Kazakhstan Ijara Company JSC

Financial Statements

for the year ended 31 December 2024
prepared in accordance with IFRSs

with independent auditor's report thereon

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Management Kazakhstan Ijara Company JSC

Opinion

We have audited the financial statements of Kazakhstan Ijara Company JSC (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

Auditors' responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Make a conclusion with respect to the appropriateness of application of ongoing concern assumption, and based on the audit evidence obtained we make a conclusion whether there is substantial uncertainty due to certain events or conditions that can result in significant doubts about the Company's ability to continue as a going concern. If we come to a conclusion that significant uncertainty exists, in the audit opinion we should draw attention to the relevant disclosure in the financial statements or, if such disclosure is inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our audit opinion. However, future events or conditions can result in the loss of the Company's ability to continue as a going concern.
- Evaluate the overall presentation of the financial statements, its structure and content, including disclosures, we also evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Yanovchshenko A.
Auditor

Auditor Qualification Certificate No. 000578 issued by the Qualification Commission for Certification of Auditors of the Republic of Kazakhstan on December 20, 2004

Petruk L.
Director Crowe Audit KZ LLP

State License to carry out audit activities in the Republic of Kazakhstan No. 22017483 issued by the Ministry of Finances of the Republic of Kazakhstan on 22 September 2022

Almaty, Kazakhstan"
Al-Farabi 13, block IV, office №403

April 15, 2025

KZT'000	Notes	2024	2023
Assets			
Cash and cash equivalents	4	1,773,484	407,387
Finance lease receivables	5	12,641,599	13,514,191
Inventory	5	1,609,639	41,215
Murabaha receivables	6	748,679	527,659
Advances paid to suppliers		167,883	409,381
Investment in a joint venture	7	634,400	597,693
Property and equipment	8	462,359	51,599
Right-of-use assets		–	17,443
Prepaid Corporate Income Tax		15,767	–
Other assets		68,136	47,843
Total assets		**18,121,946**	**15,614,411**
Liabilities			
Advances received for finance leases		767,064	386,962
Accounts payable to suppliers		15,993	568,660
Financial arrangements	9	5,620,410	4,097,992
Lease liabilities		–	18,198
Value added tax payable		439,497	332,733
Other liabilities	10	275,230	152,514
Total liabilities		**7,118,194**	**5,557,059**
Equity			
Share capital	11	4,224,362	4,224,362
Foreign currency translation reserve	7	263,037	164,017
Reserve for pre-operational expenses	11	(110,670)	(110,670)
Retained earnings		6,627,023	5,779,643
Total equity		**11,003,752**	**10,057,352**
Total liabilities and equity		**18,121,946**	**15,614,411**

These financial statements were approved by the Management of the Company on 15 April 2025.

Signed and authorised for issue on behalf of the Management:

Gulali Zubanov
General Director

KIC leasing
Kazakhstan Ijara Company

Natalya Merzlyakova
Chief Financial Officer

Galbanum Imanaliyeva
Chief Accountant

KZT'000	Notes	2024	2023
Revenue from finance lease		2,478,417	2,284,318
Revenue from Murabaha agreements		120,292	133,719
Revenue from Wakala investment deposits		47,325	30,928
Financial expenses	12	(423,775)	(457,253)
Net finance income		**2,222,259**	**1,991,712**
(Credit losses)/reversal of credit losses, net	13	(34,586)	(88,199)
Net finance income after credit loss expense		**2,187,673**	**1,903,513**
Net gains (losses) from foreign currencies		32,525	8,024
Share of profits from joint venture	7	(11,724)	50,036
General administrative expenses	15	(942,039)	(759,879)
Other income	14	147,125	81,829
Other expenses		(66,185)	(6,487)
Profit before corporate income tax expense		**1,347,375**	**1,277,036**
Corporate income tax expense	16	–	–
Profit for the year		**1,347,375**	**1,277,036**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Currency translation differences on joint venture financials	7	99,020	(33,134)
Total comprehensive income for the year		**1,446,395**	**1,243,902**

KZT'000	Share capital	Foreign currency translation reserve	Reserve for pre-operational expenses	Retained earnings	Total equity
As at 1 January 2023	**4,224,362**	**197,151**	**(110,670)**	**4,952,586**	**9,263,429**
Profit for the year	–	–	–	1,277,036	1,277,036
Currency translation differences on joint venture financials *(Note 7)*	–	(33,134)	–	–	(33,134)
Total comprehensive income for the year	–	(33,134)	–	1,277,036	1,243,902
Dividends declared *(Note 11)*	–	–	–	(449,979)	(449,979)
As at 31 December 2023	**4,224,362**	**164,017**	**(110,670)**	**5,779,643**	**10,057,352**
Profit for the year	–	–	–	1,347,375	1,347,375
Currency translation differences on joint venture financials *(Note 7)*	–	99,020	–	–	99,020
Total comprehensive income for the year	–	99,020	–	1,347,375	1,446,395
Dividends declared *(Note 11)*	–	–	–	(499,995)	(499,995)
As at 31 December 2024	**4,224,362**	**263,037**	**(110,670)**	**6,627,023**	**11,003,752**

KZT'000	Note	2024	2023
Cash flow by type of activity			
Operating activities			
Cash received from repayments of finance leases and Murabaha agreements		9,806,588	9,140,550
Revenue from Wakala investment deposits		29,917	30,885
Commission income received		141,921	72,366
Cash paid to suppliers of equipment for finance leases		(11,449,899)	(9,818,772)
Advances received under finance lease		3,470,265	3,207,772
Sales of repossessed assets		249,216	6,350
Financial expenses (mark-up) paid		(375,590)	(466,841)
Personnel expenses paid		(436,918)	(402,320)
Payments to suppliers for goods and services		(658,365)	(456,846)
Other cash inflows		71,460	74,510
Other cash outflows		(1,004)	–
Net cash flow from operating activities		**847,591**	**1,387,654**
Investment activities			
Purchase of fixed assets		(428,750)	(23,349)
Received dividends from a joint venture		49,273	–
Net cash flow from investment activities		**(379,477)**	**(23,349)**
Financing activities			
Cash in from funding agreements		2,465,500	–
Repayment of financial liabilities		(945,495)	(945,495)
Dividends paid		(475,819)	(420,434)
Net cash flow from financing activities		**1,044,186**	**(1,365,929)**
Impact of exchange rate differences on cash and cash equivalents		(146,204)	(43,162)
Net change in cash position		**1,366,096**	**(44,786)**
Cash and cash equivalents as at 1 January	4	**407,388**	**452,174**
Cash and cash equivalents as at 31 December	4	**1,773,484**	**407,388**

1. Principal activities

Kazakhstan Ijara Company JSC (hereinafter – the "Company") was registered in the Republic of Kazakhstan as a joint stock company on 5 April 2013 (registration number 4291-1910-01-AO). On 24 September 2013, the Company was re-registered in connection with the approval of the adoption of a new shareholder, Al Hilal Leasing LLP.

