JSC RG BRANDS AND ITS SUBSIDIARIES

Consolidated Financial Statements
For the year ended 31 December 2022
and Independent Auditor's Report

JSC RG BRANDS AND ITS SUBSIDIARIES

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JSC RG BRANDS AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Joint Stock Company RG Brands ("the Company") and its subsidiaries ("the Group") as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs").

In preparing the consolidated financial statements, management is responsible for:

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

Management is also responsible for:

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

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by management on 5 May 2023.

On behalf of the Group's management:

Kaltaev T. S.
Chief Executive Officer

5 May 2023

Ivanova N. A.
Chief Accountant

5 May 2023

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Joint Stock Company RG Brands:

Opinion

We have audited the consolidated financial statements of JSC RG Brands and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Compliance with loan covenants	
As stated in Note 21 to the consolidated financial statements, as at 31 December 2022 the carrying amount of loans received by the Group was 30,141,230 thousand tenge. Herewith part of loan agreements contain different covenant clauses covering performance indicators of the Group. In case of a covenant breach, the lenders receive the right to demand early repayment of the loan amount. As at the reporting date, loan agreements contained a significant number of different clauses, which makes it difficult to track compliance and increases the risks associated with the correct classification of borrowings in the consolidated financial statements. As at 31 December 2022, the Group has not fulfilled certain covenants as required in the loan agreements. The outstanding balances of long-term portion of these loans amounting to 8,596,310 thousand tenge were presented as current liabilities as at 31 December 2022. Due to the materiality of the carrying amount of the loans, as well as the direct impact of compliance with the terms of the agreements on liquidity (Note 29) and consolidated financial position of the Group, we have identified this issue as a key audit matter.	We obtained an understanding of the internal processes and control procedures of the Group related to monitoring of compliance with clauses included in the loan agreements. We reviewed the register of loan agreements and carried out procedures to confirm the completeness, including reviewing the minutes of the board of directors. We reviewed all of the Group's long-term loan agreements outstanding as at 31 December 2022 and obtained an understanding of the terms of these agreements. We obtained a list of financial indicators stipulated in the loan agreements, recalculated these financial indicators and compared the results with those prepared by the Group. We ensured that the classification of the loans presented in the financial statements as at 31 December 2022 as current or non-current was correct, also the completeness and correctness of disclosures in the consolidated financial statements regarding compliance with the financial terms of long-term loan agreements and non-compliance with covenants under certain loan agreements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ivan Mudrichenko
Engagement Director
Qualification certificate
№MF – 0000415
dated 13 January 2017

Zhangir Zhilysbayev
General Director
Deloitte, LLP

State license for audit activities
in the Republic of Kazakhstan
No.0000015,type MFU-2,
issued by the Ministry of Finance
of the Republic of Kazakhstan
dated 13 September 2006

5 May 2023
Almaty, Republic of Kazakhstan

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(in thousands of Tenge, unless otherwise stated)

	Note	2022	2021
Revenue	5	156,388,822	100,122,003
Cost of sales	6	(88,043,485)	(55,362,115)
Gross profit		**68,345,337**	**44,759,888**
Selling expenses	7	(37,224,268)	(23,441,747)
General and administrative expenses	8	(9,758,973)	(6,365,038)
OPERATING PROFIT		**21,362,096**	**14,953,103**
Finance costs	9	(4,915,792)	(3,764,131)
Foreign exchange gain, net		514,546	52,806
Investment income		173,522	364,669
Other income		368,832	124,162
Profit before tax		**17,503,204**	**11,730,609**
Income tax expense	10	(3,494,589)	(2,109,464)
PROFIT FOR THE YEAR		**14,008,615**	**9,621,145**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		179,132	(83,553)
Less loss on reclassification to profit or loss on disposal of foreign operations		551,637	-
Other comprehensive income/(loss) for the year, net of income tax		730,769	(83,553)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14,739,384**	**9,537,592**
Earnings per share			
Basic and diluted earnings per common share, in tenge	11	4,266	4,907

On behalf of Group's management:

Kaltaev T. S.
Chief Executive Officer

5 May 2023

Республика Казахстан город Алматы Акционерное общество
RG BRANDS

Ivanova N. A.
Chief Accountant

5 May 2023

The notes on pages 12 to 55 form an integral part of these consolidated financial statements.

JSC RG BRANDS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(in thousands of Tenge, unless otherwise stated)

	Note	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	32,547,072	27,671,972
Investment property		53,037	53,037
Advances paid	13	1,559,374	2,434,213
Goodwill		68,026	68,026
Right-of-use assets		556,721	206,078
Intangible assets		240,793	82,585
Total non-current assets		**35,025,023**	**30,515,911**
CURRENT ASSETS:			
Inventories	14	32,889,172	18,981,900
Trade accounts receivable	15	5,838,426	2,344,219
Advances Paid	13	4,247,463	3,504,591
Other financial assets	16	9,588,972	29,599,269
Other current assets	17	2,422,898	1,492,989
Bank deposits	18	904,675	1,320,710
Cash and cash equivalents	18	29,358,569	6,092,477
Total current assets		**85,250,175**	**63,336,155**
TOTAL ASSETS		**120,275,198**	**93,852,066**
EQUITY AND LIABILITIES			
EQUITY:			
Issued capital	19	2,787,696	2,787,696
Treasury common shares	19	-	(820,488)
Treasury preferred shares	19	(947,400)	(947,400)
Reserves	20	3,504,806	3,409,816
Retained earnings		2,541,386	20,917,682
Total equity		**7,886,488**	**25,347,306**
NON-CURRENT LIABILITIES:			
Borrowings	21	30,141,230	31,596,781
Accounts payable	22	998,970	936,048
Deferred income	25	1,620,024	963,991
Lease liabilities		365,166	51,142
Deferred tax liabilities	10	5,086,033	3,977,463
Total non-current liabilities		**38,211,423**	**37,525,425**
CURRENT LIABILITIES:			
Accounts payable	22	25,178,065	17,163,489
Borrowings	21	28,257,149	9,101,643
Corporate income tax payable		1,010,527	376,238
Taxes payable	24	4,730,733	1,689,319
Lease liability		163,622	159,440
Deferred income	25	3,066,731	1,609,994
Other accounts payable and accrued liabilities	23	11,770,460	879,212
Total current liabilities		**74,177,287**	**30,979,335**
TOTAL EQUITY AND LIABILITIES		**120,275,198**	**93,852,066**

On behalf of Group's management:

RG BRANDS

Kaltaev T. S.
Chief Executive Officer

5 May 2023

Ivanova N. A.
Chief Accountant

5 May 2023

The notes on pages 12 to 55 form an integral part of these consolidated financial statements.

JSC RG BRANDS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Tenge, unless otherwise stated)

	Issued capital	Treasury common shares	Preferred shares, held within the Group/ Treasury preferred shares	Property, Plant & Equipment revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
As at 1 January 2021	**2,787,696**	**(820,063)**	**(947,400)**	**4,805,472**	**(657,543)**	**29,041,593**	**34,209,755**
Profit for the year	-	-	-	-	-	9,621,145	9,621,145
Other comprehensive income, net of income tax	-	-	-	-	(83,553)	-	(83,553)
Total comprehensive income for the year	-	-	-	-	(83,553)	9,621,145	9,537,592
Dividends declared (Note 19)	-	-	-	-	-	(9,900,041)	(9,900,041)
Transfer to retained earnings	-	-	-	(654,560)	-	654,560	-
Repurchase of own shares (Note 19)	-	(425)	-	-	-	(8,499,575)	(8,500,000)
As at 31 December 2021	**2,787,696**	**(820,488)**	**(947,400)**	**4,150,912**	**(741,096)**	**20,917,682**	**25,347,306**
Profit for the year	-	-	-	-	-	14,008,615	14,008,615
Other comprehensive loss, net of income tax	-	-	-	-	730,769	-	730,769
Total comprehensive income for the year	-	-	-	-	730,769	14,008,615	14,739,384
Dividends declared (Note 19)	-	-	-	-	-	(17,329,873)	(17,329,873)
Transfer to retained earnings	-	-	-	(635,779)	-	635,779	-
Loss on disposal of subsidiary (Note 1)	-	-	-	-	-	(15,803,062)	(15,803,062)
Sale of own shares (Note 19)	-	820,488	-	-	-	112,245	932,733
As at 31 December 2022	**2,787,696**	**-**	**(947,400)**	**3,515,133**	**(10,327)**	2,541,386	**7,886,488**

On behalf of Group's management:

Республика Казахстан город Алматы Алматы қаласы Қазақстан Республикасы Акционерное общество Акционерлік қоғамы RG BRANDS

Kaltaev T. S.
Chief Executive Officer

5 May 2023

Ivanova N. A.
Chief Accountant

5 May 2023

The notes on pages 12 to 55 form an integral part of these consolidated financial statements.

JSC RG BRANDS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Tenge, unless otherwise stated)

	Note	2022	2021
OPERATING ACTIVITIES:			
Profit before tax		17,503,204	11,730,609
Adjustments for:			
Depreciation and amortisation	6, 7, 8	3,121,488	2,453,416
Finance costs	9	4,915,792	3,764,131
Foreign exchange gain, net		(514,546)	(52,806)
(Gain)/loss from disposal of property, plant and equipment		(4,186)	320,661
Reimbursement of selling expenses incurred without cash settlement		(368,640)	(295,570)
Investment income		(173,522)	(364,669)
Waste goods and materials write-off	7, 8	558,524	254,132
Accrual of provision for impairment of inventory	8	12,164	2,252
Accrual of provision for vacation and other estimated expenses		158,728	118,100
Accrual of provision for expected credit losses	8	78,737	76,707
Operating cash flows before movements in working capital		**25,287,743**	**18,006,963**
Change in inventories		(15,472,237)	(10,067,200)
Change in trade accounts receivable		(3,486,075)	(730,524)
Change in advances paid		(12,282,262)	(1,900,783)
Change in other current assets		(3,740,809)	(217,381)
Change in accounts payable		9,525,248	9,990,480
Change in taxes payable		3,041,414	864,329
Change in other accounts payable and accrued liabilities		11,120,656	347,600
		13,993,678	**16,293,484**
Change in long-term advances paid		1,062,541	(716,727)
Cash from operating activities		**15,056,219**	**15,576,757**
Interest paid		(5,496,876)	(4,452,686)
Income tax paid		(1,751,730)	(2,091,507)
Net cash generated by operating activities		**7,807,613**	**9,032,564**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets		(9,343,709)	(3,202,351)
Proceeds on sale of other financial assets		148,916,577	73,621,302
Purchase of other financial assets		(127,310,114)	(70,264,207)
Proceeds on disposal of property, plant and equipment, intangible assets and assets, classified as held for sale		372,387	1,008
Net cash outflow from disposal of subsidiary	1	(161,955)	-
Withdrawal from a bank deposit		541,340	-
Replenishment of bank deposit		-	(632,223)
Interest received		28,383	80,388
Net cash from/(used in) investing activities		**13,042,909**	**(396,083)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(in thousands of Tenge, unless otherwise stated)

