

**HEAT SUPPLY IMPROVEMENT PROJECT
CREDIT NO. 6146-KG, GRANT NO. D240-KG,
SECO GRANT NO. TF0B2457,
CREDIT IDA NO. 7374-KG**

The project financial statements
for the period from January 1 to October 31, 2025 and the grace
period from November 1, 2025 to February 28, 2026

and independent auditor's report

"HEAT SUPPLY IMPROVEMENT PROJECT"
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457,
CREDIT IDA NO. 7374-KG

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"HEAT SUPPLY IMPROVEMENT PROJECT"

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO. 7374-KG

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF
THE PROJECT FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO OCTOBER 31,
2025 AND
THE GRACE PERIOD FROM NOVEMBER 1, 2025 TO FEBRUARY 28, 2026**

The following statement, which should be read in conjunction with the independent auditor's responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditor in relation to the project financial statements of the "Heat Supply Improvement Project", Credit No. 6146-KG, Grant No. D240-KG and "Heat Supply Improvement Project" additional financing, SECO Grant No. TF0B2457 and Credit No. 7374-KG (the "Project").

Management of the Project is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

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

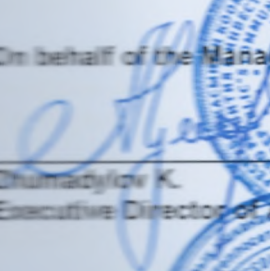
- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

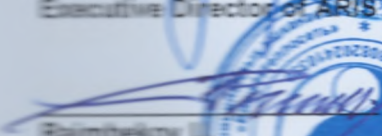
Management of the Project is also responsible for:

- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the Project financial position, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Kyrgyz Republic, and the requirements of the operational manual of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud, error and other irregularities.

The project financial statements for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026 were approved and authorized for issue on June 9, 2026 by the management of the Project.

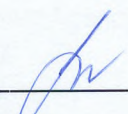
On behalf of the Management:

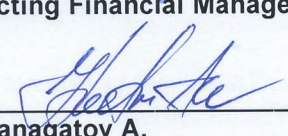

Zhumadylov K.
Executive Director of ARIS


Raimbekov U.
Director of ME Bishkekteploset

June 9, 2026

Bishkek, the Kyrgyz Republic


Yusupova R.
Acting Financial Manager of ARIS


Kanagatov A.
PIU Leading Engineer of the "Heat Supply Improvement Project" ME Bishkekteploset

June 9, 2026

Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To the Management of the "Heat Supply Improvement Project" and "Heat Supply Improvement Project" additional financing under the Community Development and Investment Agency (hereinafter - the "ARIS") and Open Joint Stock Company Bishkekteploset (hereinafter - the "BTS").

Report on the project financial statements

Opinion

We have audited the accompanying project financial statements of the "Heat Supply Improvement Project" and additional financing for "Heat Supply Improvement Project" (together - the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026, and a summary of significant accounting policies and other explanatory information (the "project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the project financial statements section of our report. We are independent of the Project 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 project financial statements, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the project financial statements, which describes the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreement requirements.

Other matter

The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

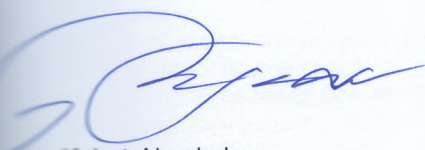
Auditor's responsibilities for the audit of the project financial statements

Our objectives are to obtain reasonable assurance about whether the project 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 the project 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 project 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 Project'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 Project'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 project 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 Project to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project 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.



Kubat Alymkulov

Certified accountant, FCCA (United Kingdom)
Individual auditor registration number 11152 dated
November 16, 2023.

Registered in the Unified state register of auditors,
audit organizations, and professional audit
associations.
Audit Partner,
Director, Baker Tilly Bishkek LLC



Umet Daltbaev

Individual auditor registration number 18167 dated
December 26, 2023.