The principal activities of the Company are:

- Financial leasing operations; and
- Professional activities on the Shariah complaint securities market, as well as other activities on financial market allowed by Kazakhstan law and Shariah principles and rules.

The Company performs financing of mid-term (from 3 to 5 years) leases and Murabaha financing. The Company primarily leases machinery, equipment and transport vehicles.

The registered and actual address of the Company's head office is: 51/78 Kabanbay batyr street, Almaty, 050010, Republic of Kazakhstan. The Company's assets and liabilities are located in the Republic of Kazakhstan.

Shareholders

In October 2024, Al Hilal Leasing Company LLP ceased its participation in the Company's shareholder structure by selling its shares to Islamic Bank "ADCB" JSC (Republic of Kazakhstan). The new shareholder acquired an ownership stake equal to that of the previous shareholder.

As at 31 December 2024 and 2023, the following legal entities were shareholders of the Company:

% of ownership	2024	2023
Islamic Corporation for the Development of the Private Sector	35.77	35.77
ProFile.kz LLP (former Zaman Leasing LLP)	17.85	17.85
Aktif Yatirim Bankasi AS	14.32	14.32
Al Hilal Leasing Company LLP	-	14.18
"ADCB" Islamic Bank JSC	14.18	-
Kolon World Investment Co., Limited	10.73	10.73
Eurasia Swiss Holding AG	7.15	7.15
	100.00	**100.00**

Related party transactions are disclosed in *Note 20*.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

Going concern

The financial statements are prepared on a going concern basis.

Management believes that the Company's stable profitability and adequate working capital are sufficient to meet the Company's anticipated cash flow requirements. After making appropriate enquiries, and having considered the outlook of concluded contracts, proposed pricing, debt repayments and capital expenditure commitments and assessing reasonably possible adverse operational impacts such as lower prices of rendered services, increased operational and capital expenditure costs, management has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for financial instruments that are initially recognized at fair value.

Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge ("tenge" or "KZT"), which is the functional currency of the Company and the currency in which these financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand ("KZT'000" or "KZT thousand").

2. Basis of preparation (continued)

These financial statements are presented in thousands of tenge unless otherwise is stated.

As at 31 December 2024 and 2023, market exchange rates were as follows:

	2024	2023
US dollar (USD)	523.54	454.56
Kyrgyz som (KGS)	6.02	5.10

The Company uses foreign currency exchange rates from the official source – the National Bank of the Republic of Kazakhstan.

Kazakhstan business environment

The Company's operations are located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan that display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan.

The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Company. The future business environment may differ from management's assessment.

Adoption of standards and interpretations

In preparing the financial statements, the Company has applied the following standards and amendments effective from 1 January 2024:

- Sale and Leaseback Lease Obligations - Amendments to IFRS 16 "Leases";
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 "Presentation of Financial Statements";
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Suppliers finance arrangements.

The standards and amendments listed above did not have a material impact on these financial statements.

New standards and interpretations not yet adopted

The Company has not early adopted new standards, interpretations or amendments that were issued but are not yet entered into force, and their requirements have not been considered when preparing the financial statements. These standards and interpretations are not expected to have a material impact on these financial statements.

Comparative information

Where a change in the presentation format of the financial statements has been made during the year, comparative figures have been restated accordingly, to conform with the new presentation format.

3. Significant accounting judgments and estimates

The preparation of financial statements requires from management to make estimates and assumptions that have an influence on reported amounts of assets and liabilities of the Company, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company's management conducts evaluations and judgments on an ongoing basis, based on previous experience and a number of other factors that are considered reasonable in the current environment. Actual results could differ from those estimates. The following estimates and assumptions are important to present financial position of the Company.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3. Significant accounting judgments and estimates (continued)

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates.

Expected credit losses on financial assets

The measurement of expected credit losses (hereinafter – "ECL") across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit losses and the assessment of a significant increase in credit risk. The Company applies two approaches for recognition of expected credit losses, namely, general approach for the financial assets, except finance lease, Murabaha and trade receivables, for which the simplified approach is used. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers. The Company's ECL calculations are outputs of a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs.

4. Cash and cash equivalents

KZT'000	2024	2023
Current accounts with banks	279,189	178,088
Wakala investment deposits with contractual maturity of up to 90 days	1,496,000	230,000
	1,775,189	408,088
Less: ECL allowance	(1,705)	(701)
Cash and cash equivalents	**1,773,484**	**407,387**

Concentration of cash and cash equivalents

As at 31 December 2024, the Company had accounts with "ADCB" Islamic Bank JSC with balances exceeding 10% of equity (as at 31 December 2023: KZT nil)

5. Finance lease receivables

KZT'000	2024	2023
Up to one year	7,569,776	8,711,741
From one to five years	9,658,623	8,815,614
Minimum finance lease payments receivable	17,228,399	17,527,355
Less: unearned future finance income		
Up to one year	(682,621)	(746,612)
From one to five years	(3,389,278)	(2,776,282)
	(4,071,899)	(3,522,894)
	13,156,500	**14,004,461**
Less: ECL allowance	(514,901)	(490,270)
Net finance leases receivables	**12,641,599**	**13,514,191**

5. Finance lease receivables (continued)

Analysis by the customer size:

KZT'000	2024	2023
Leases to small and medium size companies	11,312,035	12,395,530
Leases to large corporates	1,844,465	1,608,931
Less: ECL allowance	(514,901)	(490,270)
Net investment in finance leases	**12,641,599**	**13,514,191**

Maturity analysis of finance lease receivables is presented below:

KZT'000	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
As at 31 December 2024						
Gross finance lease receivables	7,569,776	4,952,996	2,542,457	1,126,147	1,037,023	17,228,399
Less: unearned future finance income	(682,621)	(1,249,488)	(967,484)	(551,576)	(620,730)	(4,071,899)
Net investment in finance leases before ECL allowance	**6,887,155**	**3,703,508**	**1,574,973**	**574,571**	**416,293**	**13,156,500**
As at 31 December 2023						
Gross investment to finance lease	8,711,741	5,100,931	2,622,906	767,836	323,941	17,527,355
Less: unearned future finance income	(746,612)	(1,250,969)	(974,955)	(368,289)	(182,069)	(3,522,894)
Net investment in finance leases before ECL allowance	**7,965,129**	**3,849,962**	**1,647,951**	**399,547**	**141,872**	**14,004,461**

Gross finance lease receivables

The Company applies simplified approach to the measurement of ECL allowance on finance lease receivables. The simplified approach does not require monitoring of changes in credit risk and ECL allowance are modelled for the expected life of the leases.