	Note	2022	2021
FINANCING ACTIVITIES:			
Proceeds from borrowings	21	30,465,621	23,986,358
Repayment of borrowings	21	(11,918,948)	(15,366,537)
Repayment on lease liability		(32,437)	(12,816)
Repurchase of common shares	19	-	(8,500,000)
Sale of common shares	19	932,733	-
Dividends paid	19	(17,329,873)	(9,900,041)
Net cash from/(used in) financing activities		**2,117,096**	**(9,793,036)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**22,967,618**	**(1,156,555)**
CASH AND CASH EQUIVALENTS, at the beginning of the year	**18**	**6,092,477**	**7,247,861**
Effect of changes in foreign exchange rates in relation to cash		298,474	1,171
CASH AND CASH EQUIVALENTS, at the end of the year	**18**	**29,358,569**	**6,092,477**

On behalf of Group's management:

Kaltaev T. S.
Chief Executive Officer

5 May 2023

Ivanova N. A.
Chief Accountant

5 May 2023

The notes on pages 12 to 55 form an integral part of these consolidated financial statements.

(in thousands of Tenge, unless otherwise stated)

1. GENERAL INFORMATION

The principal activity of JSC RG Brands and its subsidiaries ("the Group") is the production, sale and distribution of juices, carbonated soft and energy drinks, milk, bottled drinking water, packed tea. The Group's operations are primarily in the Republic of Kazakhstan.

Ownership of the Company

The holding company, JSC RG Brands ("RG Brands" or "the Company") was initially registered on 22 June 1998 as a limited liability partnership. The Company was re-registered as a joint stock company on 27 March 2001.

Shareholders and ultimate owners of the Company as at 31 December 2022 and 2021 are disclosed in Note 19.

Group structure and operations

The Group includes the Company and the following subsidiaries:

	Ownership interest		Voting power	
	2022	2021	2022	2021
LLP RG Brands Kazakhstan	100%	100%	100%	100%
LLP Uni Commerce Ltd.	100%	100%	100%	100%
LLC RG Brands Kyrgyzstan	-	100%	-	100%
LLC RG Brands South	100%	100%	100%	100%
LLP PRG Bottlers Kazakhstan	100%	100%	100%	100%
LLC RG Brands Sever	100%	100%	100%	100%

JSC RG Brands carries out the management functions in terms of organization of the activities of its subsidiaries.

LLP RG Brands Kazakhstan ("RG Brands Kazakhstan") performs the following types of activity:

- production of juices under trademarks "Gracio", "Da-Da" and "Nektar Solnechnyi";
- production of carbonated soft drinks under trademarks "Pepsi", "Seven -Up", "Mirinda" and "Nektar Solnechnyi Gazirovannyi";
- packing, distribution and sale of tea under brand "Piala" processed from imported raw tea;
- production of ultra-pasteurized milk under the "Moye" trademark;
- production of bottled drinking water under trademark "A'SU";
- production of cold tea under trademarks "Piala Ice Tea" and "Lipton Ice Tea";
- production of energetic drink "Yeti";
- sale and distribution on the territory of the Republic of Kazakhstan and close-bordering countries products of the Group.

(in thousands of Tenge, unless otherwise stated)

The principal activity of LLP Uni Commerce Ltd. is the management of the Group's investment portfolio.

In 2021, based on the decision of the general meeting of shareholders, the Group liquidated its subsidiary RG Brands Tashkent LLC.

LLC RG Brands South ("RG Brands South") was established in 2021 in Tashkent for the purpose of performing sales and distribution of the Group's products in the territory of the Republic of Uzbekistan.

In 2022, based on the decision of the general meeting of shareholders, the Group sold 100% share in the share capital of subsidiary RG Brands Kyrgyzstan LLC to the parent company RG Brands Holding Limited. At the date of disposal, this subsidiary was not a significant component and did not represent a separate significant line of business or geographical area of the Group's operations. Accordingly, the disposal was not accounted for as a discontinued operation.

At the date of disposal, the net assets of RG Brands Kyrgyzstan LLC consisted of the following assets and liabilities:

	2022
Property, plant and equipment	1,032,480
Inventory	992,099
Trade accounts receivable	262,412
Advances paid	11,378,790
Other current assets	2,536,542
Cash and cash equivalents	162,220
Total assets	**16,364,543**
Accounts payable	(286,599)
Other taxes payable	(219,499)
Other accounts payable and accrued liabilities	(55,118)
Total liabilities	**(561,216)**
Total net assets	**15,803,327**
Loss on disposal of subsidiary:	
Consideration received	265
Less: net assets of disposed subsidiary	(15,803,327)
Loss on disposal	**(15,803,062)**
Net cash outflow from disposal of subsidiary:	
Consideration received	265
Less: cash of disposed subsidiary	(162,220)
Net cash outflow	**(161,955)**

(in thousands of Tenge, unless otherwise stated)

LLC RG Brands Sever ("RG Brands Sever") was established in 2016 in Novosibirsk oblast of the Russian Federation for the purpose of performing sales and distribution of the Group's products in the Russian Federation.

All subsidiaries, other than RG Brands Tashkent and RG Brands Sever, which are registered in the Republic of Uzbekistan and the Russian Federation, are registered in the Republic of Kazakhstan, respectively.

The group's head office is located in Almaty and its production facilities are located in Almaty city, Almaty region and Kostanay city, all in the Republic of Kazakhstan. The Group also has sales and distribution operations in Kyrgyz Republic, Russian Federation and the Republic of the Uzbekistan.

Legal address:	212 B, Raimbek ave., Almaty, the Republic of Kazakhstan
Ownership status:	Private

As at 31 December 2022 and 2021, the number of employees was 1,540 and 1,277 respectively.

Bottling agreements with Pepsi and Seven-Up International

The Group operates its carbonated soft drinks production and distribution under an exclusive bottling appointment agreement, concluded between RG Brands Kazakhstan and PepsiCo Inc. and between RG Brands Kazakhstan and Seven-Up International. Under these agreements, RG Brands Kazakhstan received the rights for bottling, sale and distribution of PepsiCo and Seven-Up products in Kazakhstan until 31 December 2018. In 2018, the agreement was automatically extended till December 31, 2025.

2. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised standards

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to IFRS 3 *References to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts—Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards,* IFRS 9 *Financial Instruments,* IFRS 16 *Leases, and* IAS 41 *Agriculture*

The application of the new standards and interpretations did not lead to significant changes in the Group's accounting policies affecting the reporting data for the current and prior periods.

(in thousands of Tenge, unless otherwise stated)

New and revised IFRS Standards in issue but not yet effective

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

Description of the standard and interpretation	Applicable to annual periods beginning on or after
IFRS 17 (including the June 2020 Amendments to IFRS 17) *Insurance Contracts*	1 January 2023
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined by the IASB
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS 8 *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 1 *Non-current Liabilities with Covenants*	1 January 2024

Management does not expect that the adoption of standards above will have a significant impact on the separate financial statements of the Group in the future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and land, buildings and constructions, machinery and equipment, which are measured at fair value or at revalued amounts, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when assesing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of the Group's assets and discharge of its liabilities in the normal course of business within the foreseeable future.

As at the date of approval of these financial statements, management of the Group reasonably believes that the Group has the necessary resources to continue operating in the foreseeable future. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The principal accounting policies are set out below

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (and its subsidiaries). Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Segmental reporting

Based on the information contained in the internal reports, which are reviewed by key management responsible for decision making on operational activity for the purpose of allocation of resources to segments and assessment of operational results, the Group identifies the following operating segments, which are: own brands: juices and beverages; own brands: packed tea, packed milk and food products; and wholesale activity. The chief operating decision-maker has been identified as the Group's Chief Executive Officer.

The Group monitors multiple profitability such as: profit before tax, profit for the year and gross profit. Despite this, profit for the year is the measure reported to the operating decision makers for the purposes of resource allocation and assessment of segment performance.

Foreign currency transactions

The consolidated financial statements are expressed in Kazakhstani tenge ("tenge" or "KZT"), which is the functional currency of the Group and its subsidiaries in Kazakhstan and the presentation currency for these consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency, tenge, are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items measured at historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise, except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of preparing consolidated financial statements, the financial statements of RG Brand Kyrgyzstan, RG Brands South, RG Brands Tashkent and RG Brands Sever (the Group's foreign operations) were translated from Kyrgyz Som, Uzbek Sum and Russian Roubles, the functional currency of these entities, into tenge using the following exchange rates:

- assets and liabilities were translated using exchange rates at the reporting date;
- revenue and expenses were translated at the average exchange rate for the period provided that exchange rate has not substantially changed during the annual period, otherwise the exchange rate as of the transaction date is applied; and
- gain/(loss) arising from this translation is recorded as foreign exchange differences arising on translation of foreign operations in other comprehensive income/(loss).

(in thousands of Tenge, unless otherwise stated)

The following table presents rates of exchange as at 31 December:

	2022	**2021**
US Dollars	462.65	431.67
Euro	492.86	489.79
Russian Rubles	6.43	5.77
Kyrgyz Soums	5.40	5.09
Uzbek Sums	4.12	3.99
Chinese Yuans	66.73	67.73

Revenue recognition

Revenue is estimated based on the consideration to which the Group is expected to be entitled in accordance with terms of a contract with a customer. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, value added taxes).

The Group recognises revenue when the entity satisfies a performance obligation by transferring a control over goods. The asset is transferred when the customer obtains control of that asset. The performance obligation is satisfied at a point in time, at which all the following conditions are satisfied:

- The Group has a present right to payment for the asset;
- The customer has legal title to the asset;
- The entity has transferred physical possession of the asset;
- The customer has the significant risks and rewards of ownership of the asset;
- The customer has accepted the asset.

Income taxes

The income tax expense represents the sum of tax currently payable and deferred income tax.

Current tax

Tax currently payable is based on taxable income for the year. Taxable income differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income as it excludes income or expense items that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates effective at the reporting date.

