Freedom Finance SPC Ltd.

(Incorporated as a special purpose company under the legislation of the Astana International Financial Centre)

U.S.$1,000,000,000 Bond Programme

Freedom Finance SPC Ltd. (the "Company" or the "Issuer" or "FFSPC") has established U.S.$1,000,000,000 bond programme (the "Programme") valid until 31 December 2033, pursuant to which the Issuer may from time-to-time issue bonds (the "Securities" or the "Bonds", and each a "Bond") in accordance with the Acting Law of the Astana International Financial Centre (the "AIFC"). Each series of Bonds issued under the Programme is hereinafter referred to as "Tranche". The Programme may be comprised of one or more Tranches. This document constitutes the prospectus of the Programme (the "Prospectus") described herein and has been prepared by the Issuer pursuant to Section 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017). The Prospectus determines terms that are general to each Tranche. Terms of the Bonds not pointed out in this Prospectus will be specified in the relevant offer terms (the "Offer Terms"). Full information on the Issuer and the offer of the Bonds is only available based on this Prospectus and relevant Offer Terms. This Prospectus has been published on the website of the Astana International Exchange Ltd. (the "AIX") at https://www.aix.kz via the AIX Regulatory Announcement Services and on the website of the Issuer at https://ffin.kz/freedombonds. The Offer Terms of each Tranche will be published on the AIX and the Issuer's websites accordingly.

Application has been made for the Bonds issued under the Programme to be admitted to the Official List of the AIX and to be admitted to trading on the AIX. In order for Bonds to be admitted to the Official List of the AIX and to be admitted to trading by the AIX this Prospectus and the Offer Terms under each such Tranche will be delivered to the AIX for approval before the date of admission to the Official List of the Bonds of such Tranche.

AIX does not guarantee that the Bonds will be admitted to the Official List of the AIX. The AIX reserves the right to grant admission of the Bonds to the Official List of the AIX only where it is satisfied that such admission is in accordance with the Acting Law of the AIFC, including AIX Business Rules. The Issuer did not seek independent legal advice with respect to listing the Bonds on the AIX in accordance with this Prospectus.

AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for the Prospectus lies with the issuer of the Prospectus and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Securities are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.

No representation or warranty, expressed or implied, is made by the Lead Manager as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as a promise or representation, whether as to the past or the future. The Lead Manager does not assume any responsibility for the accuracy or completeness of the information contained in this Prospectus.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction outside AIFC or under any circumstances in which such offer, solicitation or sale is not authorized or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Bonds are reminded that any subscription or purchase may only be made on the basis of the information contained in the Prospectus.

These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on a regular basis as indicated in the relevant Offer Terms for each Tranche and to reimburse the principal within 15 (fifteen) calendar days starting from the Maturity Date. In case of bankruptcy or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Bonds are intended for investors who are capable of evaluating interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in the present Prospectus. Before making any investment decision, investors must read the Prospectus in its entirety (and, in particular, Clause "Risk factors" in the Prospectus). Each potential class of investor must investigate carefully whether it is appropriate for them to invest in the Bonds, taking into account his or her knowledge and experience and must, if needed, obtain professional advice before making an investment in the Bonds.

SINCE THE BONDS ARE RECOGNISED AS BONDS OF FREEDOM HOLDING CORP. IN ACCORDANCE WITH THE U.S. TAX LAWS, IT IS IMPORTANT FOR THE U.S. AND NON-U.S. BONDHOLDERS TO READ THE FOLLOWING INFORMATION.

Under the U.S. tax laws, coupon interest payments on the Bonds will be deemed to be payable from a source in the United States. Coupon interest payments made to the non-U.S. Bondholder generally will be subject to U.S. withholding tax at the rate of 30% unless the non-U.S. Bondholder provides FFSPC on the Record Date of each coupon period (in accordance with clause 3.6. "Notices" of the Securities Notes section) with a properly executed IRS Form W-8BEN (for individuals) or W-8BEN-E (for legal entities which are not flow through entities for tax purposes) or other relevant IRS Form, establishing an exemption from, or reduction of the withholding tax. Prospective investors should carefully read clause 3.7 "Taxation" of the Securities Notes section. Each prospective investor should consult their own tax advisors regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of the Bonds.

Lead Manager

Freedom Finance Global PLC

The date of this Prospectus is 30 April 2025

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PROSPECTUS SUMMARY

1. Introduction

The Prospectus Summary should be read as an introduction to Prospectus. Any decision to invest in Securities should be based on a consideration of the Prospectus as a whole by an investor. These Securities (Bonds) constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest and to reimburse the principal within 15 (fifteen) calendar days of the Maturity Date. In case of bankruptcy or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Securities.

Issuer	Freedom Finance SPC Ltd., identification number 210540900127. Address: 16, Dostyk Street, Talan Towers offices, floor 26, Astana, Kazakhstan. Telephone: +7 701 958 01 27. E-mail: ffspc@ffin.kz.
Programme	U.S.$1,000,000,000 Programme valid until 31 December 2033.
Prospectus	This Prospectus was approved by the AIX on 16 May 2025. The Prospectus and Offer Terms of the first Tranche issued under the Programme were approved by the Special Resolution of the Issuer on 27 November 2023. The contact details of the AIX are: Address: 55/19 Mangilik El str., Block C 3.4, Astana, Kazakhstan, Z05T3C4 Telephone: +7 (717) 223 53 66.

2. Key Information on the Issuer

2.1. The Issuer of the Bonds

Issuer	Freedom Finance SPC Ltd., incorporated as a special purpose company of the Astana International Financial Centre under the identification number 210540900127.
Principal activities	The Issuer is a subsidiary of Freedom Holding Corp. ("FRHC"). The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favor of the parent company Freedom Holding Corp. FRHC is a public company incorporated under the laws of Nevada, USA. It conducts financial activities, retail brokerage, investment consulting, securities trading, investment banking, underwriting, commercial banking and insurance services through its subsidiaries.
Major shareholders	FRHC. Ultimate beneficiary owner is Timur Turlov (69.95%).
Director of FFSPC	Olga Baskakova acts as a Director and a Secretary of the FFSPC.
Board of Directors	1. Yevgeniy Ler – Chairman of the Board. 2. Sergey Lukyanov – Member of the Board. 3. Madina Mantayeva – Member of the Board, Independent Director.
Auditors	Deloitte LLP. Address: 36 Al-Farabi ave., Almaty, Kazakhstan, 050000. Telephone: + 7 (727) 258-13-40, e-mail: info@deloitte.kz ALMIR CONSULTING LLP. Address: 19, Al-Farabi Ave., Nurly Tau Business Center, block 2b, 403 office, Almaty, Kazakhstan. Telephone: +7 (727) 311-01-18, 311-01-19, 311-01-20, e-mail: almirconsulting@mail.ru

2.2. Key financial information on the Issuer

The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favor of the parent company Freedom Holding Corp. The independent auditors of the FFSPC: ALMIR CONSULTING LLP, issued independent auditor's report in respect of the FFSPC's financial statements for the year ended 31 March 2024 and Deloitte LLP, issued independent auditor's report in respect of the FFSPC's financial statements for the year ended 31 March 2023. The financial statements for the nine months ended 31 December 2024 are unaudited.

Balance sheet, USD thousands	31 March 2023	31 March 2024	31 December 2024
Total Assets	57,413	266,701	46,157
Total Liabilities	60,113	270,772	471,862
Total Equity	(2,700)	(4,071)	(6,705)

Income statement, USD thousands	Year ended on 31 March 2023	Year ended on 31 March 2024	Nine months ended on 31 December 2024
Revenue	2,011	10,489	27,212
Profit (loss) for the year	(1,576)	(2,041)	(2,634)

Cashflow statement, USD thousands	Year ended on 31 March	Year ended on 31	Nine months ended on 31

	2023	March 2024	December 2024
Net cash flow from operating activities	239	(800)	(47,755)
Net cash flow from investing activities	(45,181)	(52,553)	0
Net cash flow from financial activities	45,365	207,048	0

2.3. Key risks that are specific to the Issuer/FRHC

The Issuer is a subsidiary of FRHC. The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favor of the parent company FRHC. The risks and uncertainties described in the risk factors below relate to the activities of the FRHC. For more details, please see clause "Risk factors" of the Registration Document section of the Prospectus.

1. Risks related to the Global political, regulatory and economic environment.
2. Risks related to legal and regulatory matters.
3. Risks related to information technology and cyber security.
4. Taxation risks related to FRHC's international operations.
5. Risks related to FRHC's corporate structure and internal operations.

3. Key Information on the Securities

3.1. Terms and conditions of the Securities

The Issue	U.S.$1,000,000,000 Programme valid until 31 December 2033. When counting the aggregate principal amount of the Programme, Bond issued in currencies other than U.S.$ will be included at the official exchange rate of the National Bank of the Republic of Kazakhstan as at the date of admission of the relevant Tranche to trading on the AIX.
Currency	Currency of each Tranche shall be specified in the relevant Offer Terms.
Number and Nominal Value of the Bonds	Number of Bonds and Nominal Value of each Tranche shall be specified in the relevant Offer Terms.
Rights attached to the Securities	The Bondholders have the right to: • Receive coupon interest payments in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche. • Receive Nominal Value upon redemption in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche. • Freely transfer the Bonds. • Receive information concerning the Issuer's operations. • Attend, participate in and vote at meetings of the Bondholders in accordance with the terms and conditions of the Bond specified in the Securities Note section of the Prospectus. • Require that the Bonds shall immediately become due and repayable at their Nominal Value together with accrued coupon interest if any of the events mentioned in clause 3.3 of Securities Notes occurs and continues for more than 30 (thirty) calendar days.
Ranking	The Issuer shall ensure that at all times the claims of the Bondholders against it under the Bonds rank at least *pari passu* with the claims of all its other unsecured creditors, save those whose claims are preferred by any bankruptcy, insolvency, liquidation or similar laws of general application, as well as per applicable AIFC rules and regulations.
Restrictions on the free transferability	The Bonds are freely transferable and, once admitted to the Official List of the AIX, shall be transferable only in whole in accordance with the applicable rules and regulations of the AIX amended from time to time.
Guarantees attached to the Securities	If applicable, the terms of guarantees attached to each Tranche will be specified in the relevant Offer Terms.