An analysis of changes in the gross carrying value and corresponding ECL allowance in relation to finance lease receivables during the year ended 31 December is as follows:

KZT'000	2024	2023
Gross carrying value as at 1 January	14,004,461	13,026,810
New assets originated	12,827,672	13,477,004
Assets repaid	(13,682,537)	(12,480,591)
Changes to contractual cash flows due to modifications not resulting in derecognition	–	–
Foreign exchange adjustments	6,904	(18,762)
As at 31 December	**13,156,500**	**14,004,461**

ECL allowance

The analysis of changes in the ECL allowance on finance lease receivables for the year is presented below:

KZT'000	2024	2023
ECL allowance as at 1 January	(490,270)	(410,838)
New assets originated	(109,908)	(119,553)
Assets repaid	85,277	40,121
Changes in inputs used for ECL calculation	–	–
Foreign exchange adjustments	–	–
As at 31 December	**(514,901)**	**(490,270)**

5. Finance lease receivables (continued)

Modified and restructured finance lease receivables

During 2024 the Company did not modify the terms and conditions of finance lease receivables and did not recognize any gain or loss on modification of finance leases that does not result in derecognition (2023: KZT nil). During 2023, the Company has modified the terms and conditions of certain finance lease receivables. The Company considered these modifications did not represent origination of separate leases. As a result, the Company accounted for the modifications applying IFRS 9 and do not recognised loss or gain on modification of finance lease receivables, not resulting in derecognition in the amount of KZT nil within revenue from finance lease receivables of the statement of profit or loss and other comprehensive income

The table below shows gross carrying value and ECL allowance on finance lease receivables modified during 2024 and 2023:

KZT'000	2024	2023
Leases to small and medium size companies		
Gross carrying value	-	51,242
ECL allowance	-	(311)

Credit quality of finance lease portfolio

KZT'000 (unless otherwise stated)	Gross carrying value	ECL allowance	Net investment in finance lease	ECL allowance as a percentage of gross carrying value, %
As at 31 December 2024				
Leases to large corporates				
- not overdue	1,844,465	(30,502)	1,813,963	1.65
- overdue for less than 30 days	-	-	-	-
Total leases to large corporates	**1,844,465**	**(30,502)**	**1,813,963**	**1.65**
Leases to small and medium size companies				
- not overdue	10,211,396	(162,828)	10,048,568	1.59
- overdue for less than 30 days	385,579	(4,348)	381,231	1.13
- overdue for 30-89 days	227,715	(8,324)	219,391	3.66
- overdue for 90-179 days	93,416	(4,492)	88,924	4.81
- overdue for over 180 days	393,929	(304,407)	89,522	77.27
Total leases to small and medium size companies	**11,312,035**	**(484,399)**	**10,827,636**	**4.28**
Total finance lease receivables	**13,156,500**	**(514,901)**	**12,641,599**	**3.91**
As at 31 December 2023				
Leases to large corporates				
- not overdue	1,304,077	(24,011)	1,280,066	1.84
- overdue for less than 30 days	304,854	(5,928)	298,926	1.94
Total leases to large corporates	**1,608,931**	**(29,939)**	**1,578,992**	**1.86**
Leases to small and medium size companies				
- not overdue	9,222,982	(137,423)	9,085,559	1.49
- overdue for less than 30 days	1,615,274	(20,309)	1,594,965	1.26
- overdue for 30-89 days	1,097,210	(25,668)	1,071,542	2.34
- overdue for 90-179 days	274,988	(125,310)	149,678	45.57
- overdue for over 180 days	185,076	(151,621)	33,455	81.92
Total leases to small and medium size companies	**12,395,530**	**(460,331)**	**11,935,199**	**3.71**
Total finance lease receivables	**14,004,461**	**(490,270)**	**13,514,191**	**3.50**

5. Finance lease receivables (continued)

Analysis of collateral and other credit enhancements

The information on leased objects and other credit enhancements securing overdue lease receivables net of ECL allowance, by types of leased objects as at 31 December is as follows:

KZT'000	2024		2023	
	Finance lease receivables	Fair value of leased objects at the reporting date	Finance lease receivables	Fair value of leased objects at the reporting date
Overdue lease receivables				
Motor vehicles	547,925	547,925	2,154,096	2,154,096
Plant and machinery	205,918	205,918	780,211	780,211
Equipment	25,225	25,225	214,259	214,259
Total overdue lease receivables	**779,068**	**779,068**	**3,148,566**	**3,148,566**

The table above excludes the effect of over collateralisation, which means that the leased objects values are limited to the carrying amounts of finance lease receivables. The collateral values include tangible assets only.

Based on risk exposure evaluation, the Company obtains additional collateral. The table above excludes the effect of this additional collateral.

In accordance with the Company's classification of leased objects, motor vehicles group includes the following types of property: automobiles, buses, motorcycles, off highway vehicles, light trucks or light duty trucks, and trucks or lorries, combines, dumpers, tractors, diggers, auto-loaders, rollers, pavers and cranes. Plant and machinery group includes backhoe loaders, mini-loaders, bulldozers, graders, wheel loaders, road construction, municipal, mining and other special equipment.

The recoverability of leases which are not past due is primarily dependent on the creditworthiness of the lessee rather than the value of leased objects, and the Company does not necessarily update the valuation of leased objects at each reporting date.

The Company does not reassess fair values of lease objects related to performing lease receivables, since lease inception dates.

For leases secured by multiple types of leased objects, leased objects that are most relevant for impairment assessment are disclosed.

Repossession of leased objects

During 2024, the Company repossessed lease assets in the amount of KZT 200,813 thousand (2023: KZT 57,075 thousand), classified as inventory for further sale, most of them were sold in 2024. According to the Company's policies, the repossessed property can be sold under one-time payment or transferred under Murabaha agreements or transferred to secondary finance leases in accordance with the established procedures. The proceeds are used to repay the lease receivables. As at 31 December 2024, carrying amount of the repossessed lease assets was equal to KZT 10,184 thousand (2023: KZT 46,871 thousand) accounted as inventory in the statement of financial position.

As at 31 December 2024, inventories represent lease items in the amount of KZT 1,599,495 thousand which were acquired for further transfer to finance lease (2023: nil).

6. Murabaha receivables

Murabaha agreements represent purchase and sale of assets with a mark-up (i.e. the difference between purchase price and sales price of the asset) repaid by instalments. Maximum term for Murabaha agreements is 18 months. Assets in Murabaha instalment sale transactions are similar to the leased assets (vehicles, machinery and equipment).

KZT'000	2024	2023
Gross Murabaha receivables	753,151	530,604
Less: ECL allowance	(4,472)	(2,945)
Net Murabaha receivables	**748,679**	**527,659**

An analysis of changes in the gross carrying value and corresponding ECL allowance in relation to Murabaha receivables during the year ended 31 December is as follows:

Gross Murabaha receivables

KZT'000	2024	2023
As at 1 January	530,604	806,926
Sales receivables	987,095	745,678
Receivables repaid	(764,548)	(1,022,000)
As at 31 December	**753,151**	**530,604**

ECL allowance

KZT'000	2024	2023
As at 1 January	(2,945)	(5,264)
Sales receivables	(4,458)	(4,309)
Receivables repaid	2,931	6,628
As at 31 December	**(4,472)**	**(2,945)**

7. Investment in a joint venture

In 2014, the Company invested KZT 273,123 thousand in a newly established company, Ijara Company Kyrgyzstan CJSC, which was incorporated in the Kyrgyz Republic on 29 September 2014. As at 31 December 2024 and 2023, the Company controlled 36.6% of the total shares of the joint venture. The main activity of the joint venture is finance lease operations. When assessing existence of the joint control the Company considered the fact that the decisions about the relevant activities which significantly affect the returns of the arrangement require the unanimous consent of two third (66.7%) of the parties sharing the control of the arrangement.