Deferred tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the related tax bases used in calculating taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if a temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit not accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Earnings per share

Basic earnings per share is calculated by dividing net profit attributable to the equity holders of the Group for the period by the weighted average number of issued common stocks, while diluted earnings per share is calculated considering the weighted average number of diluting share options in addition to the number of issued common stocks.

Property, plant and equipment

Land and buildings and constructions, machinery and equipment

Subsequent to initial recognition, land, buildings and construction, machinery and equipment are carried at revalued amounts being their fair value at the date of the revaluation.

Revaluations are made with sufficient regularity such that the carrying amount of property, plant and equipment does not differ materially from that which would be determined using estimated fair values at the reporting date. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation surplus is recognized in other comprehensive income, except to the extent it reverses a revaluation decrease of the carrying amount of the same asset previously recognized in profit or loss. In this case a surplus is credited within the amount of expenses previously recognized. A revaluation deficit is recognized in profit or loss, except when a deficit directly decreases a previous surplus on the same asset. In such cases a deficit decreases the reserve amount for the assets recognized in other comprehensive income.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation charged to the revalued assets and depreciation charged to the assets' original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Property, plant and equipment, other than land, buildings and constructions, machinery and equipment

Items of property, plant and equipment other than land, buildings and constructions, machinery and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor costs and an appropriate proportion of construction related overheads. Interest is capitalized in accordance with the accounting policy in respect of borrowings and borrowing costs outlined below. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Construction-in-progress

Capital construction-in-progress includes costs incurred on specific assets that have not been completed or placed into service. When such assets are completed and are ready for their intended use, they are transferred to the relevant property, plant and equipment category and depreciated on the basis described below.

Assets acquired with deferred payment

Assets acquired with payment deferred beyond normal credit term are recognized as items of property, plant and equipment at the amount of cash or cash equivalents paid or at the fair value of the other consideration given to acquire an asset at the time of its acquisition. The difference between the cost of acquisition and the total payment is recognized as interest over the period of credit unless such interest is capitalized on the basis of the policy on borrowings described below.

Subsequent expenditures

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalized at the present value of the component being depreciated. Other subsequent expenditure is capitalized only when it increases the future economic benefits of the item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income as an expense when incurred.

Depreciation other than depreciation of production assets

Depreciation is charged and recorded in profit or loss on a straight-line basis over the estimated useful lives of the individual assets.

Depreciation starts from the date of acquisition or, in respect of internally-constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The following average useful economic lives are used:

Buildings and constructions	13 to 20 years
Machinery and equipment	5 to 14 years
Vehicles	7 to 14 years
Other	3 to 14 years

The estimated useful life and depreciation methodology are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Depreciation of production assets

Production method of depreciation is used in production divisions of the Group, and is applied to property, plant and equipment directly involved into production of finished goods of the Group. Depreciation is charged and recorded in profit or loss on units of production method, assessed based on technical life of the asset and its relative efficiency.

Disposal of property, plant and equipment

An item of property, plant and equipment is derecognized after it is disposed of or when the receipt of future economic benefits from its use or disposal is no longer expected. Any income or expenses arising upon derecognition of an asset (calculated as a difference between the net proceeds from the disposal and carrying value of the asset) are included into the consolidated statement of profit or loss and other comprehensive income in the reporting period in which the asset is derecognized.

Impairment of property, plant and equipment

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If an asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate asset values are also allocated to individual cash-generating units or the smallest groups of cash-generating units for which a reasonable and consistent allocation method can be applied.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Inventory

Inventory is stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out ("FIFO") method. Net realizable value represents the estimated selling price less all estimated costs to complete production and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Financial assets at FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market measured at amortised cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate.

An allowance for expected credit losses of receivables is established based on an expected credit loss model. The Group accounts expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The primary factors that the Group considers whether a receivable is impaired is its overdue status, collection history and forward looking macro-economic factors.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks and fixed-term deposits with an original maturity of three months or less. Where restricted for use, cash and cash equivalents are disclosed appropriately in the notes to the consolidated financial statements.

Other financial assets

Other financial assets include coupon bonds of Bank Julius Bär & Co and government bonds of the Ministry of Finance of the Republic of Kazakhstan, which are accounted for at FVTPL, and include debts of Area Plus DMCC, which are carried at amortised cost and FVTPL, depending on terms of an agreement.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.
Other financial liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as at the date of the consolidated statement of financial position, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of an economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions for restructuring costs are recognized when the Group has a detailed formal restructuring plan which has been notified to the parties concerned. A restructuring provision measures only the direct expenditure arising from the restructuring, including those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the consolidated statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revaluation of property, plant and equipment

The Group's land, buildings and constructions, machinery and equipment are carried at a revalued amount.

The valuation of the Group's land, buildings and constructions, machinery and equipment was performed by an independent appraiser as at 1 October 2020. The valuation, which conforms to International Valuation Standards, was determined by reference to (a) the cost approach, (b) revenue approach and (c) comparative approach, adjusted for differences with the asset under valuation that is an estimate of the Level 3 fair value in the fair value hierarchy. Discounted cash flow ("DCF") method to check for the economic depreciation of the Group's assets as a Cash Generating Unit was performed. The description of the methods are disclosed in Note 12.

The Management of the Group believes that fair value of land, buildings and constructions, machinery and equipment does not significantly differ from its carrying value as at 31 December 2022.

(in thousands of Tenge, unless otherwise stated)

5. REVENUE

	2022	2021
Sales of carbonated soft drinks, juice and juice containing drinks	126,977,888	77,004,063
Sales of packed tea, packed milk and food products	29,140,922	22,977,900
Sales of wholesale products	270,012	140,040
	156,388,822	**100,122,003**

6. COST OF SALES

	2022	2021
Raw and other materials	82,053,033	50,372,929
Payroll and related taxes	1,807,793	1,403,030
Depreciation and amortisation	1,614,835	1,387,011
Repairs	1,351,264	1,095,387
Utilities	928,515	741,808
Cost of sales of wholesale products	229,110	143,337
Other costs	58,935	218,613
	88,043,485	**55,362,115**

7. SELLING EXPENSES

	2022	2021
Transportation expenses	14,024,565	7,880,121
Sales representatives expenses	9,852,046	5,826,918
Advertising campaigns and market research	7,893,743	4,625,478
Payroll and related taxes	2,643,419	1,955,624
Warehouse services	1,634,142	843,409
Depreciation and amortisation	1,294,936	890,001
Advertising and promotional materials	635,722	336,681
Taxes, other than income tax	17,000	279
Write-off of materials	11,818	31,649
Business trip expenses	5,680	7,307
Other selling expenses	1,685,386	1,339,850
Reimbursement of selling expenses	(2,474,189)	(295,570)
	37,224,268	**23,441,747**

Reimbursement of selling expenses includes reimbursements for advertising campaign and market research from Pepsi Lipton International Limited and Portfolio Concentrate Solutions UC.

(in thousands of Tenge, unless otherwise stated)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Payroll and related taxes	4,261,279	2,803,940
Taxes, other than income tax	635,892	471,363
Waste goods write-off	546,706	222,483
Information services	507,005	460,741
Bank charges	419,801	306,410
Communication services	388,665	91,539
Repairs	320,365	194,800
Consulting services	257,076	242,411
Representative expenses	231,459	106,197
Business trip expenses	221,790	114,606
Depreciation and amortisation	211,717	176,404
Transportation expenses	170,750	102,697
Legal services	125,453	126,653
Utilities	108,720	104,287
Security services	96,538	72,043
Penalties and fines	94,977	9,698
Accrual of provision for expected credit losses	78,737	76,707
Rent expense	72,866	37,463
Insurance	54,206	79,789
Training	38,029	35,169
Accrual of provision for impairment of inventory	12,164	2,252
Others	904,778	527,386
	9,758,973	**6,365,038**

9. FINANCE COSTS

	2022	2021
Interest expenses	4,634,514	3,645,243
Other	281,278	118,888
	4,915,792	**3,764,131**

10. TAXATION

	2022	2021
Current income tax expense	2,386,019	2,350,319
Deferred income tax expense/(benefit)	1,108,570	(240,855)
Total income tax expense	**3,494,589**	**2,109,464**

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred income tax assets and liabilities are calculated at the rate expected to apply in the period when assets are realised or liabilities are settled.

(in thousands of Tenge, unless otherwise stated)

The tax effect on the major temporary differences that give rise to deferred tax assets and liabilities as at 31 December 2022 and 2021 are presented below:

	31 December 2022	31 December 2021
Deferred tax assets:		
Provision for expected credit losses	112,177	46,302
Provision for unused vacation and bonuses	47,294	79,703
Provision for slow-moving and obsolete inventory	18,349	15,916
Taxes	26,419	6,412
Other	9,461	901
	213,700	149,234
Deferred tax liabilities:		
Property, plant and equipment and intangible assets	(4,990,209)	(4,118,640)
Other	(309,524)	(8,057)
	(5,299,733)	(4,126,697)
Deferred tax liabilities, net	**(5,086,033)**	**(3,977,463)**

In 2022 and 2021, the statutory tax rate effective in the Republic of Kazakhstan, the location of the majority of the Group's entities, was 20%.

Below is a reconciliation of theoretical income tax at 20% to the actual tax expense recorded in the Group's consolidated statement of profit or loss and other comprehensive income:

	2022	2021
Profit before tax	17,503,204	11,730,609
Income tax at the statutory tax rate of 20%	3,500,641	2,346,122
Non-taxable income	(154,762)	(298,403)
Non-deductible expenses	148,710	61,745
Income tax expense	**3,494,589**	**2,109,464**

The change in deferred tax was presented as follows:

	1 January 2022	Recognized in profit and loss	31 December 2022
Provision for expected credit losses	46,302	992	47,294
Provision for unused vacation and bonuses	79,703	32,474	112,177
Provision for impairment of inventory	15,916	2,433	18,349
Taxes	6,412	3,049	9,461
Other assets	901	25,518	26,419
Other liabilities	(8,057)	(301,467)	(309,524)
Property, plant and equipment and intangible assets	(4,118,640)	(871,569)	(4,990,209)
	(3,977,463)	**(1,108,570)**	**(5,086,033)**

(in thousands of Tenge, unless otherwise stated)

	1 January 2021	Recognized in profit and loss	31 December 2021
Provision for expected credit losses	44,437	1,865	46,302
Provision for unused vacation and bonuses	56,083	23,620	79,703
Provision for impairment of inventory	15,466	450	15,916
Taxes	4,352	2,060	6,412
Other assets	27,267	(26,366)	901
Other liabilities	(8,473)	416	(8,057)
Property, plant and equipment and intangible assets	(4,357,450)	238,810	(4,118,640)
	(4,218,318)	**240,855**	**(3,977,463)**

11. EARNINGS PER SHARE AND BOOK VALUE PER SHARE

Earnings per share is calculated as the profit for the year attributable to equity holders divided by the weighted average number of common shares issued and outstanding during the year, as shown below.