3.2. Information on trading of the Securities

Trading information on each Tranche will be specified in the relevant Offer Terms.

3.3. Key risks specific to the Securities

1. The Bonds are subject to modification, waivers and substitution.
2. Delisting of the Bonds from the Official List of the AIX may subject gains and coupon interest payments on the Bonds to tax in the Republic of Kazakhstan.
3. The market price of the Bonds may be volatile.
4. If any Tranche issued under the Programme is guaranteed the guarantor might default on any payments related to the Bonds.

4. Key information on the admission to trading

4.1. Conditions and timetable for investing in the Securities

Admission to trading	Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms. AIX is expected to be the main stock exchange for the Bonds issued under the Programme. The Issuer, at its own discretion, may apply for listing of the Bonds on any other stock exchange subject to applicable rules and regulations of such other stock exchange and Offer Terms of the Bonds.
Plan for distribution	Subject to applicable laws and regulations the Bonds will be offered in or from AIFC to a wide range of investors.
Offering method	The offering of the Bonds will be made through the trading system of the AIX in accordance with the AIFC Market Rules, AIX Business Rules, AIX Central Securities Depository Business Rules and relevant AIX market notices. Trading methods will be specified in the Offer Terms for each Tranche.
Offer period	The offer period including opening and closing dates shall be specified in the relevant Offer Terms of each Tranche.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be sold to public in other jurisdictions outside AIFC, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Notification process for investors	Prior to the start of the trading, AIX will publish a market notice specifying the first day of trading on its website: https://aix.kz/news-announcements/aix-market-notices/ All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service: https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/
Estimated expenses	Shall be specified in the relevant Offer Terms.

4.2. The purpose of the Prospectus

This Prospectus has been produced in connection with the application for the Bonds to be admitted to the Official List of the AIX and trading on the AIX.

Reasons for the issuance/Use of proceeds	The proceeds received by the Issuer from the issue of the Bonds shall be transferred in the form of loans to the parent company Freedom Holding Corp., which intends to use the net proceeds from the sale of the Bonds for repayment or refinancing of debt, business expansion and general corporate purposes.
Estimated net amount of proceeds	Shall be specified in the relevant Offer Terms.
Lead Manager	Freedom Finance Global PLC, Astana, Esil district, Dostyk street, building 16, non-residential facility No.2, 010016, the Republic of Kazakhstan.
Conflict of interest	No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.

REGISTRATION DOCUMENT

1. Information about the Issuer

1.1. General information

The full legal name of the Issuer	Freedom Finance SPC Ltd.
Legal form of the Issuer	Special purpose company.
The country of incorporation of the Issuer	• The Issuer was incorporated on 24 May 2021 as a special purpose company of the Astana International Financial Centre under the business identification number 210540900127 in accordance with the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017), as amended from time to time. • The contact details of the Issuer are: Address: 16, Dostyk Street, Talan Towers offices, floor 26, Astana, Kazakhstan. Telephone: +7 701 958 01 27. E-mail: ffspc@ffin.kz.

1.2. Investments

The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favour of the parent company FRHC. FFSPC does not have investment activities, the investments described below relate to the activities of the FRHC in Kazakhstan, Uzbekistan, Kyrgyzstan, Cyprus, Germany, the United Kingdom, United States, Greece, Spain, France, Poland, Armenia, Azerbaijan, Turkey and United Arab Emirates.

Investments made in the period ended 31 December 2024

Total investments exceeded U.S.$445.6 mln, mainly consisting of investments in fixed assets – U.S.$53.6 mln and purchase of available-for-sale securities, at fair value of U.S.$392.01 mln.

Investments made in the financial year ended 31 March 2024

Total investments exceeded U.S.$273.7 mln, mainly consisting of investments in fixed assets – U.S.$43.8 mln and purchase of available-for-sale securities, at fair value of U.S.$229.09 mln.

Investments made in the financial year ended 31 March 2023

Total investments exceeded U.S.$368.6 mln, mainly consisting of investments in fixed assets – U.S.$38.5 mln and purchase of available-for-sale securities, at fair value of U.S.$330.0 mln.

Investments made in the financial year ended 31 March 2022

Total investments exceeded U.S.$254.3 mln, mainly consisting of investments in fixed assets – U.S.$5.6 mln and purchase of available-for-sale securities, at fair value of U.S.$248.7 mln.

2. Operational and financial overview

2.1. Actual and proposed business activities:

The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favor of the parent company FRHC. Described below is the actual and proposed business activities, including corporate history, description of business lines, revenue breakdown and information regarding the competition of FRHC.

For purposes of the Registration Document part of the Prospectus, references herein to the "we". "our", "us", "our company", "our business" and "Freedom" mean Freedom Holding Corp. together with its subsidiaries.

FRHC is a corporation organized in the United States under the laws of the State of Nevada that through its operating subsidiaries provides securities brokerage, securities dealing for customers and for our own account, market making activities, investment research, investment counseling, investment banking services, retail and commercial banking, insurance products, payment services, and information processing services. FRHC also owns several ancillary businesses which complement its core financial services businesses, including telecommunications and media businesses in Kazakhstan that are in a developmental stage. FRHC is headquartered in Almaty, Kazakhstan, with supporting administrative office locations in Cyprus and the United States. FRHC has a presence in Kazakhstan, Uzbekistan, Kyrgyzstan, Cyprus, Germany, the United Kingdom, United States, Greece, Spain, France, Poland, Austria, Bulgaria, Italy, Netherlands, Belgium, Armenia, Azerbaijan, Turkey and United Arab Emirates. FRHC also has subsidiaries in the United States include a broker-dealer that is registered with the United States Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). FRHC's common stock trades on the Nasdaq Capital Market, Astana International Exchange ("AIX") and the Kazakhstan Stock Exchange ("KASE"). Through its subsidiaries, FRHC is a professional participant, with a license to provide one or more types of services, on a number of stock exchanges, including the Kazakhstan Stock Exchange (KASE), the Astana International Stock Exchange (AIX), the Republican Stock Exchange of Tashkent (UZSE) and the Uzbek Republican Currency Exchange (UZCE) and is a member of the New York Stock Exchange (NYSE) and the Nasdaq Stock Exchange (Nasdaq). FRHC also owns a 24.3% interest in the Ukrainian Exchange (UX). Freedom EU provides FRHC's clients with operational support and access to investment opportunities in the United States and European securities markets.

Corporate history of FRHC

Reverse Acquisition Transaction

FRHC was originally incorporated in the State of Utah in July 1981. In December 2004 FRHC redomiciled to the State of Nevada. In November 2015, FRHC entered into a reverse acquisition agreement with Timur Turlov changing the entity's name from BMB Munai, Inc. to Freedom Holding Corp. and to acquire from him 100% ownership interests in FFIN Securities, Inc. (now a dormant company), Freedom Finance Europe Limited, and LLC Investment Company Freedom Finance and its wholly owned subsidiary, Freedom Finance JSC. These acquisitions closed in several stages from November 2015 to November 2017 as required audits and regulatory approvals were received.

Legacy Operations

FRHC's legacy brokerage operations were acquired and developed by Timur Turlov. He acquired Beliy Gorod Ltd. in Moscow, Russia, in 2010 and renamed it LLC Investment Company Freedom Finance in 2011. In 2013 LLC Investment Company Freedom Finance acquired Freedom Finance JSC from unrelated third parties. In 2014, Freedom Finance JSC rolled out a branch office network of 14 offices across Kazakhstan and opened 20,000 customer brokerage accounts. Freedom Finance Europe Limited was organized in August 2013 and completed its regulatory licensing in May 2015.

In July 2014, Timur Turlov established Freedom Securities Trading Inc. (formerly FFIN Brokerage Services, Inc.) ("FST Belize"), a corporation registered in and licensed as a broker dealer in Belize, to provide brokerage services to customers seeking to purchase or trade securities in the international securities markets. FST Belize is 100% owned by Timur Turlov and is not part of FRHC's group of companies.

Significant Recent Milestones

- On 26 September 2019 FRHC's shares were approved for listing on Nasdaq and the shares began trading on Nasdaq on 15 October 2019.
- In December 2020 FRHC completed the acquisition of JSC Kassa Nova Bank, a Kazakhstan consumer bank with 10 branch offices across Kazakhstan, which were subsequently renamed Bank Freedom Finance Kazakhstan JSC.
- In December 2020 FRHC completed the acquisition of Freedom Capital Markets, a registered agency-only execution broker-dealer on the floor of the New York Stock Exchange, which represented our initial entry into the U.S. market.
- On 17 May 2022 FRHC completed the acquisition of two insurance companies, Freedom Finance Life JSC and Freedom Finance Insurance JSC. These two companies were 100% controlled by FRHC's chief executive officer, chairman and majority shareholder, Timur Turlov.
- In February 2023 FRHC completed the divestiture of its Russian subsidiaries.