Registered in the Unified state register of auditors,
audit organizations, and professional audit
associations.
Audit Partner

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number 2101510 dated August 9, 2023

June 9, 2026
Bishkek, the Kyrgyz Republic

“HEAT SUPPLY IMPROVEMENT PROJECT”
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457,
CREDIT IDA NO. 7374-KG

SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID FOR THE PERIOD FROM JANUARY 1 TO OCTOBER 31, 2025 AND THE GRACE PERIOD FROM NOVEMBER 1, 2025 TO FEBRUARY 28, 2026
(in US dollars)

	Notes	The grace period from November 1, 2025 to February 28, 2026	For the period from January 1, 2025 to October 31, 2025	For the year ended December 31, 2024	Cumulative
Opening balance	4				
ARIS		91,134	52,608	471,674	-
BTS		<u>626,793</u>	<u>840,246</u>	<u>1,465,570</u>	<u>-</u>
Funds received	5				
ARIS:					
Grant No. D240-KG		-	-	623,526	9,365,668
SECO Grant No. TF0B2457		-	-	276,915	2,661,000
Credit No. 7374-KG		-	250,000	-	250,000
BTS:					
Grant No. D240-KG		-	-	-	7,717,754
Credit No. 6146-KG		-	805,633	3,605,280	21,722,876
Credit No. 7374-KG		-	<u>1,705,012</u>	<u>1,494,125</u>	<u>3,199,137</u>
Total funds received		<u>-</u>	<u>2,760,645</u>	<u>5,999,846</u>	<u>44,916,435</u>
Other income	6				
ARIS		151	1,155	10,780	93,768
BTS		<u>3,141</u>	<u>13,697</u>	<u>31,523</u>	<u>94,739</u>
Total receipts		<u>3,292</u>	<u>2,775,497</u>	<u>6,042,149</u>	<u>45,104,942</u>
Expenses					
(1) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component A of the Project	7	169,953	2,706,061	5,725,733	32,198,175
(2) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component B of the Project	7	<u>71,596</u>	<u>201,875</u>	<u>1,315,686</u>	<u>12,258,286</u>
Total expenses		<u>241,549</u>	<u>2,907,936</u>	<u>7,041,419</u>	<u>44,456,461</u>

“HEAT SUPPLY IMPROVEMENT PROJECT”

**CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457,
CREDIT IDA NO. 7374-KG**

**SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID FOR THE PERIOD FROM JANUARY 1 TO
OCTOBER 31, 2025 AND
THE GRACE PERIOD FROM NOVEMBER 1, 2025 TO FEBRUARY 28, 2026 (CONTINUED)**
(in US dollars)

	Notes	The grace period from November 1, 2025 to February 28, 2026	For the period from January 1, 2025 to October 31, 2025	For the year ended December 31, 2024	Cumulative
Other expenses	8				
ARIS		1,223	10,754	14,601	93,684
BTS		453	31,734	30,519	76,803
Closing balance	4				
ARIS		18,466	91,134	52,608	18,466
BTS		459,528	626,793	840,246	459,528

On behalf of the Management

Zhumadylov K.
Executive Director of ARIS

Yusupova R.
Acting Financial Manager of ARIS

Raimbekov U.
Director of ME Bishkekteploset

Kanagatov A.
PIU Leading Engineer of the of the “Heat Supply
Improvement Project” ME Bishkekteploset

June 9, 2026
Bishkek, the Kyrgyz Republic

June 9, 2026
Bishkek, the Kyrgyz Republic

The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 4-5.