	2022	2021
Calculation of basic and diluted earnings per share		
Profit for the year	14,008,615	9,621,145
Weighted average number of common shares	3,284,071	1,960,759
Basic and diluted earnings per share, in tenge	**4,266**	**4,907**

As at 31 December 2022 and 2021, there are no dilutive financial instruments or other financial instruments that may require the Group to issue common shares.

According to the requirements of the Kazakhstan Stock Exchange ("KASE"), the Group has calculated its book value per share, which was calculated based on the number of common shares outstanding as at the reporting date. The book value per share as at 31 December 2022 and 31 December 2021 is presented below:

	31 December 2022	31 December 2021
Calculation of book value per common share		
Net assets, excluding intangible assets as at 31 December	7,645,695	25,264,721
Number of issued common shares (Note 19)	3,452,730	1,587,264
Book value per common share, in tenge	**2,214**	**15,917**

The book value per one preferred share is presented below:

	31 December 2022	31 December 2021
Calculation of book value per preferred share		
Outstanding balance of preferred shares held within the Group as at 31 December	947,400	947,400
Number of issued preferred shares (Note 19)	789,500	789,500
Book value per preferred share, in tenge	**1,200**	**1,200**

(in thousands of Tenge, unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction-in-progress	Total
Cost or revalued amount							
As at 1 January 2021	**2,012,127**	**6,131,930**	**19,736,148**	**128,254**	**1,311,039**	**66,555**	**29,386,053**
Additions	-	-	2,078,083	11,957	373,266	1,135,550	3,598,856
Internal transfers	-	(400,376)	75,392	2,675	10,554	311,755	-
Disposals	-	(18,946)	(5,731)	(2,295)	(23,825)	(317,849)	(368,646)
As at 31 December 2021	**2,012,127**	**5,712,608**	**21,883,892**	**140,591**	**1,671,034**	**1,196,011**	**32,616,263**
Additions	45,964	910	4,347,127	-	1,112,172	3,865,310	9,371,483
Internal transfers	-	28,671	2,729,008	7,217	(469,802)	(2,295,094)	-
Disposal of subsidiary (Note 1)	-	-	(1,938,856)	-	(107,232)	-	(2,046,088)
Disposals	-	-	(89,824)	(3,758)	(194,120)	(158,537)	(446,239)
As at 31 December 2022	**2,058,091**	**5,742,189**	**26,931,347**	**144,050**	**2,012,052**	**2,607,690**	**39,495,419**
Accumulated depreciation							
As at 1 January 2021	-	(132,222)	(1,235,499)	(125,068)	(1,069,026)	-	(2,561,815)
Charge for the year	-	(481,753)	(1,844,380)	(5,117)	(98,203)	-	(2,429,453)
Disposals	-	18,946	1,955	2,252	23,824	-	46,977
As at 31 December 2021	**-**	**(595,029)**	**(3,077,924)**	**(127,933)**	**(1,143,405)**	**-**	**(4,944,291)**
Charge for the year	-	(467,804)	(2,415,184)	(9,194)	(203,520)	-	(3,095,702)
Disposal of subsidiary (Note 1)	-	-	981,835	-	31,773	-	1,013,608
Disposals	-	-	49,678	1,751	26,609	-	78,038
As at 31 December 2022	**-**	**(1,062,833)**	**(4,461,595)**	**(135,376)**	**(1,288,543)**	**-**	**(6,948,347)**
Net book value							
As at 31 December 2022	**2,058,091**	**4,679,356**	**22,469,752**	**8,674**	**723,509**	**2,607,690**	**32,547,072**
As at 31 December 2021	**2,012,127**	**5,117,579**	**18,805,968**	**12,658**	**527,629**	**1,196,011**	**27,671,972**

As at 31 December 2022 and 2021, property, plant and equipment with a carrying value of 16,638,592 thousand tenge and 16,386,916 thousand tenge, respectively, has been pledged to secure borrowings (Note 21). The Group is not allowed to pledge these assets as security for other borrowings or to sell them.

The valuation of the Group's property, plant and equipment was performed by an independent appraiser as at 1 October 2020. As a result, the Group recognized gain on revaluation of land in the amount of 468,696 thousand tenge, net of the effect of deferred income tax of 93,739 thousand tenge in other comprehensive income, buildings and constructions in the amount of 809,951 thousand tenge, net of the effect of deferred income tax of 161,990 thousand tenge in other comprehensive income, also recognized gain on revaluation of machinery and equipment in the amount of 3,167,008 thousand tenge, net of the effect of deferred income tax of 633,402 thousand tenge in other comprehensive income, and loss from revaluation of machinery and equipment in the amount of 440,813 thousand tenge in profit or loss.

The valuation, which conforms to International Valuation Standards, was determined by reference to (a) the cost approach, (b) revenue approach and (c) comparative approach, adjusted for differences with the asset under valuation that is an estimate of the Level 3 fair value in the fair value hierarchy.

The appraiser attributed some of the Group's property, plant and equipment to specialized assets that cannot be sold separately from business in which they are used. To determine their fair value, the appraiser used cost approach to valuation: determined the replacement cost new (RCN) of the assets and their physical depreciation. The appraiser determined the RCN of assets for which the Group provided information on technical parameters using unit construction costs and based on analysis of offers for sale of new similar objects. The physical depreciation of assets appraised by the cost approach was determined based on a comparison of their age and the normal useful life.

For non-specialized assets, the appraiser used market approach for valuation when analyzing their fair value. When applying the market approach to valuation, the appraiser used direct comparison method: adjusted the offers for sale of similar objects on secondary market for difference in their characteristics and characteristics of the objects being analyzed.

The appraiser estimated remaining useful life for each asset based on comparison of their age and normal useful life.

The discounted cash flow (DCF) method to check for the economic depreciation of the Group's assets as a Cash Generating Unit was used. WACC at 19.08% was used as a discount rate in the model. Revenue, cost of sales, administrative costs, capital investment, depreciation, taxes forecasts were based on Group's average historical results adjusted for Consumer Price Index of Kazakhstan, growth of customer's base and forecasts of foreign exchange rates. The appraiser used the long-term inflation rate in Kazakhstan 1.89% as terminal growth rate.

Had the Group's land and buildings and constructions, machinery and equipment been measured on a historical cost basis, their carrying amount as at 31 December 2022 and 2021 would have been 26,057,103 thousand tenge and 22,185,902 thousand tenge, respectively.

(in thousands of Tenge, unless otherwise stated)

13. ADVANCES PAID

	31 December 2022	31 December 2021
Non-current:		
Advances paid	1,284,453	1,617,518
Advances paid for property, plant and equipment	237,298	425,000
Other	37,623	391,695
	1,559,374	**2,434,213**
Current:		
Advances paid for services and inventory	4,452,637	3,704,938
Less: Provision for doubtful debts	(205,174)	(200,347)
	4,247,463	**3,504,591**

Non-current advances paid mainly include advances for advertising placement till 2026.

14. INVENTORIES

	31 December 2022	31 December 2021
Raw materials	14,155,729	7,206,184
Finished goods	10,271,597	7,050,612
Packing materials	5,797,969	3,129,189
Spare parts	1,468,344	918,299
Other	1,287,278	757,196
Less: Provision for impairment of inventory	(91,745)	(79,580)
	32,889,172	**18,981,900**

As at 31 December 2022, inventories with an assessed value of 5,166,750 thousand tenge (31 December 2021: 5,166,207 thousand tenge) have been pledged to secure borrowings (Note 21).

15. TRADE ACCOUNTS RECEIVABLE

	31 December 2022	31 December 2021
Trade accounts receivable	5,853,227	2,358,857
Less: provision for expected credit losses	(14,801)	(14,638)
	5,838,426	**2,344,219**

(in thousands of Tenge, unless otherwise stated)

As at 31 December 2022, trade accounts receivable were denominated in the following currencies:

	31 December 2022	31 December 2021
Tenge	5,384,921	1,802,314
Russian Rubles	431,603	284,306
Kyrgyz Soms	11,398	154,641
US Dollars	10,504	102,958
	5,838,426	**2,344,219**

In determining the recoverability of trade accounts receivable, the Group considers whether a receivable is impaired, its overdue status, collection history and forward looking macro-economic factors. The concentration of credit risk is limited due to the existence of a large customer base, not related with the Group.

16. OTHER FINANCIAL ASSETS

	31 December 2022		31 December 2021	
	Nominal interest rate	Book value	Nominal interest rate	Book value
Debt of Area Plus	-	9,085,450	-	20,878,091
Government bonds of the Ministry of Finance of the Republic of Kazakhstan	6.50%	503,522	6.50%	1,691,474
Coupon bonds of Bank Julius Bär & Co	-	-	0.08%	7,029,704
		9,588,972		**29,599,269**

On 19 March 2020, the Group concluded a loan agreement with Area Plus DMCC, related party company, according to which the Group transfers the right for temporary use of securities owned by the Group. The interest rate of the loan is 0.01% per annum and coupon interest of transferred securities, maturity - 12 months. Under the agreement, the Group transferred to Area Plus DMCC the right to temporarily use a portfolio of securities for a total amount of 76,574 thousand USD (equivalent to 33,066,185 thousand tenge), which at the date of transfer included coupon bonds of Bank Julius Bär&Co, coupon bonds of corporate issuers and US Treasuries with annual interest rates of 1.51-6.25% and maturities up to 12 months. The loan was planned to be repaid in the form of repayment of the loan amount and/or securities that will be in the portfolio of Area Plus DMCC at the date of the loan maturity.

The loan given to Area Plus DMCC was accounted for at FVTPL. Changes in the fair value of this loan were recognized as investment income/loss. Changes related to foreign exchange differences were accounted for in foreign exchange gains/losses.

On 20 January 2021, Area Plus DMCC and the Group concluded agreement for the supply of raw materials for the production in the amount of 77,225 thousand US Dollars.

(in thousands of Tenge, unless otherwise stated)

On 2 February 2021, Area Plus DMCC and the Group concluded an agreement to offset the loan issued under the agreement dated 19 March 2020 against prepayment under this supply agreement, this was a non-cash transaction. As a result, the Group derecognized this loan and recognized the advance paid to Area Plus DMCC.