Business lines of FRHC

Securities Brokerage Services

We provide a comprehensive range of securities brokerage services to individuals, businesses and financial institutions. Depending on the region, our brokerage services may include securities trading and margin lending. Customers can establish accounts and conduct securities trading with transaction-based pricing both through on-line tools and at retail locations. We market our brokerage services through a number of channels, including telemarketing, training seminars and investment conferences, print and online advertising using social media, mobile app and search engine optimization activities. We offer full-service retail brokerage services covering a broad array of investment alternatives including exchange-traded and over-the-counter corporate equity and debt securities, money market instruments, derivatives, government bonds, and mutual funds. A substantial portion of our revenue is derived from commissions from customers through accounts with transactionbased pricing. Brokerage commissions are charged on investment products in accordance with a schedule that aligns with local practices. We provide our brokerage customers with access to the U.S. stock markets, and a significant amount of our brokerage business relates to trading in U.S.-exchange listed and OTC securities by our brokerage customers.

A majority of the trades we execute for our brokerage customers are done on an "over the counter" basis with counterparties outside the United States, including institutional market maker customers who hold accounts with us or, previously, with our FST Belize affiliate, from whom we earn commissions. We use the services of third-party U.S.- registered securities broker dealer and clearing firms to execute substantially all of our trades that are executed directly in the U.S. market.

For both individual and institutional brokerage clients, we may enter into arrangements for securities financing transactions in respect of the financial instruments provided by us on behalf of the client or may use such financial instruments for our own account or the account of another client. We maintain omnibus brokerage accounts for certain institutional brokerage clients, in which transactions of the underlying clients of such institutional clients are combined in a single account with us. We may use the assets within the omnibus accounts to finance, lend, provide credit or provide debt financing or otherwise use and direct the order or manner of assets for the financing of other clients of ours.

Retail Brokerage

We offer full-service retail brokerage services covering a broad array of investment alternatives including exchange-traded and over-the-counter corporate equity and debt securities, money market instruments, exchange traded options and futures contracts, government bonds, and mutual funds. A substantial portion of our revenue is derived from commissions from customers through accounts with transaction-based pricing. Brokerage commissions are charged on investment products in accordance with a schedule we have formulated that aligns with local practices. We provide our brokerage customers with access to the U.S. stock markets, and a significant amount of our brokerage business relates to trading in U.S.-exchange listed and OTC securities by our brokerage customers. We use the services of third-party U.S.-registered securities broker dealer and clearing firms to execute substantially all of our trades in the U.S. market.

As of March 31, 2024, 2023 and 2022, respectively, we had approximately 530,000, 370,000 and 250,000 total brokerage customer accounts, of which more than 58%, 56% and 58% had positive cash or asset account balances. As of March 31, 2024, we had approximately 96,000 active accounts, as compared to 52,000 and 53,000 active accounts as of March 31, 2023 and 2022, respectively. As of December 31, 2024, we had approximately 618,455 total brokerage customer accounts and approximately 139,170 active accounts. We define "active accounts" as those from which at least one transaction occurred in the quarter prior to the date of calculation.

Proprietary Trading and Investment Activities

In the normal course of our business, we take securities positions as a market maker and/or principal to facilitate customer transactions and for investment purposes. In market making activities and when trading for our own account, we expose our own capital to the risk of fluctuations in market value. Investment decisions are determined in accordance with internal policies and recommendations of our internal investment committees. The size of our securities positions varies substantially based upon economic and market conditions, allocations of capital, underwriting commitments and trading volume of an individual issuer's securities. Also, the aggregate value of inventories of securities which we may carry is limited by the net capital and capital adequacy rules in effect in the jurisdictions where we conduct business.

Capital Markets/ Investment Banking Services

Our investment banking business consists of investment banking professionals in Kazakhstan, Uzbekistan and the United States who provide strategic advisory services and capital markets products. Our investment banking team focuses on multiple sectors including consumer and business services, energy, financial institutions, real estate, technology, media and communications. In Kazakhstan and Uzbekistan, commercial banks are currently focusing their financing activities on large or state-owned enterprises, and commercial lending sources impose loan structures and debt covenants that preclude many companies from obtaining such lending. This has created growing interest in and demand for our investment banking services in those countries. In the United States, our investment banking activities include, among others, underwriting of debt and equity offerings on both a "best efforts" and a firm commitment basis.

In the equity capital markets area, we provide capital raising solutions for corporate customers through initial public offerings and follow-on offerings, including listings of companies on stock exchanges. We focus on companies in growth industries and participate as market makers in our underwritten securities offerings after the initial placements of shares.

In the debt capital markets area, we offer a range of debt capital markets solutions for emerging growth and small market companies. We focus on structuring and distributing private and public debt for various purposes including buyouts, acquisitions, growth capital financings, and recapitalizations. In addition, we participate in bond financings for both sovereign and corporate issuers in the emerging markets.

Commercial Banking

We offer commercial banking services in Kazakhstan through our Bank Freedom Finance Kazakhstan JSC subsidiary. Prior to the divestment of our Russian subsidiaries, we also offered commercial banking services through a Russian banking subsidiary. We generate banking service fees by providing services that include lending operations, deposit services, money transfers, opening and maintaining correspondent accounts, renting safe deposit boxes, e-commerce money transfer services for legal entities, tender guarantees, and payment card services.

Freedom Box

Freedom Box is a package of payment acquiring services for individual entrepreneurs whereby the entrepreneurs do not need to bring documents to the bank in order obtain the package of services. The package includes an installment plan for clients purchasing the acquiring services, a free POS terminal, an overdraft facility and an entrepreneur's card. After the client applies and is approved for Freedom Box, it can start using Freedom Box online, and the card and POS-terminal will subsequently be delivered. During fiscal 2024, 3,804 clients subscribed to the Freedom Box service package.

Insurance

On 17 May 2022, we acquired two insurance companies in Kazakhstan, a life insurance company Freedom Finance Life JSC, and a direct insurance carrier, excluding life, health and medical, Freedom Finance Insurance JSC. Prior to our acquiring these companies, each was wholly owned by our controlling shareholder, chairman and chief executive officer, Timur Turlov. We acquired these companies from him at the historical cost paid by him plus amounts he has contributed as additional paid in capital since his purchase. These companies were not initially acquired directly by us because at the time they were put on the market for sale by their prior owner they did not have audit reports conforming to U.S. GAAP standards and had not demonstrated sustained profitability. We do not consider the acquisition of these insurance companies to be material in the context of our group as a whole. The purchase price for Freedom Finance Insurance JSC was U.S.$12.4 million and the purchase price for Freedom Finance Life JSC was U.S.$12.1 million.

We believe incorporating the offerings of these insurance companies with our existing brokerage and banking product and service lines, along with our developing fintech ecosystem in Kazakhstan, will allow us to create a significant sustainable competitive advantage in Kazakhstan as an integrated, efficient and convenient single source for financial services.

Freedom Finance Life JSC

Freedom Finance Life JSC was established in 2014 and was acquired by Timur Turlov in 2019. Freedom Finance Life JSC provides a range of health and life insurance products to individuals and businesses, including life insurance, health insurance, annuity insurance, accident insurance, obligatory worker emergency insurance, travel insurance and reinsurance.

As of March 31, 2024, Freedom Life had 387,103 clients and 616,301 active contracts. As of March 31, 2024, Freedom Life had total assets of approximately $372.2 million and total liabilities of approximately $290.2 million. During the fiscal year ended March 31, 2024, Freedom Life experienced a 121% increase in gross insurance premiums written and recognized a net profit of approximately $23.5 million. As of March 31, 2024, Freedom Life's market share in the Kazakhstan life insurance market was 12% based on gross written premiums for life insurance, and it held an approximately 56% market share in the Kazakhstan voluntary life-related accident insurance market, in each case according to the National Bank of Kazakhstan.

Freedom Finance Insurance JSC

Freedom Finance Insurance JSC operates in the "general insurance" industry, was established in 2009 and was acquired by Timur Turlov in 2019. Freedom Finance Insurance JSC is the leader in online insurance in Kazakhstan and offers various general insurance products in property (including automobile), casualty, civil liability, personal insurance and reinsurance. In 2021 Freedom Finance Insurance JSC was recognized by online and print magazine Global Banking & Finance Review as the Best Online Insurance Company Kazakhstan, Best General Insurance Company Kazakhstan and Best Auto Insurance Company Kazakhstan.

Freedom Finance Insurance JSC distributes its products and services through different channels such as the internet, payment terminals and a call center. By utilizing its digital solutions, Freedom Finance Insurance JSC's customers can purchase Freedom Finance Insurance JSC products within five minutes and have a personal account for managing policies.

On 31 March 2023, Freedom Finance Insurance JSC had 320,923 active contracts. As of March 31, 2024, Freedom Insurance had 146,466 clients and 190,872 active contracts. As of March 31, 2024, Freedom Insurance had total assets of approximately $163.1 million and total liabilities of approximately $112.9 million. During the fiscal year ended March 31, 2024, Freedom Insurance had an 84% increase in written insurance premiums received as compared to fiscal 2023 and recognized net profit of approximately $16 million. According to the NBK, as of March 31, 2024, Freedom Insurance had an approximately 7% share of the total Kazakhstan general insurance market based on total assets and had an approximately 3% share of the Kazakhstan car owners liability insurance market based on insurance premiums received. On August 27, 2022, we acquired 100% of JSC Insurance Company "London-Almaty" ("London-Almaty"), a Kazakhstan insurance company, and on December 19, 2022, this company was merged into Freedom Insurance.

Information Technology

FRHC's business model places heavy reliance on information technology to offer customers a seamless digital experience, meet their diverse needs, and ensure stringent adherence to regulatory requirements and information security standards. To support sustainable growth of the Freedom ecosystem, our information technology is focused on continuous development that empowers business users with technology that accelerates the time-to-market for digital products while enhancing predictability. We seek to harmonize technology governance approaches across all of our companies and centralize key IT processes. Our IT strategy is designed to leverage technology as a key driver of success within our group. We are continuously adapting to the rapidly evolving digital landscape and aligning our technological capabilities with the changing needs of our customers and stakeholders. By fostering innovation, enhancing collaboration, and prioritizing business continuity and growth, we aim to establish a strong technological foundation that supports our strategic objectives.