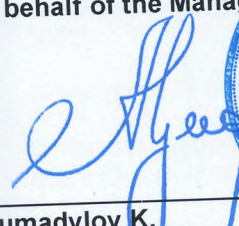
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CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457,
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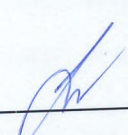
SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS FOR THE PERIOD FROM
JANUARY 1 TO OCTOBER 31, 2025
AND THE GRACE PERIOD FROM NOVEMBER 1, 2025 TO FEBRUARY 28, 2026

(in US dollars)

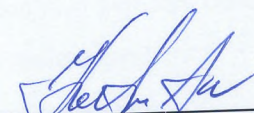
	The grace period from November 1, 2025 to February 28, 2026	For the period from January 1, 2025 to October, 31, 2025	For the year ended December 31, 2024	Cumulative
Component A: Improving supply efficiency and quality of the district heating system in Bishkek	169,953	2,706,061	5,725,733	32,198,175
Component B: Demonstrating the benefits of energy efficiency improvements in public buildings	71,596	201,875	1,315,686	12,258,286
	<u>241,549</u>	<u>2,907,936</u>	<u>7,041,419</u>	<u>44,456,461</u>

On behalf of the Management


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**PIU Leading Engineer of the of the “Heat Supply
Improvement Project” ME Bishkekteploset**

June 9, 2026
Bishkek, the Kyrgyz Republic

June 9, 2026
Bishkek, the Kyrgyz Republic

The notes on pages 9-20 form an integral part of the project financial statements. The independent auditor's report is on pages 4-5.

“HEAT SUPPLY IMPROVEMENT PROJECT”
CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457,
CREDIT IDA NO. 7374-KG

**NOTES TO THE PROJECT FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO
OCTOBER 31, 2025 AND THE GRACE PERIOD FROM NOVEMBER 1, 2025 TO FEBRUARY 28, 2026**
(in US dollars)

1. GENERAL INFORMATION

According to the Financing Agreement between the Kyrgyz Republic and International Development Association (the “IDA”) dated January 26, 2018, the IDA provided a Grant No. D240-KG in the amount of 16,300,000 Special Drawing Rights (the “SDR”) and a Credit No. 6146-KG in the amount of 16,300,000 SDR to the Kyrgyz Republic. According to the Grant Agreement between the Kyrgyz Republic and International Bank for Reconstruction and Development and International Development Association (the “Bank”) acting as an implementing agency of the Multi-Donor Trust Fund (the “MDTF”) dated June 10, 2020, the Bank provided a SECO Grant No. TF0B2457 in the amount of 2,661,000 US dollars to the Kyrgyz Republic. According to the letter received by the Ministry of Finance of the Kyrgyz Republic from the World Bank dated June 10, 2020, the structure of the Project’s components has been revised, as presented in the “Project Purpose” paragraph. Also, according to the letter from the World Bank dated December 12, 2019, the approved amount of Grant No. D240-KG for the Project’s Component B was reduced by the amount of SDR 3,621,142. As a result, the total approved amount of financing from Grant No. D240-KG was established at 12,678,858 SDR.

According to the Financing Agreement between the Kyrgyz Republic and the International Development Association dated September 8, 2023, the Bank provided Credit No. 7374-KG in the amount of 6,900,000 US dollars to the Kyrgyz Republic. According to the letters from the World Bank dated October 22, 2024, and February 25, 2025, the approved amount of Credit No. 7374-KG was reduced by 2,250,000 US dollars and 1,200,000 US dollars, respectively. As a result, the total approved amount of financing under this credit was established at 3,450,000 US dollars.

Credits and Grants were provided to implement “Heat Supply Improvement Project” and additional financing for “Heat Supply Improvement Project”.

Project purpose

The objective of the Project is to improve the efficiency and quality of heating in selected Project areas.

The Project comprises the following components (as updated by the World Bank’s letter dated 10 June 2020):

Component A: Improving supply efficiency and quality of the district heating system in Bishkek

1. Providing support to BTS for the preparation and implementation of a priority investment program for district heating rehabilitation, including:

(i) modernization of individual (building-level) heat substations, including:

(a) installation of new individual heat substations in selected buildings;

(b) reparation and upgrade of existing heat substations in selected buildings;

(c) installation of building-level heat and hot water meters; and

(d) installation of a preventive maintenance information system.