The other three investors hold 36.6%, 14.6% and 12.2% of the total shares of the joint venture, respectively.

In accordance with the decision of the General Meeting of Shareholders dated May 15, 2024, Ijara Company Kyrgyzstan CJSC declared and paid cash dividends in the amount of KGS 6.4277 per share, for the year ended December 31, 2023. The Company received dividends in the amount of KZT 50,589 thousand (2023: KZT nil).

During 2024, the Company recognised share of loss of a joint venture in the amount of KZT 11,724 thousand (2023: profit KZT 50,036 thousand).

The movements in the carrying value of investment in a joint venture are presented as follow:

KZT'000	2024	2023
As at 1 January	597,693	580,791
Share of profits	(11,724)	50,036
Dividends received	(50,589)	–
Currency translation of foreign operations	99,020	(33,134)
As at 31 December	**634,400**	**597,693**

7. Investment in a joint venture (continued)

The following table summarises the financial information of Ijara Company Kyrgyzstan CJSC as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in Ijara Company Kyrgyzstan CJSC.

KZT'000	2024	2023
Cash and cash equivalents	796,121	780,579
Net investments in finance lease	936,899	720,156
Other current assets	71,885	295,438
Other non-current assets	5,821	877
Liabilities	(77,393)	(164,010)
Net assets	**1,733,333**	**1,633,040**
Percentage of ownership interest	36.6%	36.6%
Carrying amount of investment in a joint venture	**634,400**	**597,693**

KZT'000	2024	2023
Net finance income	103,162	110,215
Net gains from foreign currencies	(41,461)	53,602
Other operating expenses	(85,223)	(9,747)
Corporate income tax expense	(8,510)	(17,360)
Profit for the year	**(32,032)**	**136,710**
Percentage of ownership interest	36.6%	36.6%
Company's share of profit for the year	**(11,724)**	**50,036**

8. Property and equipment

KZT'000	2024	2023
Cost		
As at 1 January	226,855	192,132
Additions	429,820	46,564
Disposals	(20,493)	(11,841)
As at 31 December	**636,252**	**226,855**
Accumulated depreciation		
As at 1 January	(175,256)	(169,682)
Charge for the year	(18,977)	(17,416)
Disposals	20,340	11,842
As at 31 December	**(173,893)**	**(175,256)**
Net book value		
As at 31 December	**462,359**	**51,599**

In 2024, the Company purchased a standalone residential house with an adjacent land plot for a total cost of KZT 410,363 thousand (including the house for KZT 251,526 thousand and the land plot for KZT 158,837 thousand). The Company plans to renovate this property for use as an office space, with completion scheduled for 2025. As at December 31, 2024, this property is classified as construction in progress within fixed assets.

9. Financial arrangements

Financial arrangements include the following items as at December 31:

KZT'000 (unless otherwise stated)	currency	interest rate, %	repayment term	2024	2023
DAMU Entrepreneurship Development Fund JSC	KZT	9.5-10.5	2025-2027	1,306,354	1,741,146
DAMU Entrepreneurship Development Fund JSC	KZT	9.5	2025-2028	1,833,785	2,356,846
Islamic Corporation for Development of the Private Sector	KZT	18.47	2025-2029	2,480,271	–
				5,620,410	**4,097,992**

In 2020, the Company concluded a Framework Agreement on Commodity Instalment sales No. 52 with DAMU Entrepreneurship Development Fund JSC ("DAMU") with the total financing limit in tenge of KZT 3,000,000 thousand. The financial arrangement bears interest rates 9.5% to 10.5% and matures in 2027.

In 2021, the Company concluded a Framework Agreement on Commodity Instalment sales No. 313 with DAMU with the total financing limit in tenge of KZT 3,360,000 thousand. The financial arrangement bears interest rate 9.5% and matures in 2028.

As at 31 December 2024, the financial arrangements are secured by lease assets, held by the Company, with a total collateral value of KZT 4,538,240 thousand (2023: KZT 3,376,176 thousand) and finance lease receivables portfolio with a total carrying amount of KZT 3,208,539 thousand (2023: KZT 4,620,812 thousand).

During 2024, accrued finance expense on facilities received from DAMU recognised in the statement of profit or loss and other comprehensive income was KZT 363,232 thousand (2023: KZT 454,482 thousand).

The Company is obliged to comply with certain financial covenants in relation to funds received from DAMU. As at 31 December 2024 and 2023, the Company was in compliance with these covenants.

On 5 September 2024, the Company concluded Commodity Murabaha financing agreement with "Islamic Corporation for Development of the Private Sector" (ICD) in the total amount in equivalent of USD 10,000 thousand in KZT. The first tranche of KZT 2,465,500 thousand, equivalent to USD 5,000 thousand, was received on 15 November 2025 at 18.47% per annum maturing in 2029.

During 2024 accrued mark-up expense on facilities received from ICD recognised in finance expenses in the statement of profit or loss and other comprehensive income was KZT 59,632 thousand.

The Company is obliged to comply with financial covenants in relation to funds received from ICD. These covenants include debt to equity ratios and other financial performance ratios. As at 31 December 2024, the Company complied with these covenants.

Movement of financial arrangements

KZT'000	2024	2023
As at 1 January	4,097,992	5,055,845
Proceeds from financial arrangements	2,465,500	–
Repayment	(945,495)	(945,495)
Other	2,413	(12,358)
As at 31 December	**5,620,410**	**4,097,992**

The "Other" line includes the effect of accrued but not yet paid finance expenses on financial arrangements. The Company classifies such expenses as cash flows from operating activities.

10. Other liabilities

KZT'000	2024	2023
Charity payable	26,426	36,409
Accrued bonuses	125,169	76,297
Accrued expenses on unused vacations	25,536	21,511
Taxes other than corporate income tax payable	13,769	11,290
Accrued provision for tax risks	58,967	–
Other liabilities	25,363	7,007
	275,230	**152,514**

The charity payable reflects the Company's liability for transferring funds to charitable projects in line with programs approved by the Board of Directors and the Board of Principal of Islamic Finance, from penalties received under finance lease agreements and Murabaha contracts (Note 14). The settlement of this liability is expected in 2025.

The tax legislation of the Republic of Kazakhstan does not contain clear provisions regarding the taxation of Islamic financing transactions such as Murabaha. The Company's management cannot be fully assured that its interpretation of the taxation of Islamic financing transactions will be consistent with that of the tax authorities of the Republic of Kazakhstan. For this reason, in 2024 the Company's management has decided to accrue a valuation allowance against potential taxationin of KZT 58,967 thousand (2023: KZT nil) and recognized these reserve expenses as other expenses in the statement of profit and loss and other comprehensive income.

11. Equity

Share capital

As at 31 December 2024 and 2023, authorised share capital of the Company comprised 6,040,000 common shares. Issued and fully paid share capital comprised 4,224,362 common shares at placement value of KZT 1 thousand per common share.