Digital Ecosystem and Product Expansion

Operating under the "Freedom" brand, our comprehensive suite of digital products and services enables our customers to engage in electronic trading and to monitor their accounts. Our flagship online trading platform Freedom Broker is designed for a wide range of investors featuring a comprehensive and user-friendly interface and secure infrastructure. The platform allows users to trade a diverse array of financial instruments, including stocks, options, and ETFs from major global exchanges such as the KASE, AIX, NYSE, Nasdaq, ATHEX, the London Stock Exchange, the Chicago Mercantile Exchange, the Hong Kong Stock Exchange and Deutsche Börse. In addition to trading capabilities, we have expanded our digital solutions to include mortgages, auto loans, and insurance products. We also operate Ticketon Events LLP ("Ticketon"), the largest online ticket sales company in Kazakhstan and Paybox platform, the digital payment aggregator which enables our customers to accept payments from buyers using a wide range of payment methods, including bank cards, online banking, electronic money, and more.

In April 2024, Freedom Bank KZ launched its mobile application, SuperApp, marking a significant milestone in the Kazakhstan financial technology sector. This innovative app consolidates all essential financial services into one platform, offering clients a seamless and convenient way to manage their finances. With SuperApp, clients can easily check their account balances, review transaction histories, make transfers and payments, open and manage deposits, obtain and repay loans, get access to investment, insurance, lifestyle and other products and services. The app also provides real-time portfolio monitoring, along with access to analytical reports and recommendations, empowering users to make well-informed investment decisions. SuperApp's payment services enable users to pay utility and internet bills, mobile phone charges, and other expenses effortlessly. SuperApp not only enhances the user experience but also aligns with our strategic goals. Customer satisfaction is improved through easy access to all banking and investment services in a single app, coupled with an intuitive interface and personalized recommendations.

Going forward, we are prioritizing the further development of our digital fintech ecosystem by integrating our online and mobile brokerage services, banking offerings, insurance products, payment processing systems, and online commercial ticketing services. Our strategic objective is to provide customers with a comprehensive and usercentric digital experience, offering them convenient access to a wide array of financial products and services through a single platform. When achieving our strategic objectives, we rely heavily on information technology and its continuous development and innovation to offer our users a seamless customer interaction, meet their diverse needs, and ensure stringent adherence to regulatory requirements and information security standards. In alignment with our digital fintech ecosystem strategy, we are expanding our business by entering the telecommunications market in Kazakhstan and regional media industry in Central Asia.

We are seeking to establish a new independent telecommunications operator in Kazakhstan to provide a diverse range of telecommunications and telecommunications-related services to customers which may include, among others, high-quality internet connectivity, mobile virtual network operator (MVNO) services, WiFi access, over-the-top (OTT) streaming, internet protocol television (IPTV), traffic transit for operators and cloud solutions, subject to obtaining applicable licenses, acquisitions of telecom assets or entering into partnerships where required. Our new telecommunications business is operated by Freedom Telecom, a wholly-owned subsidiary of Freedom Holding Corp. incorporated under the laws of the AIFC.

Pursuing further development of our telecom business, on September 17, 2024 we completed the acquisition of a 100% interest in SilkNetCom LLP for a purchase price of approximately $23.9 million and on October 17, 2024 we completed the acquisition of a 100% interest in EliteCom LLP for a purchase price of approximately $3.0 million. SilkNetCom LLP is a company specializing in provider services, IT and construction of telecommunications networks in private and public sectors. EliteCom LLP specializes in telecommunications services, including Internet access, telephone services and cable television for individuals (B2C), provision of Internet access services for legal entities (B2B). Our strategy and budget for Freedom Telecom are currently being reassessed and are subject to revisions, which may be material.

During fiscal 2024, we established Freedom Media LLP ("Freedom Media") as a subsidiary of Freedom Telecom that is intended to become a national media platform in Kazakhstan offering tailored streaming services to the Kazakhstan and broader Central Asia markets. This platform is expected to provide unlimited access to a diverse collection of TV shows, movies, documentaries, and exclusive content across multiple genres.

Revenue breakdown by segments of businesses

	Nine months ended December 31, 2024				
STATEMENTS OF OPERATIONS (USD thousands)	**Brokerage**	**Banking**	**Insurance**	**Other**	**Total**
Fee and commission income	327,283	13,592	147	38,954	379,976
Net gain/(loss) on trading securities	31,874	69,616	7,053	(2,764)	105,779
Interest income	188,465	423,271	45,342	3,938	661,016
Insurance underwriting income	0	0	467,224	0	467,224
Net gain/(loss) on FX operations	9,722	(35,882)	3,696	40,977	18,513
Net gain/(loss) on derivative	2,409	28,241	0	41	30,691
Other income/(expense)	3,291	243	(193)	20,265	23,606
TOTAL REVENUE, NET	**563,044**	**499,081**	**523,269**	**101,411**	**1,686,805**

	Year ended 31 March 2024				
STATEMENTS OF OPERATIONS (USD thousands)	**Brokerage**	**Banking**	**Insurance**	**Other**	**Total**
Fee and commission income	352,481	26,236	296	61,320	440,333
Net gain/(loss) on trading securities	33,483	87,459	14,114	(1,202)	133,854
Interest income	233,858	524,596	63,676	6,094	828,224
Insurance underwriting income	0	0	264,218	0	264,218
Net gain/(loss) on FX operations	(852)	78,174	(1,306)	(3,771)	72,245
Net gain/(loss) on derivative	(2,019)	(101,805)	0	30	(103,794)
TOTAL REVENUE, NET	**616,951**	**614,660**	**340,998**	**62,471**	**1,635,080**

	Year ended 31 March 2023				
STATEMENTS OF OPERATIONS (USD thousands)	**Brokerage**	**Banking**	**Insurance**	**Other**	**Total**
Fee and commission income	299,070	18,208	128	9,809	327,215
Net gain/(loss) on trading securities	20,736	55,437	16,063	(21,152)	71,084
Interest income	64,654	177,561	41,007	11,473	294,695
Insurance underwriting income	0	0	115,371	0	115,371
Net gain/(loss) on FX operations	(347)	59,190	(1,846)	(4,843)	52,154
Net gain/(loss) on derivative	463	(65,291)	0	2	(64,826)
TOTAL REVENUE, NET	**384,576**	**245,105**	**170,723**	**(4,711)**	**795,693**

Regulatory oversight

We operate in highly regulated industries across several legal jurisdictions. The securities, banking, payment services and insurance business activities of our subsidiaries are subject to extensive regulation and oversight by the stock exchanges, central/national banks, governmental and self-regulatory authorities in the foreign jurisdictions where we conduct business activities. We expect that the regulatory environment will continue to raise standards and impose new regulations with which we will be required to comply in a timely manner.

We operate under various securities, banking and insurance licenses and must maintain our licenses in order to conduct our operations. As of 31 March 2023, we, through our subsidiaries, held: brokerage licenses in Kazakhstan issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the "ARDFM") and the Astana Financial Services Authority (the "AFSA"), in Cyprus issued by the Cyprus Securities and Exchange Commission ("CySEC"), in the United States issued by FINRA, in Armenia issued by the Central Bank of Armenia, and in Uzbekistan issued by the Ministry of Finance of the Republic of Uzbekistan; a foreign currency operations license in Kazakhstan issued by the ARDFM; a banking license in Kazakhstan issued by the ARDFM; insurance licenses (general and life) in Kazakhstan issued by the ARDFM; and payment services licenses in Kazakhstan, Uzbekistan and Kyrgyzstan.

We spend considerable resources in our general efforts to comply with the various regulations to which we are subject, and we expect this burden to continue in the future.

Competition

We face intense competition in each of the markets where we offer our services. We compete with international, regional and local brokerage, banking, and financial services firms that offer an array of financial products and services. The brokerage and financial service firms which we currently regard as our principal competitors include: Halyk Finance, BCC Invest and First Heartland Securities in Kazakhstan; and eToro and Interactive Brokers in Europe. We consider Bank Freedom Finance Kazakhstan JSC's principal banking competitors to be Halyk Bank, Kaspi Bank and Bank CenterCredit. In the United States, we expect to compete with, among others, Needham & Company, Craig-Hallum Capital Group and Oppenheimer & Co.

Many of the firms with which we compete are larger, provide additional and more diversified services and products, provide access to more international markets, and have greater technical and financial resources. We leverage competitive advantages we have developed, including our extensive experience in providing investors in our core markets with access to the U.S. and European securities markets, our ability to deliver high quality analytical information and our focus on providing convenient, high tech user-friendly access to our services and the markets. We have also been an active participant in various privatization programs, which has allowed us to develop expertise and a prominent reputation in the public placement of securities of local issuers in the regions where we operate.

2.2. Risk factors

The main activity of the FFSPC is raising funds through issuing and placing bonds for the sole purpose of financing loans in favor of the parent company FRHC. The risks and uncertainties described in the risk factors below relate to the activities of the FRHC.

Risks Related to our Business and Operations

Our relatively limited operational history has coincided with sustained market growth, which may not be predictive of future operating results.