(ii) replacement and/or reconstruction of selected sections along the Vostok Transmission Network.

2. Providing support to BTS:

(i) to strengthen its technical, operational, fiduciary, customer orientation and corporate resource management functions; and

(ii) to strengthen its capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods and consultants' services, as well as financing of training and operating costs.

Component B: Demonstrating the benefits of energy efficiency improvements in public buildings

1. Supporting energy efficiency investments in selected public buildings through:

(i) preparing and implementing energy efficiency and seismic investment measures in selected public buildings;

(ii) strengthening capacity building and raising public awareness on energy efficiency, through provision of technical assistance, training and awareness campaigns targeting local service providers, public entities, Project beneficiaries and other stakeholders.

2. Strengthening ARIS' capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods, non-consulting services and consultants' services, as well as financing of training and operating costs.

Project implementation

The Project is implemented by ARIS jointly with BTS.

The financial agreement for Grant No. D240-KG and Credit No. 6146-KG is effective from April 25, 2019 to December 31, 2023. The Grant Agreement SECO No. TF0B2457 is effective from November 25, 2020 to June 30, 2023.

According to the letter from the World Bank dated October 22, 2024, the Financing Agreement for Grant No. D240-KG and Credit No. 6146-KG was extended until October 31, 2025. According to the letter from the World Bank dated February 20, 2024, the Grant Agreement SECO No. TF0B2457 was extended until December 31, 2024.

2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS

Basis of preparation

The project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented.

The project financial statements consist of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project components;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of the project financial statements is US dollars (the "USD").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash basis of accounting

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

Foreign currency

Operations in foreign currency initially are counted in functional currency using the currency exchange rate settled by the commercial bank on a date of operation.

Funds received are translated into US dollars at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt.

All payments made in local currency are translated into US dollars at the official exchange rate defined by the serving commercial bank at the date of transaction.

Monetary assets and liabilities expressed in foreign currency are converted to functional currency at official exchange rate on a date settled by the commercial bank.

All exchange differences arising from the redemption or revaluation of monetary items are included in the summary of funds received and expenditures paid.

Cash and cash equivalents

Cash and cash equivalents include cash on hand in banks, which can be converted to the corresponding amount of cash in the short term.

Taxes

Calculation and payment of personal income tax and social security contributions from income of staff and consultants for the Social Fund of the Kyrgyz Republic is made in accordance with the requirements and rates of the Tax Code of the Kyrgyz Republic and relevant legislation of the Kyrgyz Republic.

Project expenses

The expenses are recorded in the period when they were actually paid.

Sources of funds

Financing is provided to the Project by the International Development Association under the agreements under Grant No. D240-KG, Credit No. 6146-KG and Credit No. 7374-KG and the International Bank for Reconstruction and Development, and the International Development Association jointly under the agreement under SECO Grant No. TF0B2457 by providing an initial advance payment, direct payments and replenishing a specially designated account.

Other income

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated account.

Other expenses

Other expenses comprise payments for bank services for interest and tender accounts, as well as return of interest income to the Ministry of Finance of the Kyrgyz Republic.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at February 28, 2026, October 31, 2025 and December 31, 2024 are presented as follows:

	Account holder	Source of financing	Currency	February 28, 2026	October 31, 2025	December 31, 2024
Designated account	ARIS	Grant No. D240-KG	US dollar	-	-	41,853
Designated account	BTS	Grant No. D240-KG	US dollar	315,894	315,894	432,090
Designated account	BTS	Credit No. 6146-KG	US dollar	58,911	178,356	374,868
Designated account	ARIS	Credit No. 7374-KG	US dollar	9,681	89,978	-
Designated account	BTS	Credit No. 7374-KG	US dollar	66,783	117,290	-
Escrow account	ARIS	Credit No. 7374-KG	US dollar	8,700	-	-
Interest account	ARIS	Other	US dollar	85	1,156	10,756
Interest account	BTS	Other	US dollar	14,325	11,638	29,672
Tender account	BTS	Other	US dollar	3,615	3,615	3,615
				<u>477,994</u>	<u>717,927</u>	<u>892,854</u>

5. FUNDS RECEIVED

The funds received are presented by the following methods and sources of financing:

No funds were received under grants and credits during the grace period from November 1, 2025 to February 28, 2026.