The holders of common shares are entitled to receive dividends on the basis of equal distribution and on the basis of the financial results reported in accordance with IFRSs.

Foreign currency translation reserve

The foreign currency translation reserve reflects exchange differences arising from the translation of the financial statements of the joint venture from Kyrgyz som, which is its functional currency, into tenge, the Company's presentation currency.

Reserve for pre-operational expenses

In 2013, the Company has recognised the amount of KZT 120,345 thousand subject to reimbursement to the shareholders by the Company, based on the estimate of the pre-operational expenses incurred by the shareholders and amounts paid to an individual appointed as a responsible person for the implementation of the financial and business activities and responsible for representation of the shareholders before the third parties prior to establishment of the Company. This decision was agreed at the shareholders meeting. The amount was recognised as a reserve for pre-operational expenses in equity in the amount of KZT 110,670 thousand and as an equipment for the total amount of KZT 9,675 thousand that was transferred to the Company.

As at 31 December 2024 and 2023, the amount of reserve for pre-operational expenses was KZT 110,670 thousand.

Dividends

In accordance with the decision of the General Shareholders’ Meeting held on 7 June 2024, the Company declared and paid dividends in cash in the amount of KZT 499,995 thousand for the year ended 31 December 2023. In accordance with the decision of the General Shareholders’ Meeting held on 11 July 2023, the Company declared and paid dividends in cash in the amount of KZT 449,979 thousand for the year ended 31 December 2022.

12. Financial expenses

The table below presents the Company's financial expenses recognized in profit or loss for the year:

KZT'000	Notes	2024	2023
Expenses under DAMU Entrepreneurship Development Fund JSC agreement	9	(363,232)	(454,482)
Expenses under "Islamic Corporation for Development of the Private Sector" agreement	9	(59,632)	–
Rent expenses		(911)	(2,771)
		(423,775)	**(457,253)**

13. (Credit losses)/reversal of credit losses, net

The table below presents the expenses for the ECL allowance on financial instruments recognized in profit or loss for the year:

KZT'000	Notes	2024	2023
Cash and cash equivalents		(1,004)	(392)
Finance lease receivables	5	(28,908)	(79,432)
Murabaha receivables	6	(1,527)	2,319
Other financial assets		(3,147)	(10,694)
		(34,586)	**(88,199)**

14. Other income

The table below presents other income recognized in profit or loss, which includes:

KZT'000	2024	2023
Documentation fee in relation to financing	24,197	26,076
Penalties	33,268	21,951
Income from sale of fixed assets	326	20,446
Early termination charges	14,420	6,007
Agency fees	25,244	-
Gain from sale of repossessed assets	47,436	5,780
Insurance payment for an insured event	-	1,020
Other	2,234	550
	147,125	**81,829**

As at 31 December 2024, penalties in the amount of KZT 33,268 thousand recognised as other income are allocated to the Charity Fund in accordance with Sharia's requirements and Charity Policy of the Company (Note 10 "Other liabilities/ Charity payable") and recognised as Charity expenses disclosed in "General and administrative expenses" (Note 15 "Charity").

15. General and administrative expenses

The table below presents general and administrative expenses recognized in profit or loss, which include:

KZT'000	2024	2023
Personnel expenses	653,888	606,036
Consulting services	54,423	-
Board of directors renumerations fee	37,581	26,045
Information technology services	35,431	27,721
Charity	33,268	7,132
Taxes other than income tax	29,777	2,694
Office maintenance expenses	26,644	7,787
Professional services	22,872	27,021
Depreciation and amortisation	18,978	32,973
Business trip expenses	7,395	7,642
Transportation	4,919	2,906
Bank charges	4,823	4,343
Communication services and postal expenses	2,965	2,717
Insurance	1,930	240
Other	7,145	4,622
	942,039	**759,879**

16. Taxation

The Republic of Kazakhstan is the only tax jurisdiction in which the Company's income is taxable. In accordance with tax legislation the applied corporate income tax rate is 20% in 2024 and 2023. In 2024 and 2023, the Company had no current corporate income tax expenses due to the tax exemption on income from finance leases.

The reconciliation between the corporate income tax expense in the accompanying financial statements and profit before corporate income tax expense multiplied by the statutory tax rate for the years ended 31 December is as follows:

KZT'000	2024	2023
Profit before corporate income tax expense	**1,347,375**	**1,277,036**
Statutory tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	**269,475**	**255,407**
Non-taxable revenue from finance lease receivables	(320,617)	(264,790)
Non-taxable share of profit of a joint venture	(2,345)	(10,007)
Non-taxable credit losses/(reversal of credit losses)	6,917	17,640
Non-deductible operating expenses	27,385	269
Change in unrecognised deferred corporate income tax assets	19,185	1,481
Corporate income tax expense	**–**	**–**

16. Taxation (continued)

Deferred corporate income tax assets and liabilities

As at 31 December 2024 and 2023, deferred corporate income tax assets are not recognised as it is not probable that taxable profits will be generated in the future against which the temporary differences can be utilized due to the tax exemption on income from finance leases.

Deferred corporate income tax assets/(liabilities) as at 31 December and their movements for the respective years comprise:

KZT'000	2024	2023
Accrued expenses on unused vacations and bonuses	30,141	19,562
Accrued administrative expenses	3,564	3,582
Lease liabilities	–	3,640
Deferred income	17,747	1,566
Right-of-use assets	–	(3,489)
Accrued income from foreign currency transactions	4,054	2,673
Deferred financing costs	(8,683)	–
Property and equipment and intangible assets	502	606
Deferred corporate income tax asset	47,325	28,140
Unrecognised deferred income tax assets	(47,325)	(28,140)
	–	–

17. Risk management

Introduction

Management of risks is fundamental to the business of leasing and Murabaha and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

Risk management policies and procedures

The Company's risk management internal documents aim to identify, analyse and manage the risks faced by the Company. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, leasing products and services offered and emerging best practice.

The risk management strategy is reflected in the Company's internal documents.

The objectives of the risk management policy are:

- Timely risk identification within internal business processes;
- Appropriate performance of leasing and Murabaha transactions;
- Control over compliance with legislation, regulations as well as ethical and professional standards;
- Minimisation of current and possible losses from leasing and Murabaha operations.

The risk management system is set under the supervision of the Board of Directors and includes internal policies, procedures, risk limits and key risk indicators, segregation of duties. The Board of Directors of the Company has overall responsibility for the oversight of the risk management framework, assessment of risk profile and approving the risk appetite of the Company in line with its growth strategy, approval of risk limits and key indicators and significant large exposures. Compliance with the Company's risk limits and key risk indicators is regularly reported to the Board of Directors and/or Board of Directors' Committees.

The Executive Committee, as a sub-committee of the Board of Directors, has a duty to assess and control credit risks and oversees the optimal structure for assets and liabilities and risk management measures relating to assets placement.

The General Director is responsible for monitoring, management and implementation of risk policies and risk mitigation measures.