Our legacy brokerage operations were merged into our holding company, which is a Nevada-incorporated company, in several stages between November 2015 and 2017, and we have grown rapidly over the last several years. For example, our total revenue, net (after presenting our former Russian subsidiaries as discontinued operations) was $689.8 million for the fiscal year ended March 31, 2022, $795.7 million for the fiscal year ended March 31, 2023 and $1,635.1 million for the fiscal year ended March 31, 2024. Although we have sustained growth over several years, our operational life has been relatively limited compared to longer-term market and macroeconomic cycles. Our operating history has coincided with a period of general growth in the U.S. equity markets, as well as growth in the financial services and technology industries in which we operate. We therefore have not experienced any prolonged downturn or slowdown in macroeconomic or industry growth or any significant downturn in U.S. equity markets and cannot assure that we will be able to respond effectively to any such downturn or slowdown in the future. In addition, our results have been positively affected by net gains on trading securities, primarily driven by increases in market prices of Kazakhstan sovereign and quasi-sovereign debt securities held in our proprietary portfolio. As such, our recent growth should not be considered indicative of our future performance. Further, as a result of the limited operating history of FRHC in its current form, and our rapid growth during sustained favorable market and economic conditions, we have limited financial data that can be used to evaluate our future prospects, which subjects us to a number of uncertainties, including our ability to plan for, model and manage future growth and risks.

We may not be able to manage our growth effectively.

We have experienced recent rapid growth in our business over a short period. Our number of total retail brokerage customer accounts increased from approximately 250,000 as of March 31, 2022 to approximately 530,000 as of March 31, 2024. Our total number of employees increased from 3,421 employees as of March 31, 2022 to 6,197 employees as of March 31, 2024. Our total assets increased by 157% to $8.3 billion as of March 31, 2024 from $3.2 billion as of March 31, 2022. In addition, we have made a number of recent significant acquisitions, including the acquisitions of Freedom Bank KZ and PrimeEx in December 2020, and Freedom Life and Freedom Insurance in May 2022. For the fiscal year ended March 31, 2024 we have also made several acquisitions, including the acquisitions of Aviata LLP ("Aviata") and Internet-Tourism LLP ("Internet Tourism") in April 2023, Arbuz in May 2023, and ReKassa in July 2023. In addition, in November 2023, our Board of Directors approved a plan to expand our business by entering the telecommunications market in Kazakhstan through our Freedom Telecom subsidiary, pursuant to our strategy to build a digital fintech ecosystem. Also in furtherance of our strategy to build a digital fintech ecosystem, on January 25, 2024, Freedom Telecom established a subsidiary, Freedom Media, for the purposes of providing media content to customers in Kazakhstan. There can be no assurance that we will be able to achieve a positive return on the investment we make in the general expansion of our business. Moreover, our overall growth has required and will continue to require significant allocation of capital and management resources, further development of our financial, internal controls and information technology systems, continued upgrading and streamlining of our risk management systems and additional training and recruitment of management and other key personnel. At the same time, we must maintain a consistent level of client services and current operations to avoid loss of business or damage to our reputation. If we fail to adequately manage growth, such failure may have a material adverse effect on our business, results of operations, financial condition and cash flows.

We anticipate that acquisitions will continue to play a key role in our growth strategy, but we may be unable to identify, acquire, complete or integrate acquisition targets successfully.

Acquisitions have been, and continue to be, a significant component of our growth strategy. However, there can be no assurance that we will be able to continue to grow our business through acquisitions as we have done historically, that businesses acquired will perform in accordance with our expectations or that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove to be correct. We will continue to analyze and evaluate the acquisition of strategic businesses or product lines with the potential to strengthen our industry position, expand our customer base or enhance our existing service offerings. There is no assurance that we will identify or successfully complete transactions with suitable acquisition candidates in the future, nor is there assurance that completed acquisitions will be successful. In addition, there are substantial risks associated with acquisitions and expansion into new business areas, including risks that (i) our unfamiliarity with new lines of business may adversely affect the success of such acquisitions, (ii) revenue from such activities might not be sufficient to offset the development, regulatory and other implementation costs, (iii) competing products and services and shifting market preferences might affect the profitability of such activities, and (iv) our internal controls might be inadequate to manage the risks associated with new activities. There is also substantial cost and time expended to complete post-closing integration of acquisitions, including human resource training, data and technology systems and operational processes. We may also incur potential dilution of our brand, assumption of known and unknown liabilities, indemnities and potential disputes with the sellers. Any such difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits and/or synergies of any such acquisition or investment.

We have engaged in related party transactions and arrangements, which exposes us to a number of risks.

We have engaged in related party transactions and arrangements, in particular with companies controlled by our Chief Executive Officer Timur Turlov, and we expect to continue to do so from time to time going forward. For example, from the time of our establishment through March 2024, we engaged in a significant volume of transactions with our FST Belize affiliate through its omnibus account arrangement with our Freedom EU subsidiary. In fiscal 2024, 2023 and 2022 respectively, approximately 14%, 60% and 82% of our fee and commission income was derived from transactions with FST Belize. As of March 31, 2024, we had terminated our omnibus brokerage relationship with FST Belize. In addition to our transactions with FST Belize, we have also engaged in other related party transactions and arrangements. For example, we have continuing involvement with an affiliated company, the microfinance organization Freedom Finance Credit, through the purchase and sale of right of claims of retail loans. Our entry into related party transactions and arrangements subjects us to certain risks. In particular, related party transactions are generally regarded as increasing the risk of misstatements or omissions in financial reporting, the risk of transactions being done on other than arm's length terms due to the close ties between the parties involved and the risk of regulatory non-compliance. In addition, the large extent of our related party transactions in the past with FST Belize could have an adverse effect on our relationships with applicable regulators and on our reputation.

Competition in the markets in which we operate may result in a decrease in our market share and/or profitability.

We face intense competition in each of the markets where we offer our services. We compete with international, regional and local brokerage, banking, and financial services firms that offer an array of financial products and services. Many of the firms with which we currently compete, or will compete in the future, are larger, provide additional and more diversified services and products, provide access to more international markets, and have greater technical and financial resources. In addition, as part of our strategy to enter the telecommunications and media markets in Kazakhstan, we will compete with various telecommunications operators and other participants in the telecommunications market and with various media providers, respectively. Our competition in the telecommunications area will relate to attracting and retaining customers as well as obtaining licenses and entering into partnerships. If we fail to compete effectively with other firms and participants in any of the markets in which we operate, or with potential new entrants to such markets, this could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We plan to incur losses in our new telecommunications and media businesses.

Our recently established telecommunications subsidiary, Freedom Telecom, is currently expected to be loss-making for the first several years of its operations, based on assumptions included in our current financial model. Such losses, and increased debt service costs associated with funding the implementation of the strategic plan, will have an adverse effect on our consolidated net income in the relevant periods. Our strategy and budget for Freedom Telecom are currently being reassessed and are subject to revisions, which may be material. In addition, we currently project that our recently established Freedom Media subsidiary will incur losses in the calendar years from 2024 to 2026 with profitability forecasted to commence from the 2027 calendar year onwards, based on assumptions included in our financial model.

We may be unable to implement our digital fintech ecosystem strategy successfully.

A component of our business strategy is to build a digital fintech ecosystem through which our products and services can be provided to our customers. Our ability to execute this strategy could be affected by a number of factors, including but not limited to, the factors described in our annual report on Form 10-K for the fiscal year ended March 31, 2023. There are substantial risks associated with our efforts to build a digital fintech ecosystem, including risks that (i) our unfamiliarity with new lines of business may adversely affect the success of such actions, (ii) revenue from such activities might not be sufficient to offset the development, regulatory and other implementation costs, (iii) competing products and services and shifting market preferences might affect the profitability of such activities and (iv) our internal controls might be inadequate to manage the risks associated with new activities. If any such expansions into new product markets are not successful, there could be a material adverse effect on our business and results of operations. In particular, we can give no assurance as to our future ability to successfully implement our telecommunications strategy in Kazakhstan in a timely fashion or on profitable terms. Our ability to do so will depend on, among other things, our ability to construct a backbone network, obtain frequency licenses or enter into partnerships with incumbent operators and acquire smaller companies in the sector. Our ability to accomplish our goals in this business area on schedule and within budget, achieve our revenue targets or realize acceptable returns, is subject to a number of risks as a result of factors over which we have no control, including the need for regulatory approvals, the availability of equipment and labor, equipment breakdowns or accidents, adverse weather conditions, social unrest, unforeseen or uncontrollable cost increases and other risks associated with the deployment of new telecommunications infrastructure. We can give no assurance as to the commercial viability of our planned backbone network or our ability to overcome any obstacles we may encounter during their construction or to complete them, or as to our ability to finance our capital expenditures in connection with their establishment. Our ability to operate our telecommunications business, once established, successfully and profitability will also depend on a number of factors, many of which are beyond our control. Similarly, we can give no assurance as to our future ability to establish a media business in Kazakhstan in a timely fashion or on profitable terms. Given the various risks to which we are exposed and the uncertainties inherent in the relevant business areas, we cannot guarantee the successful execution of our digital fintech ecosystem strategy. Additionally, the implementation of this strategy may put operational strain on our business and consume management time and focus to the detriment of our existing business operations. If we do not meet our strategic objectives or achieve the initially expected results, we may be unable to recover our investments, which may have a material adverse effect on our business, financial condition and results of operations. Furthermore, the cost of certain online and technology investments, including any operating losses incurred, could adversely impact on our financial performance in the short term and failure to realize the benefits of these investments may adversely impact our financial performance over the long term.

We could suffer significant losses from credit exposure.

We are exposed to credit risk through our products and assets, such as loans issued, marginal lending, derivatives, debt securities, reverse repurchase agreements, and trading account assets. A decline in the financial condition of our borrowers, brokerage clients, counterparties, or the assets securing these products could negatively impact our financial standing, operational performance and cash flows.

Our loan portfolio may be impacted by global, regional and local macroeconomic and market dynamics, including prolonged weakness in GDP, reductions in consumer spending, decreases in property values or market corrections, growing levels of consumer debt, rising or high unemployment rates, changes in foreign exchange or interest rates, widespread health crises or pandemics, severe weather conditions, and the effects of climate change. Economic or market stresses generally have negative effect on the business landscape and financial markets. Decreases in property values or market adjustments may increase the likelihood of borrowers or counterparties failing to meet their obligations to us, potentially leading to an increase in credit losses.