For the period from January 1, 2025 to October 31, 2025:

	ARIS			BTS			Total
	Grant No. D240-KG	Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Advance / Initial deposit	-	-	-	-	-	500,000	600,000
Direct payment	-	-	-	-	-	577,278	577,278
Replenishment of designated account	-	-	-	-	805,633	627,734	1,583,367
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805,633</u>	<u>1,705,012</u>	<u>2,760,645</u>

For the year ended December 31, 2024:

	ARIS				BTS			
	Grant No. D240-KG	Credit No. 6146- KG	SECO Grant No. TF0B2457	Credit No. 7374- KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	Total
Direct payment	-	-	-	-	-	2,623,150	1,494,125	4,117,275*
Replenishment of designated account	623,526	-	276,915	-	-	982,130	-	1,882,571
	623,526	-	276,915	-	-	3,605,280	1,494,125	5,999,846

Cumulative:

	ARIS				BTS			
	Grant No. D240-KG	Credit No. 6146-KG	SECO Grant No. TF0B2457	Credit No. 7374-KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	Total
Advance / Initial deposit	1,000,000	-	500,000	100,000	1,000,000	1,000,000	500,000	4,100,000
Direct payment	-	-	-	-	3,873,115	18,029,085	2,071,403	23,973,603
Replenishment of designated account	8,365,669	-	2,161,000	150,000	2,844,638	2,693,791	627,734	16,842,832
	9,365,669	-	2,661,000	250,000	7,717,753	21,722,876	3,199,137	44,916,435

6. OTHER INCOME

Other income is presented as follows:

	The grace period from November 1, 2025 to February 28, 2026	For the period from January 1, 2025 to October 31, 2025	For the year ended December 31, 2024	Cumulative
Interest income:				
ARIS	151	1,155	10,780	93,768
BTS	3,141	13,697	31,523	94,739
	3,292	14,852	42,303	188,507

7. EXPENSES

Breakdowns of the Project expenses by categories, nature and sources of financing are presented as follows:

The grace period from November 1, 2025 to February 28, 2026							
ARIS				BTS			Total
Grant No. D240-KG	Credit No. 6146-KG	SECO Grant No. TF0B2457	Credit No. 7374-KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Works	-	-	61,898	-	-	1,765	63,663
Consulting services	-	-	-	-	-	-	-
Operating costs	-	-	-	-	-	-	-
Withholding VAT by the tax agent	-	-	-	-	11,176	-	11,176
Expenses for office	-	-	6,340	-	-	-	6,340
Communication	-	-	44	-	-	-	44
Audit	-	-	-	-	-	-	-
Training	-	-	3,315	-	-	-	3,315
Goods	-	-	-	-	108,269	48,742	157,011
	-	-	71,597	-	119,445	50,507	241,549

For the period from January 1, 2025 to October 31, 2025							
ARIS				BTS			Total
Grant No. D240-KG	Credit No. 6146-KG	SECO Grant No. TF0B2457	Credit No. 7374-KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Works	26,985	-	55,949	19,335	-	590,426	692,695
Consulting services	4,964	-	14,686	29,443	92,339	-	141,432
Operating costs	-	-	-	-	-	-	-
Payroll and related taxes	6,098	-	48,936	63,704	-	-	118,738
Withholding VAT by the tax agent	-	-	-	-	63,833	-	63,833
Communication	90	-	-	-	-	-	90
Transport	1,109	-	8,073	-	-	-	9,182
Expenses for office	1,135	-	1,954	247	10	30	3,376
Travel expenses	409	-	1,441	-	-	-	1,850
Audit	-	-	8,700	-	-	-	8,700
Training	1,063	-	20,283	3,467	-	-	24,813
Goods	-	-	-	-	845,963	997,264	1,843,227
	41,853	-	160,022	116,196	1,002,145	1,587,720	2,907,936