The optimal structure of the Company's assets and liabilities is approved within the limits set in the annual budget and business plan of the Company which are approved by the Board of Directors. The market risk and liquidity risk exposure, reviewed by the Assets and Liabilities Committee on a monthly basis.

17. Risk management (continued)

Market risk

Market risk is the risk that movements in market variables, including foreign exchange rates, profit rates, credit spreads and equity prices will affect the Company's income or the value of its portfolios. Market risks comprise currency risk, profit rate risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within the Company's risk appetite, whilst optimising the return on risk.

The market risk is managed by the Assets and Liabilities Committee.

The Company manages its market risk through the limits and key risk indicators, which are set and approved by the Board of Directors, and include currency position limits, limits for the repricing risk based on the defined time buckets. These are monitored on a regular basis by the management and the Assets and Liabilities Committee and reported to the Board of Directors.

Profit rate risk

Profit rate risk is the risk that movements in profit rates will affect the Company's income or the value of its portfolios of financial instruments.

The Company has no floating rate financial instruments as at 31 December 2024 and 2023.

Currency risk

The Company has assets and liabilities in US dollars or in tenge adjusted for changes in foreign exchange rates. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The management and the Assets and Liabilities Committee manage currency risk by monitoring the open currency position based on assumed tenge devaluation and other macroeconomic indicators and approving mechanism of protection against currency risk that enables the Company to minimise losses from significant foreign currency exchange rates fluctuations.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December:

KZT'000	2024	2023
Assets		
Cash and cash equivalents	–	–
Net investments in finance lease	191,671	421,156
Total assets	191,671	421,156
Liabilities		
Financial arrangements	–	–
Total liabilities	–	–
Net position	**191,671**	**421,156**

During 2023, the Company has entered into finance lease agreements that are in tenge with indexation to changes in US dollar exchange rate. In 2024, no similar agreements were concluded.

A 19% (2023: 19%) strengthening (weakening) of tenge against US dollar as at 31 December would have increased (decreased) net profit by KZT 36,417 thousand (2023: KZT 80,020 thousand). This analysis assumes that all other variables remain constant.

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. Therefore, the credit risk assessment process is an important component of sound credit risk management practice that enables the Company to take a structured and objective approach to assessing and quantifying the credit quality of its assets.

The basis for the credit risk management system is the organisation of the Company's leasing and Murabaha operations in accordance with the Company's internal documents.

17. Risk management (continued)

To minimise credit risk while carrying out leasing and Murabaha operations the Company performs the following:

- Monitors clients' financial position and safety of leased and purchased through Murabaha equipment and collateral to identify on a timely basis conditions or events that could negatively affect financial solvency of clients;
- Monitors the proper use of leased and purchased through Murabaha equipment;
- Ensures the finance lease and Murabaha portfolios are diversified by distribution of investments among clients from different geographical regions, business sectors and types of entities;
- Revises and updates on the regular basis the procedures for reviewing and approving credit applications, methodology for assessing the creditworthiness of clients, requirements for credit documentation.

The credit risk management and control are performed by the General Director and the Executive Committee set by the Board of Directors, respectively.

The Company continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial and other information submitted by the customer, or otherwise obtained by the Company. Apart from individual customer analysis, the whole credit portfolio is assessed by the Board of Directors with regard to credit quality, credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

KZT'000	2024	2023
Assets		
Cash and cash equivalents	1,775,189	408,088
Finance lease receivables	13,156,500	14,004,461
Murabaha receivables	753,151	530,604
Other financial assets	30,115	20,842
Total maximum exposure to credit risk	**15,714,955**	**14,963,995**

Impairment assessment

The Company uses the ECL model when determining the impairment allowance on financial assets, including finance lease and Murabaha receivables.

The ECL amount is determined as the difference between the cash flows that are due to the Company in accordance with the contractual terms of an asset and the cash flows that the Company expects to receive, using the probability of default rate of an asset.

In determining the cash flows that the Company expects to receive, it adopts a sum of marginal losses approach whereby ECLs are calculated as the sum of the marginal losses that result from all possible default events over the lifetime of an asset. The marginal losses are derived from individual parameters that estimate exposures and losses in case of default and the marginal probability of default during a given period of time conditional upon an exposure having survived during this period.

ECLs are a probability-weighted estimate of the present value of cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of a default occurring in a given time period used as the weights). ECL measurements are unbiased (i.e. neutral, not conservative and not biased towards optimism or pessimism) and are determined by evaluating a range of possible outcomes.

Generally, ECL calculations are based on three components:

- Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon, which the Company management sets based on the historical default rates over the expected life of the asset, adjusted for forward-looking estimates, like key macro- and micro-economic factors and management's assumptions about the relationship between these forecasts and the amounts and timing of recoveries from the clients;
- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profits, and expected drawdowns on committed facilities;
- Loss Given Default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including expected proceeds from collateral, if any. It is usually expressed as a percentage of the EAD.

17. Risk management (continued)

The Company, considering the nature of the business in which it operates, recognises and measures the impairment of finance lease and Murabaha assets, applying a simplified approach. This approach does not require monitoring for increases in credit risk and the Company measures lifetime ECL at initial recognition for the maximum contractual period, including the extension options, and allocate ECL allowance on a monthly basis until full repayment/collection of the asset. After initial recognition, the impairment allowance is adjusted, up or down, through profit and loss at each balance sheet date as the probabilities of collection and recoveries may change. The event of default is defined as 90 days overdue or in case one of the following reasons/cases are in place:

- Irregular payments;
- Business failure;
- Weak financials / cash flows based on financial monitoring results;
- Closure of business;
- Bankruptcy;
- Dispute among partners;
- Litigation by third parties;
- Loss of collaterals;
- Key decision maker of the customer is dead, left the country or imprisoned, and such circumstances lead to business stuck;
- Fraudulent activities;
- Frequent (over two times in a calendar year) restructuring;
- No identified source of payment;
- Non-cooperation of a customer with the Company.

The Company allocates ECL allowances for the performing finance lease /Murabaha assets and the ones, which are past due for up to 89 days using the impairment matrix below:

Tenure*	**ECL rate**
>30 months	2.0%
25-30 months	1.5%
13-24 months	1.0%
up to 12 months	0.5%

* *The tenure left till the contractual maturity date of a financial asset.*

Each non-performing finance lease/Murabaha asset is assessed individually based on the assessment forecasts of the expected recoveries from the asset in the form of repayments, proceeds from sale of the leased assets or collateral as applicable. The assessment results are calculated using the future cash flow and include the following:

- Net present value of the future cash flows from expected recoveries, sale proceeds from the leased assets, collateral, as applicable;
- Net outstanding balance of the finance lease/Murabaha asset;
- Positive difference between the net outstanding balance of the asset and the net present value of the cash flows is the amount of ECL allowances required to be recognised for the assessed non-performing asset;
- Negative difference between the net outstanding balance of the asset and the net present value of the cash flows is the amount of ECL allowances to be reversed on the assessed non-performing asset.