In 2021, Area Plus DMCC repaid the advance in the amount of 11,875,799 thousand tenge. In November 2021, the Group and Area Plus DMCC agreed that the remaining amount of the advance has to be repaid in cash till February 2022. As a result, the Group derecognized the advance and recognized the financial asset given to Area Plus DMCC. This financial asset is measured at amortised cost.

On January 28, 2022, Area Plus DMCC fully fulfilled its obligations and repaid the debt to the Group in the amount of 50,199 thousand US Dollars (equivalent to 21,761,162 thousand tenge). During the period from February 1, 2022 to March 1, 2022, the Group provided the financial asset to Area Plus DMCC in three tranches in the amount of 60,640 thousand US Dollars (equivalent to 26,680,020 thousand tenge). During the period March-July 2022, Area Plus DMCC made partial repayment of debt on financial asset in the amount of 40,841 thousand US Dollars (equivalent to 18,967,889 thousand tenge). The Group and Area Plus DMCC have agreed that repayment of the remaining amount of the advance will be repaid in cash by June 2023. This financial asset is carried at amortised cost. As at 31 December 2022, the outstanding debt amounted to 9,085,450 thousand tenge.

As at 31 December 2022, the carrying value of government bonds of the Ministry of Finance of the Republic of Kazakhstan amounted to 503,522 thousand tenge. These financial assets are utilized within a business model whose objective is generating investment income through their sale in a short-term period. These securities are measured at fair value through profit or loss (FVTPL).

17. OTHER CURRENT ASSETS

As at 31 December 2022 and 2021 other current assets are presented below:

	31 December 2022	31 December 2021
Other financial assets:		
Receivables from employees	115,828	161,039
Other receivables	596,101	213,909
Other receivables from related parties (Note 28)	131,955	12,695
	843,884	**387,643**
Other non-financial assets:		
Prepaid expenses	561,310	132,142
Other taxes receivable	1,017,704	973,204
	1,579,014	**1,105,346**
	2,422,898	**1,492,989**

As at 31 December 2022 and 2021, other current assets were denominated in tenge.

(in thousands of Tenge, unless otherwise stated)

18. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	31 December 2022	31 December 2021
Cash on bank accounts in foreign currency	23,447,586	1,929,971
Cash on bank accounts in tenge	5,780,776	1,232,798
Cash on broker's account	77,281	70,737
Reverse repurchase agreements	20,000	2,804,119
Cash in transit	14,284	49,596
Cash on other accounts in banks, in tenge	9,988	-
Petty cash	8,654	5,256
	29,358,569	**6,092,477**

As at 31 December, cash and cash equivalents were denominated in the following currencies:

	31 December 2022	31 December 2021
US Dollars	21,616,275	1,560,445
Tenge	5,910,983	4,174,807
Euro	1,364,536	942
Russian Roubles	311,375	275,799
Uzbek Sums	155,396	-
Kyrgyz Soms	-	80,479
Other	4	5
	29,358,569	**6,092,477**

As at 31 December 2021, deposits included in the line item "Bank deposits" of consolidated statement of financial position mainly constitute savings accounts in Eurasian Development Bank in the amount of 690,893 thousand tenge, the account is denominated in US Dollars, the interest rate is 1.5%, and in SB Sberbank JSC in the amount of 530,905 thousand tenge, the account is denominated in tenge, the interest rate is 8.5%.

As at 31 December 2022, deposits included in the line item "Bank deposits" of consolidated statement of financial position mainly constitute savings accounts in Eurasian Development Bank in the amount of 400,000 thousand tenge, the account is denominated in tenge, the interest rate is 12%, and in Bereke Bank JSC in the amount of 300,000 thousand tenge, the account is denominated in tenge, the interest rate is 15.5%.

19. SHARE CAPITAL

The Company's registered and issued share capital as at 31 December 2022 and 2021 is 2,787,696 thousand tenge. As at 31 December 2022 and 2021, share capital was fully paid.

(in thousands of Tenge, unless otherwise stated)

Issued share capital as at 31 December 2022 and 2021 consisted of 1,800,000 common shares with a par value of 1,000 tenge each, 1,642,092 common shares with a par value of 1 tenge each and 10,638 common shares at a par value of 3,633.54 tenge each and 789,500 preferred shares at a par value of 1,200 tenge each.

As at 31 December 2022 and 2021, the shareholders of the Group were as follows:

Shareholder	Ownership		Number of common shares		Amount	
	2022	2021	2022	2021	2022	2021
Mazhibayev K.K.	-	95.74%	-	1,519,771	-	944,301
RG Brands Holding Limited	98.05%	-	3,385,237	-	1,764,789	-
Kaltayev T.S.	0.87%	1.89%	30,000	30,000	33,400	33,400
Agybaev A.E.	0.55%	1.20%	19,000	19,000	21,125	21,125
Bayazerov R.D.	0.53%	1.16%	18,355	18,355	20,481	20,481
Khalyapin A.V.	0.00%	0.01%	138	138	501	501
	100%	**100%**	**3,452,730**	**1,587,264**	**1,840,296**	**1,019,808**

On 2 February 2022, RG Brands Holding Limited, a company under common control of the main shareholder of RG Brands JSC Mazhibayev K.K., registered on November 2021 on Dubai International Financial Center (DIFC), purchased shares from RG Brands JSC in the amount of 1,865,466 shares with a nominal value of 820,488 thousand tenge for 932,733 thousand tenge, as a result, the Group recognized increase in the retained earnings in the amount of 112,245 thousand tenge.

On 3 February 2022, RG Brands Holding Limited purchased shares from Mazhibayev K.K in the amount of 1,519,771 shares. As a result, the share of RG Brands Holding Limited in RG Brands JSC amounted to 98%. The parent company of RG Brands Holding Limited is Area Plus DMCC. The ultimate owner of Area Plus DMCC is Mazhibaev K.K.

In 2021, the Group purchased 425,000 shares from Mazhibaev K. K. for the amount of 8,500,000 thousand tenge, as a result, the Group recognized a decrease in the retained earnings in the amount of 8,499,575 thousand tenge.

In 2010, the shareholders authorized for issue 1,200,000 preferred shares with cumulative mandatory annual dividends of 240 tenge per share of which 789,500 shares were placed during 2010 at 1,200 tenge each. There were no issues of preferred shares during 2022 and 2021.

In 2020, LLP RG Brands Kazakhstan sold 789,500 preferred shares with a nominal value of 1,200 tenge to shareholders of RG Brands JSC for 371,855 thousand tenge, as a result of which the Group recognized a decrease in retained earnings in the amount of 575,545 thousand tenge.

In 2020, RG Brands JSC purchased these preferred shares from shareholders for 947,400 thousand tenge.

In 2022, the shareholders authorized dividends based on the results of 2006-2008, 2010, 2011, 2013-2016, 2018-2020 and 2021 of 17,329,873 thousand tenge. In 2021, the shareholders authorized dividends based on the results of 2020 of 9,900,041 thousand tenge.

(in thousands of Tenge, unless otherwise stated)

20. RESERVES

	31 December 2022	31 December 2021
Revaluation of property, plant and equipment reserve	3,515,133	4,150,912
Foreign currency translation reserve	(10,327)	(741,096)
	3,504,806	**3,409,816**

21. BORROWINGS

	31 December 2022	31 December 2021
Borrowings:		
Long-term loans	30,141,230	31,596,781
Short-term bank loans and current portion of long-term loans	27,642,559	8,593,667
	57,783,789	**40,190,448**
Interest payable	614,590	507,976
Total borrowings	**58,398,379**	**40,698,424**

As at 31 December 2022 and 2021, the borrowings are subject to repayment as follows:

	31 December 2022	31 December 2021
On demand or within one year	28,257,149	9,101,643
In the second to fifth year inclusive	30,141,230	29,869,402
Over five years	-	1,727,379
	58,398,379	**40,698,424**

Long-term loans

In 2021, the Group signed a credit line agreement with the German development bank DEG - Deutsche Investitions- und Entwicklungsgesellschaft to open a non-revolving line of credit for the total amount of 1,400,000 thousand Russian rubles. The purpose of the loans is refinancing of short-term debt and replenishment of working capital. The term of the credit line is until March 2028. In 2021, the Group received a tranche in the amount of 600,000 thousand Russian rubles with the interest rate of 9.27% for a period of 7 years. The outstanding balance of principal amount as at 31 December 2022 amounted to 600,000 thousand Russian rubles (equivalent to 3,809,786 thousand tenge). The Property, Plant and Equipment of the Group with a carrying value of 1,962,105 thousand tenge and inventories with an assessed value of 595,680 thousand tenge have been pledged as collateral for these loans.

In 2017, the Group signed a credit line agreement with the Eurasian Development Bank ("EDB") for opening a revolving credit line for the amount of 1,270,000 thousand Russian rubles with an interest rate of 10.1%. The purpose of the loan is to finance operational activities. The term of the credit line till October 2025, the term of the tranches was extended to 60 months, and the interest rate was is 9.25%. As at 31 December 2022, the outstanding balance of principal amount was 644,609 thousand Russian rubles (equivalent to 4,144,838 thousand tenge). The Property, Plant and Equipment of the Group with a carrying value of 2,409,593 thousand tenge pledged as collateral for this loan.

In 2019, the Group signed a non-revolving credit facility agreement with the Asian Development Bank for a total amount of 20,000 thousand US Dollars with a disbursement in the equivalent of tenge. The intended use of the loan is the replenishment of working capital and capital expenditures. The term of the credit line is December 2028, the loans are repayable twice a year. There was no utilization as of December 31, 2022. The loan is secured by the Group's property, plant and equipment with a carrying amount of 2,719,544 thousand tenge.

As at 31 December 2022, the outstanding principal amount of the loans under the loan agreement with the European Bank for Reconstruction and Development ("EBRD") amounted to 3,613,377 thousand tenge. The purpose of the loan is a refinancing of short-term debt and replenish working capital. The loan facility is repayable semiannually, till June 2025. Weighted average interest rate for 2022 is 16.6% and interest is payable quarterly. The fixed assets of the Group with a carrying value of 4,999,074 thousand tenge and inventories with an assessed value of 4,012,878 thousand tenge have been pledged as collateral for these loans.

In 2022, the Group concluded a loan agreement to open a revolving credit line with Bereke Bank JSC in the amount of 5,380,000 thousand tenge for working capital replenishment with a tranche term of 36 months. The outstanding balance as at 31 December 2022 amounted to 2,000,000 thousand tenge. The loan agreement is secured by inventories with an estimated value of 558,192 thousand tenge.