For the year ended December 31, 2024

	ARIS				BTS			Total
	Grant No. D240-KG	Credit No. 6146- KG	SECO Grant No. TF0B2457	Credit No. 7374- KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Works	618,612	-	275,285	-	301,380	3,234,970	1,494,125	5,924,372
Consulting services	200,955	-	-	-	119,084	159,665	-	479,704
Operating costs								
Payroll and related taxes	139,237	-	1,952	-	80,733		-	221,922
Expenses for office	20,836	-	-	-	477	40	-	21,353
Transport	12,405	-	577	-	15		-	12,997
Travel expenses	10,006	-	40	-	-		-	10,046
Withholding VAT by the tax agent	-	-	-	-	12,797	-	-	12,797
Communication	2,266	-	-	-	-		-	2,266
Expenses for computer equipment	990	-	-	-	-		-	990
Audit	19,836	-	-	-	-		-	19,836
Training	12,690	-	-	-	-		-	12,690
Goods	-	-	-	-	-	322,446	-	322,446
	<u>1,037,833</u>	<u>-</u>	<u>277,854</u>	<u>-</u>	<u>514,486</u>	<u>3,717,121</u>	<u>1,494,125</u>	<u>7,041,419</u>

	Cumulative							Total
	ARIS				BTS			
	Grant No. D240-KG	Credit No. 6146- KG	SECO Grant No. TF0B2457	Credit No. 7374- KG	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Works	7,437,773	-	2,211,869	117,847	320,715	12,429,204	2,086,316	24,603,724
Consulting services	1,070,857	-	282,106	14,686	417,474	468,317	-	2,253,440
Operating costs:								
Payroll and related taxes	570,597	-	96,680	48,936	340,693	-	-	1,056,906
Expenses for office	66,221	-	12,450	8,294	11,613	50	30	98,658
Travel expenses	36,823	-	6,490	1,441	-	-	-	44,754
Transport	34,931	-	5,503	8,073	3,585	-	-	52,092
Expenses for computer equipment	5,826	-	10,255	-	-	30	-	16,111
Communication	12,665	-	2,063	44	2,561	-	-	17,333
Withholding VAT by the tax agent	-	-	-	-	22,413	75,009	-	97,422
Public utilities	706	-	-	-	-	-	-	706
Audit	17,590	-	2,246	8,700	-	-	-	28,536
Training	51,162	-	14,484	23,598	2,849,300	1,562,548	-	4,501,092
Goods	60,518	-	16,854	-	3,433,503	7,029,852	1,144,963	11,685,687
	<u>9,365,669</u>	<u>-</u>	<u>2,661,000</u>	<u>231,619</u>	<u>7,401,857</u>	<u>21,565,010</u>	<u>3,231,309</u>	<u>44,456,461</u>

8. OTHER EXPENSES

Other expenses are presented as follows:

	The grace period from November 1, 2025 to February 28, 2026	For the period from January 1, 2025 to October 31, 2025	For the year ended December 31, 2024	Cumulative
Return of interest income to the Ministry of Finance of the Kyrgyz Republic	1,223	10,754	14,574	93,485
Bank services:				
BTS	453	31,734	30,519	76,803
ARIS	-	-	27	199
	<u>1,676</u>	<u>42,488</u>	<u>45,120</u>	<u>170,487</u>

9. FINANCIAL POSITION

Financial position as at February 28, 2026, October 31, 2025 and December 31, 2024 are as follows:

	February 28, 2026	October 31, 2025	December 31, 2024
ASSETS AND EXPENDITURES			
Cash and cash equivalents:			
ARIS	18,466	91,134	52,608
BTS	459,528	626,793	840,246
Cumulative expenses:			
ARIS	12,258,286	12,186,691	11,984,816
BTS	32,198,175	32,028,223	29,322,162
Other expenses:			
ARIS	93,684	92,460	81,707
BTS	<u>76,803</u>	<u>76,350</u>	<u>44,615</u>
TOTAL ASSETS AND EXPENDITURES	<u>45,104,942</u>	<u>45,101,651</u>	<u>42,326,154</u>
FINANCING			
Funds received:			
ARIS	12,276,670	12,276,670	12,026,669
BTS	32,639,765	32,639,766	30,129,122
Other income:			
ARIS	93,768	93,616	92,462
BTS	<u>94,739</u>	<u>91,599</u>	<u>77,901</u>
TOTAL FINANCING	<u>45,104,942</u>	<u>45,101,651</u>	<u>42,326,154</u>

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026 are presented as follows:

Credit No. 6146-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
BTS/34C	April 4, 2025	BTS	-	-	805,633	805,633
			-	-	805,633	805,633

Credit No. 7374-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
35	January 9, 2025	ARIS	100,000	-	-	100,000
ADD/HSIP/06C	March 18, 2025	BTS	-	288,639	-	288,639
ADD/HSIP/07C	March 28, 2025	BTS	500,000	-	-	500,000
ADD/HSIP/09C	September 10, 2025	BTS	-	-	147,074	147,074
ADD/HSIP/10C	October 2, 2025	BTS	-	288,639	-	288,639
36	October 8, 2025	ARIS	-	-	77,769	77,769
ADD/HSIP/11C	October 14, 2025	BTS	-	-	480,661	480,661
37	October 27, 2025	ARIS	-	-	72,230	72,230
			600,000	577,278	777,734	1,955,012

The Project documented expenses of 423,815 US dollars on BTS/35C application dated June 11, 2025, as well as expenses of 270,694 US dollars on BTS/36C application dated September 8, 2025 under Credit No. 6146-KG.

The Project documented expenses of 343,869 US dollars on BTS/26G application dated June 11, 2025, as well as expenses of 40,303 US dollars on BTS/27G application dated September 8, 2025 under Grant No. D240-KG.

The Project documented expenses of 343,869 US dollars on ADD/HSIP/12C application dated February 13, 2026 under Credit No. 7374-KG.

The Project deleted application ADD/HSIP/08C under Credit No. 7374-KG in the amount of 288,639 US dollars.

11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the period from January 1 to October 31, 2025 and the grace period from November 1, 2025 to February 28, 2026 is presented as follows:

Source of financing Bank Account holder Bank account Currency	Grant No. D240-KG	SECO Grant No. TF0B2457 OJSC RSK Bank	Credit No. 7374-KG	Grant No. D240-KG	Credit No. 6146-KG OJSC Aiyl Bank	Credit No. 7374-KG	Total
		ARIS			BTS		
	1299003250029172	1299003250035034	1299003250039074	1350108038000313	1350108031058850	1350108030008119	
	US dollar	US dollar	US dollar	US dollar	US dollar	US dollar	
	80/1 Moskovskaya str., Bishkek, the Kyrgyz Republic			114/2 Kievskaya str., Bishkek, the Kyrgyz Republic			
Bank's location							
Balance as at December 31, 2023	456,160	939	-	946,576	486,709	-	1,890,384
Initial deposit	-	-	-	-	-	-	-
Replenishment	623,526	276,915	-	-	982,130	-	1,882,571
Total funds received	623,526	276,915	-	-	982,130	-	1,882,571
Expenses paid	30	-	-	95,980	722,515	-	818,525
Transfer to transit account	1,037,803	277,854	-	418,506	371,456	-	2,105,619
Balance as at December 31, 2024	41,853	-	-	432,090	374,868	-	848,811
Initial deposit	-	-	100,000	-	-	500,000	600,000
Replenishment	-	-	150,000	-	805,633	627,734	1,583,367
Total funds received	-	-	250,000	-	805,633	1,127,734	2,183,367
Expenses paid	-	-	-	-	37,706	30	37,736
Transfer to transit account	41,853	-	160,022	116,196	964,439	1,010,414	2,292,924
Balance as at October 31, 2025	-	-	89,978	315,894	178,356	117,290	701,518
Initial deposit	-	-	-	-	-	-	-
Replenishment	-	-	-	-	-	-	-
Total funds received	-	-	-	-	-	-	-
Expenses paid	-	-	27	-	-	-	27
Transfer to transit account	-	-	71,570	-	119,445	50,507	241,522
Transfer to escrow account	-	-	8,700	-	-	-	8,700
Balance as at February 28, 2026	-	-	9,681	315,894	58,911	66,783	451,269