17. Risk management (continued)

The Company allocates ECL allowances for the non-performing finance lease/Murabaha assets using the impairment matrix below:

Number of overdue days	**ECL rate**
90-179 days	5.0%
180-269 days	25.0%
270-364 days	50.0%
365 or > days	100.0%

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and profit rates of assets and liabilities is fundamental to the management of financial institutions, including the Company. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due.

The Assets and Liabilities Committee monitors and controls liquidity risk on a regular basis by analysis of liquidity risk level and takes measures to reduce the risk. Current liquidity management is performed by the Finance Department, which is responsible for operations in the financial markets with the purpose of maintaining current liquidity and optimising cash flows.

The liquidity management policy of the Company requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans; and
- Maintaining liquidity and funding contingency plans.

The weekly liquidity position is monitored by the Assets and Liabilities Committee and decisions are taken on the Company's liquidity management in line with the Company's business strategy needs, market conditions and internal policies the Company.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

KZT'000	**Less than 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Total**
2024						
Financial liabilities						
Financial arrangements	131,406	514,944	1,118,521	5,874,663	–	7,639,534
Lease liabilities	–	–	–	–	–	–
	131,406	**514,944**	**1,118,521**	**5,874,663**	**–**	**7,639,534**
2023						
Financial liabilities						
Financial arrangements	57,552	128,721	657,453	4,220,738	–	5,064,464
Lease liabilities	3,185	6,369	9,554	–	–	19,108
	60,737	**135,090**	**667,007**	**4,220,738**	**–**	**5,083,572**

18. Capital management

The Company's objective when managing capital is to maintain the financial stability of the Company for further development of its activities by optimisation of share capital. The Company is not exposed to any external capital requirements.

19. Commitments and contingencies

Operating environment

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

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company has a full coverage of a mandatory insurance as declared by the Kazakhstan Law as well as voluntary insurance for property, leased assets and collateral (whenever applicable) covering risks of damage, loss and the third-party liability. The Company does not have full coverage for business interruption.

Until the Company obtains adequate insurance coverage when become available in the Republic of Kazakhstan, there is a risk that the loss or destruction of certain assets resulting from business interruption could have a material adverse effect on the Company's operations and financial position.

Legal

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or future performance of the Company. As at 31 December 2024 and 2023, no provision has been recognised in these financial statements for any of such actions or complaints.

Taxation

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between the local, regional and republican tax authorities are not unusual. The current regime of penalties and fines related to reported and discovered violations of Kazakhstan laws, decrees and related regulations are severe. Penalties include confiscation of the amounts at issue (for currency law violations), as well as fines of 50% or more of the taxes unpaid.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

20. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

Management remuneration

Remuneration of the member of key management personnel comprise:

KZT'000	2024	2023
Key management personnel compensation	182,011	145,265
Board of Directors compensation	29,940	26,045
	211,951	**171,310**

Transactions with other related parties

In 2024, the Company entered into a Framework Agreement for Commodity Murabaha Financing with "Islamic Corporation for Development of the Private Sector", one of the Company's shareholders, and received financing in the amount of USD 5,000 thousand, with a maturity date in 2029 (Note 9).

For the year 2024, accrued financing costs under this agreement amounted to KZT 59,632 thousand (Note 12).

21. Fair values of financial instruments

For the purpose of disclosing those fair values, the Company determined classes of assets and liabilities based on the nature, characteristics and risks of those assets and liabilities as well as the hierarchy of fair value sources.

KZT'000		Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	Total
As at 31 December 2024					
Assets					
Cash and cash equivalents	31 December 2024	1,775,189	–	–	1,775,189
Net investments in finance lease	31 December 2024	–	–	13,011,806	13,011,806
Murabaha receivables	31 December 2024	–	–	757,658	757,658
Other financial assets	31 December 2024	–	–	30,115	30,115
Liabilities					
Accounts payable to suppliers	31 December 2024	–	15,993	–	15,993
Financial arrangements	31 December 2024	–	–	5,376,752	5,376,752
Lease liabilities	31 December 2024	–	–	–	–

KZT'000		Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	Total
As at 31 December 2023					
Assets					
Cash and cash equivalents	31 December 2023	407,387	–	–	407,387
Net investments in finance lease	31 December 2023	–	–	13,702,770	13,702,770
Murabaha receivables	31 December 2023	–	–	533,981	533,981
Other financial assets	31 December 2023	–	20,842	–	20,842
Liabilities					
Accounts payable to suppliers	31 December 2023	–	568,660	–	568,660
Financial arrangements	31 December 2023	–	–	3,512,943	3,512,943
Lease liabilities	31 December 2023	–	18,198	–	18,198

21. Fair values of financial instruments (continued)

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the statement of financial position.

KZT'000	Carrying amount	Fair value	Unrecognised gain/(loss)
As at 31 December 2024			
Financial assets			
Cash and cash equivalents	1,775,189	1,775,189	–
Net investments in finance lease	12,641,599	13,011,806	370,207
Murabaha receivables	748,679	757,658	8,979
Other financial assets	30,115	30,115	–
Financial liabilities			
Accounts payable to suppliers	15,993	15,993	–
Financial arrangements	5,620,410	5,376,752	243,658
Lease liabilities	–	–	–
Total unrecognised change in unrealised fair value			**622,844**
As at 31 December 2023			
Financial assets			
Cash and cash equivalents	407,387	407,387	–
Net investments in finance lease	13,514,191	13,702,770	188,579
Murabaha receivables	527,659	533,981	6,322
Other financial assets	20,842	20,842	–
Financial liabilities			
Accounts payable to suppliers	568,660	568,660	–
Financial arrangements	4,097,992	3,512,943	585,049
Lease liabilities	18,198	18,198	–
Total unrecognised change in unrealised fair value			**779,950**

Valuation Methods and Assumptions

The following describes the methods and assumptions used to determine the fair value of those financial instruments that are not reflected at fair value in these financial statements.

Assets whose fair value is approximately equal to their carrying amount

For financial assets and financial liabilities that are liquid or have a short maturity (less than three months), it is assumed that their fair value is approximately equal to their carrying amount. This assumption also applies to placements in Wakala investment deposits.

Fixed-rate financial instruments

The fair value of fixed-rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates at the time of initial recognition of these instruments with current market rates for similar financial instruments.

For assets whose fair value is disclosed in the financial statements, future cash flows are discounted at the fair market rate of financial instruments with similar maturities. This approach is applied in determining the fair value of net investments in finance leases and Murabaha agreements receivables. As at December 31, 2024, the average market rate was 18.75% and 17.9%, respectively (December 31, 2023: 19.25% and 18.5%, respectively).

For liabilities whose fair value is disclosed in the financial statements, future cash flows are discounted at the average market rate of financial instruments with similar maturities. As at December 31, 2024, the average market rate was 18.7% (December 31, 2023: 19.8%).

22. Average effective profit rates

The table below sets out the average effective rates on the Company's profit bearing assets and liabilities as at 31 December 2024 and 2023. These profit rates are an approximation of the yields to maturity of these assets and liabilities.

