic of Kazakhstan "On Joint Stock Companies".

The Company made no changes to the goals, policies or processes of capital management in 2022 and 2021.

As of December 31, 2022, and 2021, the Company did not have significant amounts of debt. In addition, the Company has significant amounts of cash in excess of the debt at the reporting date.

36. CONTINGENT LIABILITIES

Operating environment

Kazakhstan continues economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy. The future stability of the Kazakh economy will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the Government in the field of economy, financial and monetary policy.

Trials

In the course of ordinary activities, the Company is a party to litigation and claims. The management of the Company believes that the ultimate liability, if any, as a result of these legal proceedings and claims will not have a significant impact on either these financial statements or the current financial position of the Company, as well as the results of the financial and economic activities of the Company in the foreseeable future, excluding provision for litigation reported in the financial statements in the amount of KZT 7 895 thousand (2021: KZT 7 976 thousand) (Note 16).

Management believes that there are no pending litigations or outstanding claims that could have a material adverse effect on the individual financial results of operations or the financial position of the Company, and which would not accrue or be disclosed in these separate financial statements.

Contingent liabilities for taxation

The Company is exposed to uncertainties related to the determination of tax liabilities for each reporting period. Because the current tax system and tax laws are in place for a relatively short period of time, these uncertainties are greater than those typically found in countries with more advanced tax systems. Laws relating to applicable taxes are not always clearly defined and legislation, which is constantly evolving, is subject to varying and changing interpretations and is applied inconsistently.

Uncertainty in the application and development of tax legislation creates the risk that the Company will have to pay additional accrued taxes, which may have a material negative impact on the financial position of the Company and the results of its activities.

The tax authorities have the right to charge additional taxes within three years after the end of the relevant tax period for all taxes.

The management believes that the Company generally complies with the requirements of the tax legislation and the conditions under the concluded agreements relating to taxes that affect its activities and that, therefore, no additional tax liabilities will arise. However, for the reasons outlined above, there remains a risk that the relevant government authorities may interpret contractual provisions and tax law requirements differently. This may result in significant additional tax liabilities. However, due to the uncertainties described above in estimating any potential additional tax liabilities, it is not possible for management to make estimates of any additional tax liabilities that may arise, together with any related penalties and interest for which the Company may be liable.

Environmental Commitment

The Company is subject to the application of various laws and regulations of the Republic of Kazakhstan on environmental issues. Management believes that the Company complies with all requirements of such laws and regulations, however, the possibility of unforeseen liabilities cannot be ignored.

37. EVENTS AFTER THE REPORTING DATE

The management of the Company assessed the events that took place in the period after December 31, 2022 and before the date of issuance of the financial statements, and came to the conclusion that after the reporting date there were no events that would require the reflection or disclosure of information in the financial statements, with the exception of those described below.

Events in Ukraine

Currently, hostilities continue on the territory of Ukraine, launched on February 24, 2022 by the Russian Federation. The United States, the European Union and a number of other states continue to impose new sanctions against Russia, including disconnecting Russian financial institutions from SWIFT.

This event affected the growth of inflation both in the world and in Kazakhstan. To date, the National Bank of the Republic of Kazakhstan has taken a number of measures to maintain the stability of the Kazakh financial system. Starting from January 25, 2022, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan raised the base rate from 10.25 to 16.75% per annum.

External inflation remains high despite the slowdown. World food prices are still above the average for the past five years. In the US and the EU, high food and service prices continue to keep consumer inflation high. The ECB expects inflation to remain high for a long time to come. As a result of problems in the banking sector in the US and Europe, heightening expectations of a global recession and weaker demand for commodities, oil prices are shaping below the baseline of \$88/bbl on average in 2023.

Change of the sole shareholder of the Company

In connection with the liquidation of Zerde Holding JSC, a block of shares of the Company was transferred to the republican property represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan for further transfer to the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan in accordance with paragraph 5 of the Action Plan on the liquidation of JSC "Holding" Zerde "approved by the order of acting. Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan dated 08.08.2022 No. 274/HK as part of the implementation of the Decree of the Government of the Republic of Kazakhstan dated 08.05.2022 No. 540 "On Certain Issues of the Zerde National Info communication Holding Joint-Stock Company".

On April 18, 2023, in the accounting systems of the nominal holding of JSC "Information and Accounting Center" and JSC "Central Securities Depository" transactions were registered to write off the shares of the Company from the personal account of JSC "Holding" Zerde".

The above events did not affect the financial position of the Company.

The management of the Company monitors the current changes in the economic and political situation in the Republic of Kazakhstan and the world and takes measures that it considers necessary to maintain the sustainability and development of the Company's business in the near future. To date, the current changes have not had and are not expected to have a significant negative impact on the business and operations of the Company.