In 2022, the Group entered into a credit line agreement with Nurbank JSC to open a revolving credit line in the amount of 10,000,000 thousand tenge for working capital replenishment with a tranche term of 36 months. The attracted tranches are subsidized under the Economy of Simple Things program, the final rate is 5% and 7%.

As at 31 December 2022, the outstanding balance of principal amounted to 12,000,000 thousand tenge. In relation to a subsidized rate, the Group recognized deferred income in the amount of 328,115 thousand tenge (Note 25).

In 2022, the Group entered into a loan agreement with Eurasian Bank JSC to open a non-revolving credit line for the total amount of 7,883,000 thousand tenge, of which 6,183,000 thousand tenge to replenish working capital with the tranche term of 36 months. The outstanding balance of principal amount under revolving credit lines amounted to 14,256,300 thousand tenge.
1,361,860 thousand tenge was raised for investments during 2022 with a tranche term of 60 months. The outstanding balance of the tranches for investments as at 31 December 2022 amounted to 2,475,280 thousand tenge. The attracted tranches are subsidized under the Economy of Simple Things program, the final rate is 5% and 7%. In relation to subsidized rate, the Group recognized deferred income in the amount of 2,459,193 thousand tenge (Note 25). The carrying value of property, plant and equipment pledged under a number of loan agreements is 1,944,289 thousand tenge.

In 2022, the limits concluded with SB Sberbank JSC were transferred under an assignment agreement to JSC Halyk Bank of Kazakhstan. In 2022 the Group concluded a loan agreements on opening a revolving credit lines in the amount of 3,000,000 thousand tenge, of which 3,000,000 thousand tenge were attracted to replenish working capital with a tranche period of 36 months. As at 31 December 2022, the outstanding balance of principal amount under revolving credit lines amounted to 8,485,708 thousand tenge. Also in 2022, the Group concluded a loan agreement on the opening of a non-revolving credit line in the amount of 2,367,000 thousand tenge. The purpose of the loan is investment. The term of the credit line is 84 months. As at 31 December 2022, the outstanding balance of all tranches under non-revolving credit lines amounted to 3,433,907 thousand tenge. Attracted tranches are subsidized under the Economy of Simple Things program, the final rate is 5% and 7%. In relation to a subsidized rate, the Group recognized deferred income in the amount of 1,533,616 thousand tenge (Note 25). The Property, Plant and Equipment of the Group with a carrying value of 1,227,325 thousand tenge have been pledged as collateral for these credit agreements.

Short-term bank loans

In 2016, the Group signed a credit line agreement with the Development Bank of Kazakhstan ("DBK") for replenishment of working capital that combined in March 2019 with existing credit line agreement signed in 2015. The total amount of the combined limit is 4,906,000 thousand tenge, the period until the end of December 2023, the period of tranches - 36 months, the interest rate is 7.41%. Maturity of principal amount of the debt is December 2023. As at 31 December 2022, the outstanding balance of principal amounted to 4,906,000 thousand tenge. The carrying amount of pledged property, plant and equipment was 1,035,860 thousand tenge.

In 2021, the Group entered into a loan agreement for opening a revolving credit line with Forte Bank JSC in the amount of 3,000,000 thousand tenge. The purpose of the loan is replenishment of working capital. The term of the credit line is 36 months. This tranche is subsidized by DAMU Entrepreneurship Development Fund JSC, the final rate is 5%. The outstanding balance as at 31 December 2022 amounted to 1,916,667 thousand tenge. In relation to subsidized rate, the Group recognized deferred income in the amount of KZT 169,657 thousand (Note 25).

In 2018, the Group entered into a loan agreement with Altyn Bank JSC (SB China Citic Bank Corporation Limited) to open a revolving credit line for the total amount of 5,000,000 thousand tenge (increased to 7,000,000 thousand tenge in 2021) to replenish working capital. In 2022, the Group increased the limit of the loan agreement to 8,000,000 thousand tenge and received a new tranches in the amount of 1,139,000 thousand tenge to replenish working capital for a period 16 months, including tranches in the amount of 739,000 thousand tenge subsidized under the Economy of Simple Things program. The term of the credit line is 36 months. The weighted average interest rate on the issued tranches was 7%. The outstanding balance as at 31 December 2022 amounted to 1,399,539 thousand tenge. In relation to subsidized rate, the Group recognized deferred income in the amount of 196,174 thousand tenge (Note 25).

In 2018, the Group signed a loan agreement with Bank CenterCredit JSC in the amount of 280,000 thousand tenge. The purpose of the loan is to purchase production equipment. The term of the credit line is 60 months (till May 2023). The interest rate is 6%. The outstanding balance as at 31 December 2022 amounted to 29,142 thousand tenge. The carrying amount of pledged Property, Plant and Equipment is 340,802 thousand tenge.

(in thousands of Tenge, unless otherwise stated)

As at 31 December 2022 and 2021, the weighted average interest rates of the Group's bank loans were 7.5% and 7.8% per annum, respectively.

All long-term bank loan agreements of the Group contain covenant clauses covering performance indicators of the Group, such as current ratio, net financial debt to equity, net financial debt to EBITDA and others.

As at 31 December 2022, the Group has not fulfilled net financial debt to equity covenant as required in the loan contracts with a carrying amount of 16,561,981 thousand tenge. The main reason for non-compliance with the covenant was related to the change in the ownership structure of the Group (Note 1). As a result, banks are contractually entitled to request for immediate repayment of the outstanding loans. The outstanding balances of long-term portion of these loans amounting to 8,596,310 thousand tenge were presented as current liabilities as at 31 December 2022.

The banks had not requested early repayment of the loans as of the date of approval of these consolidated financial statements. During the reporting period, the Group repaid loans on time in accordance with the approved repayment schedules.

As at 31 December, borrowings were denominated in the following currencies:

	31 December 2022	31 December 2021
Tenge	50,443,755	29,093,260
Russian Roubles	7,954,624	11,605,164
	58,398,379	**40,698,424**

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

	1 January 2022	Financing cash flows (i)	Deferred income (Note 24)	Interest accrued	Interest paid	Other changes (ii)	31 December 2022
Borrowings	40,698,424	18,546,673	(2,112,770)	5,561,834	(5,455,220)	1,159,438	58,398,379

(i) The cash flows from borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.
(ii) Other changes include foreign exchange loss.

	1 January 2021	Financing cash flows (i)	Deferred income (Note 24)	Interest accrued	Interest paid	Other changes (ii)	31 December 2021
Borrowings	32,898,444	8,619,821	(1,036,821)	4,696,422	(4,438,991)	(40,451)	40,698,424

(i) The cash flows from borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.
(ii) Other changes include foreign exchange loss.

(in thousands of Tenge, unless otherwise stated)

22. ACCOUNTS PAYABLE

	31 December 2022	31 December 2021
Services	11,373,179	5,311,075
Raw materials	10,818,261	5,805,826
Packing materials	2,758,410	3,764,728
Goods	806,051	2,581,298
Property, plant and equipment	421,134	636,610
	26,177,035	**18,099,537**
Less: long-term accounts payable	(998,970)	(936,048)
	25,178,065	**17,163,489**

As at 31 December, accounts payable were denominated in the following currencies:

	31 December 2022	31 December 2021
Tenge	11,315,685	11,220,034
US Dollars	10,132,281	4,521,653
Euro	3,553,910	1,193,893
Russian Roubles	508,766	473,524
Chinese Yuans	462,167	278,584
Uzbek Sums	136,849	105,961
Kyrgyz Soms	67,377	305,888
	26,177,035	**18,099,537**

23. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at 31 December 2022, other accounts payable and accrued liabilities mainly included advance received from RG Brands Kyrgyzstan LLC for raw materials in the amount of 10,556,499 thousand tenge.

24. TAXES PAYABLE

	31 December 2022	31 December 2021
Value added tax	4,476,587	1,522,910
Other taxes	254,146	166,409
	4,730,733	**1,689,319**

(in thousands of Tenge, unless otherwise stated)

25. DEFERRED INCOME

As at 31 December 2022, the Group recognized deferred income under the loans received from JSC Halyk Bank of Kazakhstan, Altyn Bank JSC, Eurasian Bank JSC and Forte Bank JSC in the amount of 4,686,755 thousand tenge (Note 21).

	31 December 2022	31 December 2021
Government grant	4,686,755	2,573,985
	4,686,755	**2,573,985**
Non-current deferred income	1,620,024	963,991
Current deferred income	3,066,731	1,609,994
	4,686,755	**2,573,985**

Deferred income is represented by government subsidies provided in the form a subsidized interest rate (Note 21).

26. OPERATING SEGMENTS

- Juices and beverages – production, distribution and sale of beverages under the Group's brand name, including the juices "Gracio", "Da-Da", "Nektar Solnechnyi", water "A'SU" and "Piala Ice Tea", "Nektar Solnechniyi Gazirovannyi" and energetic drink "Yeti"; franchise – production, distribution and sale of products with franchised trademarks, including carbonated soft drinks "Pepsi", "Mirinda", "Seven-Up" and "Lipton Ice Tea";
- Packed tea, packed milk and food products: milk – production, distribution and sale of milk under the Group's brand name "Moye"; as well as production, distribution and sale of weighing and packaged tea under the Group's brand name "Piala".

	Juices and beverages	Packed tea, packed milk and food products	Wholesale activity	Consolidated
2022				
Revenue	126,977,888	29,140,922	270,012	156,388,822
Finance costs	(3,991,314)	(915,991)	(8,487)	(4,915,792)
Depreciation and amortisation	2,534,452	581,647	5,389	3,121,488
Profit before tax	14,211,501	3,261,483	30,220	17,503,204
Income tax expense	(2,837,385)	(651,170)	(6,034)	(3,494,589)
Profit for the year	11,374,116	2,610,313	24,186	14,008,615
2021				
Revenue	77,004,063	22,977,900	140,040	100,122,003
Finance costs	(2,895,002)	(863,864)	(5,265)	(3,764,131)
Depreciation and amortisation	1,886,928	563,056	3,432	2,453,416
Profit before tax	9,022,038	2,692,163	16,408	11,730,609
Income tax expense	(1,622,394)	(484,120)	(2,950)	(2,109,464)
Profit for the year	7,399,644	2,208,043	13,458	9,621,145

(in thousands of Tenge, unless otherwise stated)

Disclosure of other information:

	Juices and beverages	Packed tea, packed milk and food products	Wholesale activity	Consolidated
31 December 2022				
Acquisition of property, plant and equipment	7,608,576	1,746,728	16,179	9,371,483
31 December 2021				
Acquisition of property, plant and equipment	2,627,165	971,691	-	3,598,856

Revenue reported above represents revenue generated from third parties. There were no inter-segment sales during the years ended 31 December 2022 and 2021. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment. This is the measure reported to the operating decision makers for the purposes of resource allocation and assessment of segment performance.