The main share of our customer loan portfolio is represented by digital mortgage loans issued within the framework of state support programs, funded from the funds of quasi state organizations. We participate in the government mortgage program in which the Kazakhstan government provides funding in the amount of approved mortgages and buys out the mortgages after disbursement with a recourse to the bank in case of default by a borrower. We mitigate our credit risk exposure in this case by our security interest in the financed real estate property. As such, significant rate of mortgage defaults in Kazakhstan could adversely affect our banking operations and the ultimate success of our digital mortgage product.

We reserve for potential credit losses in the future by recording a provision for credit losses through our earnings. This includes the allowance for credit losses based on management's estimates of current expected credit losses over the life of the respective credit exposures. These estimates are based on a review of past events, current conditions, and reasonable forecasts of future economic situations that might influence the recoverability of our loans. Our approach to determining these allowances involves both quantitative methods and a qualitative framework. Within this framework, management uses its judgment to evaluate internal and external risk factors. However, such judgments are inherently subject to the risk of misjudging these factors or misestimating their effects. We cannot guarantee that charge-offs related to our credit exposures will not happen in the future. Market and economic changes could lead to higher default and delinquency rates, adversely affecting our loan portfolio's quality and potentially resulting in higher charge-offs. While our estimates account for current conditions and anticipated changes during the portfolio's lifetime, actual outcomes could be worse than expected, significantly impacting our financial results, condition and cash flows.

We extend margin loans to our brokerage customers. As of March 31, 2024, we had margin lending receivables in the amount of approximately $1.7 billion and $376.3 million as of March 31, 2023. When we purchase securities on margin, enter into securities repurchase agreements or trade options or futures, we are subject to the risk that we, or our customers, may default on those obligations when the value of the securities and cash in our own proprietary or in the customers' accounts falls below the amount of the indebtedness. Abrupt changes in securities valuations and the failure to meet margin calls could result in substantial financial losses. Margin loans are collateralized by cash and securities in the customers' accounts. The risks associated with margin credit increase during periods of fast market movements, or in cases where collateral is concentrated and market movements occur. During such times, customers who utilize margin loans and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of a liquidation. We are also exposed to credit risk when our customers execute transactions, such as short sales of equities that can expose them to risk beyond their invested capital. Because we indemnify and hold harmless our clearing houses and counterparties from certain liabilities or claims, the use of margin loans and short sales may expose us to significant off-balance-sheet risk in the event that collateral requirements are not sufficient to fully cover losses that customers may incur and those customers fail to satisfy their obligations. The amount of risk to which we are exposed from the margin lending we extend to our customers and from short sale transactions by our customers is potentially unlimited and not quantifiable as the risk is dependent upon analysis of a potential significant and undeterminable increase or fall in stock prices. As a matter of practice, we enforce real-time margin compliance monitoring and liquidate customers' positions if their equity falls below established margin requirements.

Our clearing operations also require a commitment of our capital and, despite safeguards implemented through both manual and automated controls, involve risks of losses due to the potential failure of our customers or counterparties to perform their obligations under these transactions If our customers default on their obligations, including failing to pay for securities purchased, deliver securities sold, we remain financially liable for such obligations, and although these obligations are collateralized, we are subject to market risk in the liquidation of customer collateral to satisfy those obligations. While we have established systems and processes designed to manage risks related to our clearing and execution services, we face a risk that such systems and processes might be inadequate. Any liability arising from clearing and margin operations could have an adverse effect on our business, financial condition, results of operations and cash flows.

Furthermore, we have exposure to credit risk associated with our proprietary investments. We rely on the use of credit arrangements as a significant component of our trading strategy. Our investments are subject to price fluctuations as a result of changes in the financial markets' assessment of credit quality. Loss in securities value can negatively affect our financial performance and earnings if our management determines that such securities are other-than-temporarily-impaired ("OTTI"). The evaluation of whether OTTI exists is a matter of judgment, which includes the assessment of several factors. If our management determines that a security is OTTI, the cost basis of the security may be adjusted, and a corresponding loss may be recognized in current earnings. Deterioration in the value of securities held in our proprietary portfolio could result in the recognition of future impairment charges. Even if a security is not considered OTTI, if we were forced to sell the security sooner than intended, we may have to recognize an unrealized loss at that time.

While we have policies and procedures designed to manage credit risk, the policies and procedures may not be fully effective to protect us against the risk of loss.

Our revenues are concentrated in certain customers and products, which may materially adversely affect our business, results of operations, financial condition and cash flows.

We have derived a significant portion of our fee and commission income from trading activity of certain institutional market maker customers with whom we internalize the execution of trades of our customers. Prior to the end of fiscal 2024, we had such an arrangement indirectly with an institutional market maker customer of our affiliate FST Belize, and since approximately the end of fiscal 2023 we have had such an arrangement directly with an institutional market maker customer of our Freedom Global subsidiary. We receive a commission from such institutional market maker customers for executing their trades, and in the past we earned such commissions indirectly through commissions we received from FST Belize. For the years ended March 31, 2024 and March 31, 2023 we earned fee and commission income from the market maker customer at our Freedom Global subsidiary in an amount of $196.7 million and $24.3 million representing 12% and 7% of our total fee and commission income for fiscal 2024 and 2023, and we earned interest income from margin loans to customers from such customer in an amount of approximately $100 million, representing 6% of our total interest income from margin loans to customers for fiscal 2024. For fiscal 2024, 2023 and 2022, approximately 14%, 60% and 82% of our fee and commission income from our affiliate FST Belize, respectively, and we understand that the majority of such fee and commission income was attributable to execution of trades of a market maker institution with an account at FST Belize. In addition, approximately 93%, 91% and 82% of our trading income in the fiscal years ended March 31, 2024, 2023 and 2022, respectively, was derived from interest income on Kazakhstan government or quasi-government debt securities. These concentrations of our revenues means that our success financial condition is, in part, dependent on the continuation or increase of our revenues from these particular sources. There can be no assurance that our business, results of operations and financial condition will not be adversely affected by changes to, or the termination of, our relationships with, market maker institutions with whom we conduct a substantial amount of business or adverse developments with regard to the debt securities from which we have derived a substantial amount of trading income.

Risks related to our business relationships with third-party broker-dealers, clearing firms and market makers could result in reduced profitability, increased compliance costs, regulatory violations and negative publicity.

A significant amount of our brokerage business relates to trading in U.S.-listed securities by our brokerage customers. Our PrimeEx subsidiary in the United States is not a licensed clearing firm. When executing trades directly in the U.S. market, we rely on the services of a limited number of third-party U.S.-registered securities broker dealer and clearing firms. We also routinely evaluate opportunities to establish relationships with other U.S.-registered securities broker-dealer and clearing firms. While part of our strategy is to consider acquiring an ownership interest in a self-clearing company in the United States in the future on an opportunistic basis in order to provide us additional access to the U.S. stock markets, there can be no assurance that we will ultimately do so. Damage to or the loss of our relationships with the U.S. registered securities broker-dealer and clearing firm on which we currently rely could impair our ability to continue to provide our customers access to the U.S. markets at the volumes and in the manner they are accustomed to and could result in higher transaction costs for us or our customers, any of which could have a material adverse impact on our business, results of operations, financial condition and cash flows.

A majority of the trades we execute for our brokerage customers are done on an "over-the-counter" basis with counterparties outside the United States, including institutional market makers who hold accounts with us or, previously, with our FST Belize affiliate. Such market maker customers may engage in various trading strategies, including short positions. We earn fee and commission income from such market maker customers for executing their trades. This revenue is sensitive to and dependent on trading volumes and therefore tends to decline during periods in which we experience decreased levels of trading generally. Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace might continue to tighten spreads on transactions, which could also lead to a decrease in our commissions earned from such market maker customers.

Practices involving arrangements with market makers for order flow have drawn heightened scrutiny from the U.S. Congress, the SEC, U.S. state regulators, regulators in the European Union and other regulatory and legislative authorities. Our competitors may adopt different business practices that could affect our market position. Any negative publicity surrounding practices involving arrangements of the type we utilize with market maker customers generally, or our implementation of these practices, could harm our brand and reputation. If our customers or potential customers believe that they might get better execution quality (including better price improvement) directly from stock exchanges or from our competitors that have different execution arrangements, or if our customers perceive our arrangements with our market maker customers to create a conflict of interest between us and them, or if they begin to disfavor the specific market maker customers with which we do business due to. among other things, any negative media attention regarding our arrangements, they might come to have an adverse view of our business model and might decide to limit or cease the use of our platform. Some customers might prefer to invest through our competitors that do not engage in these arrangements or engage in them differently than do we. Any such loss of customer engagement as a result of any negative publicity associated with our market maker customer arrangements could adversely affect our business, financial condition, results of operations and cash flows.

We are subject to potential losses as a result of our clearing and execution activities.

We provide clearing and execution services for our securities brokerage business. Clearing and execution services include the confirmation, receipt, settlement and delivery functions involved in securities transactions. Clearing brokers also assume direct responsibility for the possession or control of customer securities and other assets, the clearing of customer securities transactions and lending money to customers on margin. Self-clearing securities firms are subject to substantially more regulatory control and examination than introducing brokers that rely on others to perform clearing functions. Errors in performing clearing functions, including clerical and other errors related to the handling of funds and securities on behalf of customers, could lead to (i) civil penalties, as well as losses and liability as a result of related lawsuits brought by customers and others and any out-of-pocket costs associated with remediating customers for losses, and (ii) the risk of fines or other actions by regulators.

A breakdown or interruption in our operational systems or processes may adversely affect our reputation, customers, clients, business activities, operational outcomes, and financial stability.