12. UNDRAWN FUNDS

Undrawn funds as at February 28, 2026 are presented as follows:

	Grant No. D240- KG in SDR	Credit No. 6146- KG in SDR	SECO Grant No. TF0B2457 in US dollars	Credit No. 7374- KG in US dollars
Approved amount of financing	12,678,858	16,300,000	2,661,000	3,450,000
Disbursed during the period from April 25, 2019 to December 31, 2019	730,279	-	-	-
Disbursed during the year ended December 31, 2020	343,958	-	-	-
Disbursed during the year ended December 31, 2021	1,847,641	-	500,000	-
Disbursed during the year ended December 31, 2022	4,364,158	1,914,821	593,993	-
Disbursed during the year ended December 31, 2023	4,922,684	11,054,732	1,290,062	-
Disbursed during the year ended December 31, 2024	470,138	2,729,089	276,945	1,494,125
Disbursed during the period from January 1, 2025 to February 28, 2026	-	601,358	-	1,955,012
Undrawn amount of financing as at February 28, 2026	-	-	-	863

13. COMMITMENTS

As at February 28, 2026 the Project has commitments for audit services to Baker Tilly Bishkek LLC. ARIS opened an escrow account in Eldik Bank OJSK (the "Bank") on February 18, 2026. In accordance with the Escrow agreement, ARIS gives its consent to the Bank to direct acceptance-free debit of 8,700 US dollars from the escrow account to account of Baker Tilly Bishkek LLC as a payment for the audit services provided (Note 4).

14. LEGAL CASES

There were no legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During the period from March 1, 2026 until the date of issue of these project financial statements, the Project made the following refunds to IDA:

Credit No. 6146-KG

Application	Date	Recipient	Refund to IDA	Total
Ran :RN000000452294	March 2, 2026	BTS	(58,911)	(58,911)
			(58,911)	(58,911)

Grant No. D240-KG

Application	Date	Recipient	Refund to IDA	Total
Ran :RN000000435564	March 2, 2026	BTS	<u>(315,894)</u>	<u>(315,894)</u>
			<u>(315,894)</u>	<u>(315,894)*</u>

Credit No. 7374-KG

Application	Date	Recipient	Refund to IDA	Total
Ran :RN000000452295	March 2, 2026	BTS	(66,783)	(66,783)
Ran :RN000000449547	April 1, 2026	ARIS	<u>(9,681)</u>	<u>(9,681)</u>
			<u>(76,464)</u>	<u>(76,464)</u>

According to the Minutes of the meeting in the Presidential Administration of the Kyrgyz Republic No. 25-16 dated June 4, 2026, Zhumadylov K. was appointed Executive Director of ARIS.

As at the date of issue of the project financial statements no significant events or transactions occurred which should be disclosed in the project financial statements.

Baker Tilly Bishkek Audit LLC trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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