	Juices and beverages	Packed tea, packed milk and food products	Wholesale activity	Consolidated
31 December 2022				
Segment assets	97,655,896	22,411,642	207,660	120,275,198
Segment liabilities	87,123,025	19,994,390	185,262	107,302,677
Deferred income tax liabilities	4,129,539	947,713	8,781	5,086,033
Total liabilities	91,252,564	20,942,103	194,043	112,388,710
31 December 2021				
Segment assets	66,473,153	27,297,851	81,062	93,852,066
Segment liabilities	45,703,127	18,768,436	55,734	64,527,297
Deferred income tax liabilities	2,817,141	1,156,887	3,435	3,977,463
Total liabilities	48,520,268	19,925,323	59,169	68,504,760

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments. General corporate assets and assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Revenue of the Group to external customers by country of their origin is presented below:

	Revenue from sales to external customers	
	2022	**2021**
Republic of Kazakhstan	122,942,349	81,436,748
Kyrgyz Republic	24,614,103	15,547,082
Russian Federation	6,032,260	3,063,314
Republic of Uzbekistan	2,711,797	17,725
Tajikistan	49,047	42,788
China	39,266	14,346
	156,388,822	**100,122,003**

(in thousands of Tenge, unless otherwise stated)

For the years ended 31 December 2022 and 2021, there were no single external customer with a revenue that amounted to 10 percent or more of annual revenue of the Group.

27. EMPLOYEE BENEFITS

In accordance with the Law of the Republic of Kazakhstan "On Pensions in the Republic of Kazakhstan" effective 1 January 1998, and replacing the previous unified system of pension provisioning, employees have the right to receive guaranteed pension benefits provided they have recorded working time from 1 January 1998 in proportion to the historical data. They also have the right to receive pension payments from savings pension funds generated from individual pension savings accounts provided by compulsory pension contributions amounting to 10% of their salary.

As at 31 December 2022 and 2021, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits or retirement indemnities to its current or former employees.

28. RELATED PARTIES

The Group's related parties include the companies controlled by and associated with Mazhibayev K.K, being the major shareholders of the Company (Note 19).

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

Transactions with related parties include:

- sales/purchase of other inventories, property, plant and equipment and securities; and
- services on supporting marketing activities.

Trading transactions

	Sales		Purchases	
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
LLP RESMI Direct investments, company under common control	456	15,465	16,421	387
Companies under common control	1,043,402	-	2,451,768	24,965
	1,043,858	**15,465**	**2,468,189**	**25,352**

(in thousands of Tenge, unless otherwise stated)

Other current assets

The following balances were outstanding at the end of the reporting period as a result of the above transactions:

	Amounts owed by related parties		Amount owed to related parties	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Entities under common control:				
- Trading and other operations (Note 17,23)	209,236	12,695	12,912,168	-
	209,236	**12,695**	**12,912,168**	**-**

Outstanding amounts due to/from related parties will be settled by cash transactions. No expense has been recognized in the reporting period for bad debts in respect of amounts owed by related parties.

Other transactions:

On 19 March 2020, the Group concluded a loan agreement with a related party Area Plus DMCC, owned by Mr. K.K. Mazhibaev, and transferred the right for temporary use of securities (Note 16).

As at 31 December 2022, the outstanding balance of debt of Area Plus DMCC amounted to 9,085,450 thousand tenge (Note 16).

Compensation to key management personnel

Key management compensation is set at shareholders' meetings according to human resource policies, staff schedules, individual labor agreements, shareholders' resolutions and bonus accrual orders.

Total compensation paid to the Group's key management personnel during the years ended 31 December 2022 and 2021, amounted to 271,598 thousand tenge and 267,484 thousand tenge, respectively. These short-term compensations represent salaries and bonuses paid to key management personnel.

29. FINANCIAL INSTRUMENTS

Capital management

Businesses in fast-moving consumer goods and food packaging industries are subject to risks related to rapid changes in markets and customer demands. It is the Group's policy to maintain a strong financial position as this provides the best balance of risk and reward for the shareholders. The Board of Directors reviews the Group's capital structure regularly taking into account available cash balances and credit lines, trends in markets and investment opportunities generally, but especially in the development of new products to enhance the existing portfolio, and the development of new distribution channels and geographical markets. The Group's overall strategy remains unchanged from 2021.

Significant accounting policies

Information regarding significant accounting policies and accepted methods, including recognition criteria, estimation basis, and basis for gain and losses recognition related to each class of financial assets, financial liabilities, and securities are disclosed in Note 3.

General risk management principles

The Group's overall risk management concept is based on visibility of the key risks preventing the Group from reaching its business objectives. This covers all risks areas; strategic, operational, financial and hazard risks. The Group's risk management is a systematic and pro-active process to analyze, review and manage all opportunities, threats and risks related to the Group's objectives.

The principles documented in the Group's Risk Policy and accepted by the Audit Committee of the Board of Directors require risk management and its elements to be integrated into business processes. One of the main principles is that the business unit or function owner is also the risk owner.

Key risks are reported to business unit and Group level management to create assurance on business risks and to enable prioritization of risk management implementation in the Group. In addition to general principles there are specific risk management policies covering, for example, treasury and customer finance risks.

(in thousands of Tenge, unless otherwise stated)

Categories of financial instruments

As at 31 December 2022 and 2021, financial instruments were as follows:

	31 December 2022	31 December 2021
Financial assets		
Financial assets measured at fair value through profit or loss:		
Other financial assets (Note 16)	503,522	8,721,178
Financial assets measured at amortised cost:		
Other financial assets (Note 16)	9,085,450	20,878,091
Receivables and other current assets, excluding prepaid expenses and other taxes receivable (Notes 15, 17)	6,682,310	2,731,862
Cash and cash equivalents (Note 18)	29,358,569	6,092,477
Bank deposits	904,675	1,320,710
Financial liabilities		
Financial liabilities measured at amortised cost:		
Accounts payable (Note 22)	25,178,065	17,163,489
Borrowings (Note 21)	58,398,379	40,698,424
Long-term accounts payable (Note 22)	998,970	936,048
Other accounts payable and accrued liabilities, excluding advances received	1,213,961	831,512

Financial risk management objectives

The key financial targets for the Group are stable and profitable growth, generation of cash flows, operational efficiency and a strong balance. The objectives for the Group's treasury function are twofold: to guarantee cost efficient funding for the Group at all times and to identify, evaluate and hedge financial risks in close cooperation with the business groups. There is a strong focus in the Group on creating shareholder value. The Treasury function supports this aim by minimizing the adverse effects caused by fluctuations in the financial markets on the profitability of the underlying businesses and by managing the balance sheet structure of the Group.

The treasury policy provides principles for overall financial risk management and determines the allocation of responsibilities for financial risk management in the Group. Operating policies cover specific areas such as foreign currency risk, interest rate risk as well as liquidity and credit risk. The Group has detailed Standard Operating Procedures supplementing Treasury Policy in financial risk management related issues.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies, which lead to exposures to exchange rate fluctuations. The Group reduced this exposure by decreasing foreign currency operations share.

(in thousands of Tenge, unless otherwise stated)

As at 31 December 2022 and 2021, the carrying value of monetary assets and liabilities of the Group was as follows:

	Assets		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
US Dollars	30,712,229	30,262,091	10,132,281	4,521,653
Russian Roubles	742,978	560,105	8,463,390	12,078,688
Kyrgyz Soms	11,398	235,120	67,377	305,888
Euro	1,364,536	942	3,553,910	1,193,893
Uzbek Sums	155,396	-	136,849	105,961
Chinese Yuans	-	-	462,167	278,584
Other	4	5	-	-

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 20% increase and decrease in tenge against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes loans where the denomination of the loan is in a currency other than functional currency of the companies of the Group. A positive number below indicates an increase in profit and other equity where the tenge strengthens 20% against the relevant currency. For a 20% weakening of the tenge against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Impact of US Dollars (i)		Impact of Rub (ii)		Impact of Euro (iii)	
	2022	2021	2022	2021	2022	2021
Profit/(loss) before tax	4,115,990	5,148,088	(1,544,082)	(2,303,717)	(437,875)	(238,590)

(i) This is mainly attributable to the exposure on the Group's cash bank accounts, financial assets given to Area Plus DMCC, coupon bonds of Bank Julius Bär & Co and outstanding accounts payable denominated in US Dollars as at year ended 31 December 2022.
(ii) This is mainly attributable to the exposure on Russian rubles denominated loans as at year end.
(iii) This is mainly attributable to the exposure on Euro denominated accounts payable as at year end.
Risks in paragraphs (i), (ii) and (iii) were not summarized

Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items (i.e. price risk) or through changes in interest income or expenses (i.e. re-investment risk). Interest rate risk mainly arises through interest-bearing liabilities and assets. Estimated future changes in cash flows and balance sheet structure also expose the Group to interest rate risk.

Treasury is responsible for monitoring and managing the interest rate exposure of the Group. Due to the current balance sheet structure of the Group, emphasis is placed on managing the interest rate risk in relation to borrowings. In 2022 all the loans of the Group have fixed interest rates.

Credit risks

Customer Finance Credit Risk

The Group has maintained a financing policy aimed at close cooperation with banks, financial institutions and other agencies to support distributors and selected customers in their financing of working capital investments, mainly for purchase of the Group's products. The Group monitors closely the extent of the borrowings in relation to the turnover of the key customers.

Credit risks related to customer financing are systematically analyzed, monitored and managed by the Group's Credit Manager, reporting to the Head of Financial Control. Significant changes to credit risks are approved by the Group's Credit Committee along principles defined in the Group's credit policy and according to the credit approval process. The Credit Committee consists of the Head of Financial Control, Credit Manager and representatives of Sales department.

As at 31 December 2022, the Group's customer credit risk exposure of trade accounts receivable amounted to 5,853,227 thousand tenge (31 December 2021: 2,358,857 thousand tenge).

Financial credit risk

Financial instruments contain an element of risk that its counterparties would be unable to meet their obligations. This risk is measured and monitored by the treasury function. The Group minimizes financial credit risk by diversifying of financial instruments and monitoring the rating of large banks and financial institutions. In 2022, the Group concluded a loan agreement with Area Plus DMCC and transferred the right to temporary use the securities.