KZT'000	2024		2023	
	KZT	USD	KZT	USD
Profit bearing assets				
Finance lease receivables	19.28%	9.91%	18.51%	9.24%
Mark up on liabilities				
Financial arrangements	13.66%	–	9.64%	–

23. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. The amounts in the tables represent carrying amounts of the assets and liabilities and do not include future profit payments.

KZT'000	Within one year	More than one year	Total
2024			
Cash and cash equivalents	1,773,484	–	1,773,484
Net investments in finance lease	5,056,109	7,585,490	12,641,599
Inventory	1,609,639	–	1,609,639
Murabaha receivables	748,679	–	748,679
Advances paid to suppliers	167,883	–	167,883
Investment in a joint venture	–	634,400	634,400
Property and equipment	–	462,359	462,359
Right-of-use assets	–	–	–
Prepaid Corporate Income Tax		15,767	15,767
Other assets	68,136	–	68,136
Total assets	**9,423,930**	**8,698,016**	**18,121,946**
Advances received for finance leases	767,064	–	767,064
Accounts payable to suppliers	15,993	–	15,993
Financial arrangements	1,020,942	4,599,468	5,620,410
Lease liabilities	–	–	–
Value added tax payable	–	439,497	439,497
Other liabilities	275,230	–	275,230
Total liabilities	**2,079,229**	**5,038,965**	**7,118,194**
Net assets	**7,344,701**	**3,659,051**	**11,003,752**

23. Maturity analysis of assets and liabilities (continued)

KZT'000	Within one year	More than one year	Total
2023			
Cash and cash equivalents	407,387	–	407,387
Net investments in finance lease	6,270,887	7,243,304	13,514,191
Inventory	41,215	–	41,215
Murabaha receivables	527,659	–	527,659
Advances paid to suppliers	409,381	–	409,381
Investment in a joint venture	–	597,693	597,693
Property and equipment	–	51,599	51,599
Right-of-use assets	–	17,443	17,443
Other assets	47,843	–	47,843
Total	**7,704,372**	**7,910,039**	**15,614,411**
Advances received for finance leases	386,962	–	386,962
Accounts payable to suppliers	568,660	–	568,660
Financial arrangements	744,581	3,353,411	4,097,992
Lease liabilities	–	18,198	18,198
Value added tax payable	–	332,733	332,733
Other liabilities	152,514	–	152,514
Total	**1,852,717**	**3,704,342**	**5,557,059**
Net assets	**5,851,655**	**4,205,697**	**10,057,352**

24. Summary of accounting policies

Financial instruments

The Company recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets

Classification and initial measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The Company determines this classification at initial recognition depending on the business model for managing the financial asset and the contractual terms of the cash flows.

Financial assets are classified and measured at amortised cost or fair value through OCI if the related cash flows are 'solely payments of principal and interest' on the principal amount outstanding. Financial assets with cash flows that are not 'solely payments of principal and interest' are classified and measured at fair value through profit or loss, irrespective of the business model.

At initial recognition financial assets are measured at fair value being the consideration received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in the statement of profit or loss.

Subsequent measurement

Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest (and classified as amortised cost) are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance income in the statement of profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

24. Summary of accounting policies (continued)

Derecognition

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses that might arise on financial assets measured at amortised cost. This assessment considers the probability of a default event occurring that could result in the expected cash flows due from a counterparty falling short of those contractually agreed.

Expected credit losses are estimated for default events possible over the lifetime of a financial asset measured at amortised cost. However, where the financial asset is not a trade receivable or lease/Murabaha receivable measured at amortised cost and there have been no significant increases in that financial asset's credit risk since initial recognition, expected credit losses are estimated for default events possible within 12 months of the reporting date.

Financial liabilities

Classification and initial measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost or fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition.

At initial recognition financial liabilities are measured at fair value being the consideration given. Financial liabilities at amortised cost additionally include directly attributable transaction costs.

Subsequent measurement

Trade and other payables and lease liabilities are subsequently measured at amortised cost using the EIR method after initial recognition. Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance costs in the statement of profit or loss.

Financial liabilities measured at fair value through profit or loss are carried on the balance sheet at fair value with subsequent changes recognised in finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

Fair value of financial instruments

At each reporting date, the fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted current bank accounts and short-term deposits in banks that mature within ninety (90) days of the date of origination.

24. Summary of accounting policies (continued)

Leases

Company as lessee

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental financing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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 leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below KZT 2,100 thousand). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Finance lease – Company as lessor

The Company as a lessor initially measures finance leases at an amount equal to the net investment in the lease. Subsequently, the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

Leasing of identified assets ending with ownership transfer (also known as Ijara Muntahia Bitamleek) is an agreement whereby the Company buys an asset according to the customer's intention, presented in intent notice, and then leases it, in its capacity as a lessor, to the customer as lessee for a specified rental over a specific period. The duration of the lease term, as well as the basis for rental, are set and agreed in the lease agreement. The Company possesses ownership of the asset throughout the lease term. The arrangement could end by transferring the ownership of the asset to the lessee upon completion by the lessee of its obligation during.

The Company recognises lease assets at a value equal to the net investment in the lease, starting from the date of commencement of the lease term. Rental income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the financing under Ijara agreements.

Investment in a joint venture

Joint ventures are arrangements over which the Company together with one or more other parties has joint control over the financial and operating policies. The financial statements include the Company's share of the total recognised gains and losses of joint ventures on an equity-accounted basis, from the date that significant influence and joint control effectively commences until the date that significant influence and joint control effectively ceases. When the Company's share of losses exceeds the Company's interest (including long-term financial arrangement) in the joint venture, that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Company has incurred obligations in respect of the joint venture.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes cost of replacing part of the equipment when that cost is incurred if the recognition criteria are met.

24. Summary of accounting policies (continued)

Carrying amount of property and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying amount may not be recoverable.

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

	Years
Computers	3
Office furniture	5 to 7
Motor vehicles	5

Assets' residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in the statement of comprehensive income within other operating expenses, unless they qualify for capitalisation.

Intangible assets

Intangible assets include computer software and licenses. Intangible assets are carried at cost less any accumulated amortisation. Intangible assets are amortised on a straight-line basis over the useful economic lives of 5 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial arrangements

Financial arrangements are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Share capital

Common shares with discretionary dividends are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in the equity.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Income and expense recognition

Finance lease origination fees, lease servicing fees and other fees that are considered to be integral to the overall profitability of a finance lease, together with the related transaction costs, are deferred and amortised to profit income over the estimated life of the financial instrument.

24. Summary of accounting policies (continued)

Murabaha is the sale of goods at a price equal to the cost determined by IAS 2 *Inventories* with mark-up agreed by the contract. The mark-up is recognised as income during the contract period using the effective rate method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

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

Deferred tax asset is recognised only to the extent that it is probable to receive taxable income in future, which can be utilised against this asset. Amount of deferred tax assets are reduced to the extent that it is not probable that appropriate tax savings would be used.

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

25. Events after the reporting period

The Company had no significant subsequent events from January to April 15, 2025, that need to be disclosed in the financial statements in accordance with the requirements of IAS 10 "Events after the reporting period".