FRHC faces potential operational risk exposure internally and through our interactions and dependencies on third parties and the infrastructure of the financial services industry. The performance of our operational and security systems, such as computer systems, technologies, data management, and internal processes, along with those belonging to third parties, is crucial. Additionally, we depend on our employees and third parties for routine and ongoing operations. Human errors, misconduct (including fraud), wrongdoing, or failures or breaches in systems or infrastructure by these parties can lead to disruptions within FRHC and increase our exposure to operational and regulatory risks.

Our ability to meet our obligations, and the cost of funds to do so, depend on our ability to access identified sources of liquidity at a reasonable cost.

Liquidity risk is the risk that we will not be able to meet our obligations, including financial commitments, as they come due. This risk is inherent in our operations and can be heightened by a number of factors, including an over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. We fund ourselves principally by issuing long-term debt instruments, from deposits at our bank subsidiary, by issuing hybrid financial instruments, by entering into repurchase agreements and from cash flow from operations.

The proportion of our funding represented by customer deposits has been increasing, and we intend for this proportion to continue to increase going forward as part of our funding strategy. We obtain deposits directly from retail and commercial customers and through brokerage firms that offer our deposit products to their customers. However, customer deposits are subject to fluctuation due to certain factors outside our control, such as increasing competitive pressures for retail or corporate customer deposits, changes in interest rates and returns on other investment classes, or a loss of confidence by customers in us or in the banking sector generally, any of which could result in a significant outflow of deposits within a short period of time. To the extent there is heightened competition among Kazakh banks for retail customer deposits, this competition may increase the cost of procuring new deposits and/or retaining existing deposits, and otherwise negatively affect our ability to grow our deposit base. An inability to grow, or any material decrease in, our deposits could have a material adverse effect on our ability to satisfy our liquidity needs.

Maintaining a diverse and appropriate funding strategy for our assets consistent with our wider strategic risk appetite and plan remains challenging, and any tightening of credit markets could have a material adverse impact on us. In particular, there is a risk that corporate and financial institution counterparties may seek to reduce their credit exposures to banks and other financial institutions, which may cause funding from these sources to no longer be available. Under these circumstances, we may need to seek funds from alternative sources, potentially at higher costs than has previously been the case, or may be required to consider disposals of other assets not previously identified for disposal, in order to reduce our funding commitments. Widening credit spreads, as well as significant declines in the availability of credit, have in the past adversely affected our ability to borrow on a secured and unsecured basis and may do so in the future. If our available funding is limited or we are forced to fund our operations at a higher cost, these conditions may require us to curtail our business activities and increase our cost of funding, either of which could reduce our profitability, particularly in our businesses that involve investing, lending and market making.

We may need to raise additional capital, and we cannot be sure that additional financing will be available or available on attractive terms.

To satisfy or refinance existing obligations, support the development of our business, adapt to changing business conditions or carry out our growth strategy through acquisitions, we may require additional cash resources. If our existing resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain other borrowings, and we cannot be certain that such additional financing would be available on terms acceptable to us or at all. The sale of additional equity securities could result in dilution to our stockholders, and additional indebtedness would result in increased debt service costs and obligations and could impose operating and financial covenants that would further restrict our operations.

Reductions in our credit ratings or an increase in our credit spreads could adversely affect our business, liquidity and cost of funding.

On August 24, 2023, S&P Global Ratings placed the ratings of Freedom Holding Corp., Freedom KZ, Freedom Europe, Freedom Global and Freedom Bank KZ on CreditWatch with negative implications. Reasons provided by S&P Global Ratings for the CreditWatch designation included the risk that certain disclosures in the FRHC's annual report and recently published allegations by a third party could lead to a loss of critical counterparties and potentially weaken the FRHC's franchise. On October 31, 2023, S&P Global Ratings removed the ratings of FRHC and its core subsidiaries from CreditWatch on the basis that the immediate fallout from the allegations published by a third party was relatively contained, and it affirmed the long-term credit rating of Freedom Holding Corp. at the "B-" level and long-term and short-term credit ratings of Freedom Finance JSC, Freedom Finance Europe Ltd., Freedom Finance Global PLC and Freedom Finance Kazakhstan Bank JSC at the "B/B" level. The ratings of Freedom KZ and Freedom Bank KZ on the national scale were confirmed at the level of "kzBB+", and S&P Global Ratings revised the outlook on Freedom Holding Corp. and its core subsidiaries to negative. A negative outlook means that the rating agency may revise the rating to a lower level during its next rating action, which may negatively affect our cost of funding and access to liquidity.

Freedom Life has a long-term issuer credit and financial strength rating of of "BB" (negative outlook) and a rating on the Kazakhstan national scale of "kzA+", and Freedom Insurance has a "B+" rating (positive outlook) and "kzBBB+" Kazakhstan national scale rating, in each case from Standard & Poor's. These ratings were affirmed by Standard & Poor's on December 8, 2023.

Reductions in our credit ratings may adversely affect both our ability to obtain long-term funding and our credit spreads and resulting cost of such funding. Our cost of obtaining long-term unsecured funding is directly related to our credit spreads (the amount in excess of the interest rate of benchmark securities that we need to pay). Increases in our credit spreads can significantly increase our cost of this funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. In addition, decreases in the credit rating of Freedom KZ, or FRHC as its owner, may affect Freedom KZ's brokerage license and impose certain requirements on Freedom Holding Corp. as its owner with respect to Freedom KZ's investment portfolio management capacity. Decreases in the credit rating of Freedom Bank KZ may also impose certain requirements on Freedom Holding Corp. as its owner with regard to its regulatory status as a bank holding company in Kazakhstan.

Our investments expose us to a significant risk of capital loss.

We use a significant portion of our capital to engage in a variety of investment activities for our own account, as well as in our exchange-based market making activities. As of March 31, 2024, our assets included $3.7 billion of trading securities, approximately 30.1% of which consisted of corporate debt securities and approximately 65.3% of which consisted of non-U.S. sovereign debt securities. We have relied on leverage, including by entering into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions, to increase the size of our proprietary securities portfolio. As a result, we may face risks of illiquidity, loss of principal and revaluation of assets. The companies in which we invest may concentrate on markets which are or may be disproportionately impacted by pressures in the sectors on which they focus, and their existing business operations or investment strategies may not perform as projected. As a result, we may suffer losses from our investment activities. Our proprietary portfolio is concentrated in the sovereign debt instruments of a few non-U.S. countries and debt and equities of a number of companies. A consequence of this investment strategy is that our investment returns could be materially and adversely affected if these investments do not perform as anticipated or if the market performs differently than we forecast. Moreover, because we rely on leverage in our portfolio, when an investment does not perform within the time horizon we project, we face the risk of either having to close the position at a time when the market price or liquidity might be unfavorable, or extending financing arrangements beyond the time frame initially anticipated, which can result in paying higher financing costs than projected. If a significant investment such as this fails to perform as anticipated our return on investment, liquidity, cash flow, financial condition and results of operations could be materially negatively affected, and the magnitude of the loss could be significant.

Substantially all of our investing and market-making positions are marked-to-market on a daily basis, and declines in asset values directly and immediately impact our earnings. Although we may take measures to manage market risk, such as employing position limits, hedging and using quantitative risk measures, we may incur significant losses from our trading activities due to leverage, market fluctuations, currency fluctuations and volatility. To the extent that we own assets, i.e., have long positions, a downturn in the value of those assets or markets could result in losses. Conversely, to the extent we have sold assets we do not own, i.e., have short positions, an upturn in those markets could expose us to potentially large losses as we attempt to cover our short positions by acquiring assets in a rising market. We cannot give assurance that our investing and marketmaking strategies will be effective in all situations or that those activities will always be profitable. For example, an increase in interest rates, a general decline in debt or equity markets, an inability to properly and cost effectively hedge, economic slowdowns, delays in timing of anticipated events, an inability to identify and engage suitable counterparties, or other market conditions adverse to entities or investments of the type in which we invest or for which we make markets, or other world events, such as wars, including the RussiaUkraine conflict, natural disasters or the outbreak of a pandemic such as Covid-19, could result in a decline in the value of our investments. Additionally, changes in existing laws, rules or regulations, or judicial or administrative interpretations thereof, or new laws, rules or regulations could have an adverse impact on our investments.

We may suffer significant loss from changes in the KASE's requirements related to the discount coefficients on the securities in securities repurchase transactions.

As part of our investment activities, both as an intermediary between borrowers and lenders and on a proprietary basis, we raise funds through repurchase transactions on the KASE. Our short-term financing is primarily obtained through securities repurchase arrangements. As of March 31, 2024, $2.8 billion, or 75%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations. The securities we pledge as collateral under repurchase agreements are liquid trading securities with market quotes and significant trading volume.

Depending on the reliability of the instrument used to secure the repurchase transaction, the KASE has established the size of the discount for securities. The discount is a decreasing coefficient that sets the maximum borrowing amount for repurchase transactions in relation to each individual instrument. In the event of unexpected changes in the terms of the discount, we may incur financial losses associated with the need to sell securities to cover liquidity at a cost disadvantageous to us, or due to the need to borrow necessary funds at higher rates.

Our risk management framework may not be effective in mitigating risks and/or losses to us.

Our risk management framework is designed to identify, assess, and mitigate risks across our operations, including credit, market, liquidity, operational, IT, cybersecurity, legal, regulatory, reputational and ESG risks. We cannot guarantee that our risk management framework will always be effective, as unforeseen circumstances or misjudgments could arise. If our framework fails to address a particular risk effectively, we could face losses that would negatively impact our business, financial position, and prospects. Regulatory bodies in the jurisdictions where we operate might also impose adverse consequences.

Our modeling and assumptions used in assessing risks in our business may differ materially from actual results.