As of 31 December 2022, the outstanding balance of debt of Area Plus DMCC amounted to 9,085,450 thousand tenge (Note 16), which represent significant concentration of credit risk and constitute 11% from total current assets of the Group. The Group believes that the debt is recoverable because the Group analyzed assets and liabilities of Area Plus DMCC presented in the statement of financial position of this company as at 31 December 2022 and believes that Area Plus DMCC can fulfill its obligations to the Group on time.

As at 31 December 2022, the Group holds a portfolio of securities, which includes government bonds of the Ministry of Finance of the Republic of Kazakhstan (Note 16). Cash and cash equivalents include coupon bonds of Bank Julius Bär & Co amounting to 13,305,814 thousand tenge. Rating of bank Julius Bar & Co. is Aa3, according to the rating agency Moody's. The ratings of other banks in which cash and cash equivalents are placed (Note 18) are within B1-Aa3.

Cash and cash equivalents and other financial assets are Stage 1 assets of the impairment stages.

Direct credit risk represents the risk of loss resulting from counterparties' default in relation to the items of the consolidated statement of financial position. Decision on investments to the fixed income instruments and short-term debt securities are based on strict creditworthiness criteria. The outstanding investments are also constantly monitored by the treasury function. The Group does not expect the counterparties to default given their credit quality. The carrying amount of financial assets recognized in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

(in thousands of Tenge, unless otherwise stated)

Liquidity risk

The Group guarantees sufficient liquidity at all times by efficient cash management and by investing in liquid interest bearing securities. Due to the dynamic nature of the underlying business, Treasury also aims at maintaining flexibility in funding by keeping credit lines available. The credit facilities are intended to be used for working capital and capital investment funding purposes.

The Group's international creditworthiness facilitates the efficient use of international capital and loan markets. In 2022, the rating of the Group has been confirmed by the credit rating agency Moody's on the level of B2/stable.

Table on liquidity risk

The following table presents contractual maturity of non-derivative financial assets and liabilities of the Group based on the undiscounted cash flows of financial assets and liabilities (both interest and principal cash flows) based on the earliest date on which (a) the Group expects to receive payments; and (b) the Group can be required to pay.

2022	**Weighted average interest rate**	**Within 1 year**	**1-5 years**	**Over 5 years**	**Total**
Financial assets:					
Trade accounts receivable	-	5,838,426	-	-	5,838,426
Other financial assets measured at amortised cost	-	9,085,450	-	-	9,085,450
Other financial assets measured at fair value through profit or loss	6.05%	503,522	-	-	503,522
Other current assets, excluding prepaid expenses and other taxes receivable	-	843,884	-	-	843,884
Bank deposits	13.75%	963,479	-	-	963,479
Cash and cash equivalents	3.17%	29,358,569	-	-	29,358,569
		46,593,330	**-**	**-**	**46,593,330**
Financial liabilities:					
Accounts payable	-	25,178,065	-	-	25,178,065
Long-term Accounts payable	5.30%	-	1,102,318	-	1,102,318
Borrowings	7.52%	35,144,099	37,146,265	-	72,290,364
Other accounts payable and accrued liabilities, excluding advances received	-	1,213,961	-	-	1,213,961
		61,536,125	**38,248,583**	**-**	**99,784,708**

(in thousands of Tenge, unless otherwise stated)

2021	Weighted average interest rate	Within 1 year	1-5 years	Over 5 years	Total
Financial assets:					
Trade accounts receivable	-	2,344,219	-	-	2,344,219
Other financial assets measured at amortised cost	-	20,878,091	-	-	20,878,091
Other financial assets measured at fair value through profit or loss	0.44%	8,721,178	-	-	8,721,178
Other current assets, excluding prepaid expenses and other taxes receivable	-	387,643	-	-	387,643
Bank deposits	4.2%	1,360,331	-	-	1,360,331
Cash and cash equivalents	-	6,092,477	-	-	6,092,477
		39,783,939	**-**	**-**	**39,783,939**
Financial liabilities:					
Accounts payable	-	17,163,489	-	-	17,163,489
Long-term Accounts payable	4.1%	-	1,028,814	-	1,028,814
Borrowings	7.81%	13,906,922	35,100,395	530,029	49,537,346
Other accounts payable and accrued liabilities, excluding advances received	-	831,512	-	-	831,512
		31,901,923	**36,129,209**	**530,029**	**68,561,161**

The Group has access to funds, as described below, amounting to 27,003,616 thousand tenge as at 31 December 2022 (31 December 2021: 16,594,432 thousand tenge).

	2022
Unsecured short-term borrowings with different maturities till 2022	
Amount used	9,973,147
Amount unused	1,113,272
	11,086,419
Secured short-term borrowings with different maturities till 2022	
Amount used	12,120,180
Amount unused	-
	12,120,180
Unsecured long-term borrowings with different maturities till 2028	
Amount used	15,828,767
Amount unused	2,707,562
	18,536,329
Secured long-term borrowings with different maturities till 2028	
Amount used	24,607,288
Amount unused	23,182,782
	47,790,070

(in thousands of Tenge, unless otherwise stated)

Fair value of financial instruments carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of cash and cash equivalents, bank deposits, receivables and other current assets approximate fair values due to their short-term maturities. As at 31 December 2022 and 31 December 2021, the fair value of financial assets was not significantly different from their carrying value.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.
As at 31 December 2022 and 31 December 2021, the fair value of borrowings, accounts payable, long-term accounts payable and other accounts payable and accrued liabilities were not significantly different from their carrying value.

Hierarchy of fair value as at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at FVTPL	503,522	-	-	503,522
Totals	**503,522**	**-**	**-**	**503,522**

	Level 1	Level 2	Level 3	Total
Other assets				
Investment property				
Land and buildings, machinery and equipment	-	-	53,037	53,037
Totals	-	-	29,207,199	29,207,199
	-	**-**	**29,260,236**	**29,260,236**

Hierarchy of fair value as at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at FVTPL	1,691,474	7,029,704	-	8,721,178
Totals	**1,691,474**	**7,029,704**	**-**	**8,721,178**

	Level 1	Level 2	Level 3	Total
Other assets				
Investment property	-	-	53,037	53,037
Land and buildings, machinery and equipment	-	-	31,058,674	31,058,674
Totals	**-**	**-**	**31,111,751**	**31,111,751**

	Valuation technique(s) and key input(s)
Financial assets	
Other financial assets	Level 1: Government bonds of the Ministry of Finance of the Republic of Kazakhstan: Quoted bid prices in an active market
Other assets	
Investment property	Level 3: Cost approach and market for similar or comparable assets, adjusted for differences with the assets under valuation. Adjustment of the prices of similar or comparable assets requires analysis of such factors as location, size, functional use and condition of the asset.
Land and buildings, machinery and equipment	Level 3: The valuation, which conforms to International Valuation Standards, was determined by reference to (a) the cost approach and (b) the market for similar or comparable assets, adjusted for differences with the asset under valuation. Discounted cash flow (DCF) method to check for the economic depreciation of the Group's assets as a Cash Generating Unit was performed. The description of the methods are disclosed in Note 12.

A valuation in accordance with International Valuation Standards has been determined based on (a) the cost approach, (b) the income approach, and (c) the comparative approach, adjusted for differences with the asset being valued, which is a Level 3 fair value measurement in the fair value hierarchy.

Hazard risk

The Group strives to ensure that all financial, reputation, and other losses of the Group and its customers are minimized through preventive risk management measures or purchase of insurance. Insurance is purchased for risks, which cannot be internally managed. The Group's Economic Security function's objective is to ensure that Group's hazard risks, whether related to physical assets (e.g. buildings) or intellectual assets (e.g. "RG Brands" brand) or potential liabilities (e.g. product liability) are properly insured.

30. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and block major financial institutions and many state enterprises.

In 2022, the average price for Brent crude oil was 101.8 USD per barrel (2021: 68.63 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 3.1% in 2022. The Inflation in Kazakhstan accelerated in 2022 to 20.3% per annum (in 2021, inflation was 8.4% per annum).

In 2022, the National Bank of the Republic of Kazakhstan raised the base rate from 10.25% to 16.75% per annum with a corridor of +/- 1.0 percentage points to reduce the negative impact of the external factors on the Kazakhstan's economy, and also, in the first half of 2022, the interventions were made in the foreign exchange market in order to support the tenge exchange rate against foreign currencies. However, the uncertainty exists related to future development of the geopolitical risks and their impact on the economy of the Republic of Kazakhstan.

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

Tax and regulatory environment

The government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result, laws and regulations affecting businesses continue to change rapidly. These changes are characterized by poor drafting, different interpretations and arbitrary application by the authorities.

The tax period remains open for audit by tax authorities within five calendar years; however, in certain conditions, the tax period may be extended. Consequently, the Group may be subject to additional tax liabilities, which may arise as a result of tax audits. The Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation.

In February 2022, the tax authorities of the Republic of Kazakhstan completed a comprehensive tax audit for 2016-2020, as a result of which additional corporate income tax in the amount of 849,118 thousand tenge and a fine in the amount of 679,296 thousand tenge were accrued. This additional accrual of corporate income tax was recognized in the Group's consolidated financial statements for 2020, but was not reflected in the final tax return due to technical problems in the system of the tax authorities and the lack of proper software for filling out the corporate income tax return. The Group has made sufficient advance for this corporate income tax on time. As a result, the Group is disputing the decision of the tax audit on this issue in court. The management of the Group believes that the payment of this penalty is possible; therefore, the Group did not accrue a provision for the penalty.

Legal issues

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which have had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the resolution of all such matters will not have a material impact on the Group's consolidated statement of financial position or consolidated operating results.

Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. The Group's facilities, according to the classification, are fruit and vegetable juice and non-alcoholic beverage plants. In accordance with the Code, the Group's facilities are classified as third category and have insignificant negative impact on the environment. The Group's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

These consolidated financial statements have not included related provisions as the Group's management assesses that there are no potential liabilities related to the disposal of assets and land reclamation that could have any material effect on the financial position, results of operations or cash flows of the Group.

The Group also has an action plan for environmental protection for 2020-2029, which includes activities such as:

- compliance with technological processes;
- ensuring the organization of special allocated sites for solid waste;
- regular removal and disposal of industrial waste.

31. EVENTS AFTER THE REPORTING DATE

In January 2023, the Group sold a 100% interest in the authorized capital of LLC RG Brands South (Uzbekistan) to its parent company RG Brands Holding Limited for the amount of 23,120,265 thousand sums (equivalent to 952,720 thousand tenge).

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Group's management on 5 May 2023.