We use modeling and forecasts to estimate exposures, loss trends and other risks, and to assist us in decision-making related to underwriting, pricing, capital allocation, and other issues associated with our businesses. Our models and forecasts are subject to various unverifiable assumptions, uncertainties, model design errors, complexities and inherent limitations, including those arising from the use of historical internal, industry, and unverified, third-party-provided data and assumptions. If, based upon these models, forecasts or other factors, we misprice our products or fail to correctly estimate the associated risks, our business, results of operations, financial condition and cash flows may be materially adversely affected.

We also establish and monitor underwriting guidelines and an approval process for assessing and addressing risks and their limits; however, we cannot assure that the assumptions our guidelines and limits are based on, or the analysis of those assumptions, are correct or will accurately reflect future results. As a result, we cannot assure that these guidelines and approval process will be effective in mitigating our underwriting risks.

In our insurance business, we may not be able to obtain reinsurance at required levels or prices, or otherwise collect on reinsurance, which could increase our exposure or limit our ability to write new policies.

The availability and cost of reinsurance are dependent on market conditions beyond our control. As a result, reinsurance may not be continuously available to us to the extent and on the terms we require to write new business. If we cannot obtain reinsurance or purchase reinsurance at acceptable prices, we would have to either accept an increase in our exposure, or reduce our insurance exposure by limiting writing new policies that we think necessitate reinsurance protections, either of which could have a materially adverse effect on our insurance businesses.

Further, our reinsurance programs have counterparty risk that may result in uncollectible claims. Collectability from reinsurers is subject to factors such as whether reinsurers have the financial capacity to make payments, whether insured losses meet the conditions of the reinsurance contract, and whether the reinsurer otherwise disputes coverage. Our inability to recover from reinsurers, for any reason, could have a material effect on our results of operations, financial condition, cash flows and business prospects.

We are dependent on our executive management team, particularly Timur Turlov, and our ability to hire and retain skilled personnel.

We depend on the efforts, skills, reputations and business contacts of our executive management team, in particular Timur Turlov, and the management teams of our subsidiaries. These individuals have made significant contributions to our success and we believe our success moving forward depends, to a significant extent, on the experience of these individuals, whose continued service is not guaranteed. If certain individuals leave or are otherwise no longer available to us for any reason, we may not be able to replace them with comparable capable personnel. Due to Mr. Turlov's importance to FRHC, we would be materially adversely affected if Mr. Turlov ceased to actively participate in the management of our business or left FRHC entirely. We do not hold "key man" life insurance on Mr. Turlov or any of our other officers or directors.

In addition to the importance of Mr. Turlov and other executive management in our continued growth and success, we are dependent, in part, on our continued ability to hire, adequately train and retain skilled employees. The pool of experienced and qualified employee candidates is limited in some of the geographical areas where we conduct business, and competition for skilled employees can be significant. Additionally, we rely on experienced managerial, marketing and support personnel to effectively manage and operate our business. If we do not succeed in engaging and retaining skilled employees and other personnel or if we experience a loss of such personnel, we may be unable to meet our objectives and, as a result, our business may suffer.

Extraordinary events beyond our control could negatively impact our business.

Our business and operations could be seriously disrupted and our reputation could be harmed, by events or contributing factors that are wholly or partially beyond our control. The occurrence of such extraordinary events, including the emergence of pandemics or other widespread health emergency (or concerns over the possibility of such an emergency); persistent or recurring endemics; political discord and civil unrest; terrorist attacks; cyber attacks; war and armed conflict (including but not limited to the RussiaUkraine conflict); extreme weather events or other natural disasters; failure of, or loss of access to, technology or operational systems, including any resulting loss of critical data; power, telecommunications or internet outages; or shutdowns of mass transit, could create, and in the cases of Covid-19, civil unrest in Kazakhstan in January 2022, and the Russia-Ukraine conflict, have created, and may continue to create, economic, governmental and financial disruptions, and could lead to operational difficulties (including shutdowns of our offices, quarantine, shelter in place and travel limitations) that could impair our ability to operate our business.

Possible future pandemics may impact the global economy, global financial markets and our business, financial condition, results of operations and cash flows.

The Covid-19 pandemic created financial disruption and impacted the economies of every country in which we operate. Although financial markets have rebounded from the significant declines experienced during the Covid-19 outbreak, signs of underlying economic weakness persist, including elevated levels of market volatility, high unemployment, lack of consumer confidence, depressed levels of business activity in certain sectors, and increased cybersecurity, information security and operational risks resulting from expansion of remote work.

We believe that the interventions from banks and governments in response to the Covid-19 pandemic and the increase in the amount of time people spent at home during the pandemic led to an increase in the opening of investment accounts and investing in securities worldwide. The increased levels of customer activity combined with greater market volatility led to significant growth in our customer accounts, trading volume, fee and commission income, gains in our proprietary trading and net income during the fiscal year ended March 31, 2022. These effects are no longer applicable following the relative return to pre-Covid-19 operating conditions.

If Covid-19 or another highly infectious or contagious disease continues to spread, if the response to contain it is unsuccessful, or if there are adverse changes in political conditions or social unrest as a result of the response, we could experience adverse effects on our business, financial condition, liquidity, results of operations and cash flows.

Our financial results depend on interest rate volatility.

Fluctuations in interest rates can impact our earnings. Declines in interest rates can have a detrimental effect on the interest we earn. An increase in interest rates could negatively impact us if we hold securities that have an inverse relationship with interest rates or where market conditions or the competitive environment induces us to raise our interest rates or replace deposits with higher cost funding sources without offsetting increases in yields on interest-earning assets.

To reduce the negative impact of sanctions and other actions related to the Russia-Ukraine conflict on the Kazakhstan economy, the NBK raised the base rate from 10.25% to 16.75% per annum. The base rate was increased to produce an increase in deposit rates to levels needed to compensate for increased depreciation and inflation risks. This was needed to support financial and price stability and protect the savings of Kazakhstan citizens from depreciation. Russia similarly raised interest rates during this period. The rate increases contributed to a significant net loss on our trading securities, largely due to the revaluation of our bond positions. Despite the fact that since then the NBK decreased the base rate to 14.75% per annum, there always remains a possibility of further interest rate hikes in the future which could have negative effects on our earnings.

We are exposed to foreign currency fluctuation risks.

Because our business is conducted in multiple countries, we face exposure to movements in foreign currency exchange rates. This exposure may change over time as business practices evolve and can have a material impact on our financial statements. Our functional currency is the U.S. dollar. The functional currencies of our subsidiaries include the Kazakhstan tenge, the Euro, the Ukrainian hryvnia, the Uzbekistan sum, the Kyrgyzstan som, the Azerbaijan manat, the Armenian dram, the British pound sterling and the United Arab Emirates dirham. For financial reporting purposes, those currencies are translated into U.S. dollars as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. As the value of the functional currencies of our subsidiaries weakens against the U.S. dollar, we may realize losses arising as a result of translating such foreign currencies to U.S. dollars. Conversely, as the value of the U.S. dollar weakens against the functional currencies of our subsidiaries, we may realize gains arising as a result of currency translation.

Fluctuations in currency exchange rates have had, and will continue to have, an impact on our results of operations. For example, the countrywide unrest in Kazakhstan in January 2022 and again following the onset of the Russia-Ukraine conflict the government of Kazakhstan imposed rules that included strict restrictions on currency operations between residents and non-residents. Such rules may be imposed when the applicable regulator believes there exists a serious threat to the stability of payment balances, the foreign currency market or economic security and can have a significant impact on currency rate fluctuation.

Damage to our reputation could harm our business.

Maintaining our reputation is critical to attracting and maintaining customers, investors, and employees. If we fail to address, or appear to fail to address, issues that may give increase to reputational risk, we could significantly harm our business. These issues may include, but are not limited to, any of the risks described in this clause 2.2 "Risk factors", including but not limited to legal and regulatory requirements and actions, measures to prevent money laundering, terrorist financing and sanctions violations and management of risks in relation to related party transactions and arrangements. Adverse developments could impair our reputation and materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to the Global Political, Regulatory and Economic Environment

Our business and operations may be materially adversely affected by the ongoing Russia-Ukraine conflict.

Historically, a large portion of our brokerage business was attributable to securities trading by individuals and qualifying institutions in Russia. Although we divested our Russian subsidiaries in February 2023, and we are actively seeking to decrease the amount of our clients located in Russia, the brokerage and banking customers of our non-US subsidiaries continue to include non-sanctioned Russian persons. As a result, we continue to have exposure to Russia, which poses continuing challenges for our business and operations.

Although neither FRHC nor any of its group companies is the subject of any sanctions imposed by the United States, the European Union or the United Kingdom, and we have divested our Russian subsidiaries, the effects of the Russia-Ukraine conflict could adversely impact our business. For example, given Kazakhstan's extensive historical business ties with Russia, we are exposed to the risk that secondary sanctions could be imposed on participants in the financial sector in Kazakhstan. There is a similar risk that existing international sanctions and countersanctions measures that limit the ability of Russian persons to engage in securities activities in certain securities may be expanded in a manner that curtails our ability to provide brokerage services to such customers through our non-Russian subsidiaries. The effects of the Russia-Ukraine conflict could also limit our ability to, or make it difficult for us to, enter into agreements with certain counterparties. The materialization of any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and stock price.

Sanctions imposed by Ukraine on our Chief Executive Officer and our former Ukrainian subsidiary could have a material adverse effect on us.

On October 19, 2022, Timur Turlov, our former Ukrainian subsidiary Freedom UA (which has been deconsolidated from our financial statements starting from the first quarter of fiscal 2024 due to the uncertainty of our ability to control it) and our two former Russian subsidiaries (which Russian subsidiaries have since been divested) were included on the National Security and Defense Council of Ukraine sanctions list, which included more than 2,500 companies and individuals. In connection with these sanctions, the operations of our former Ukrainian subsidiary were suspended. We believe that the inclusion of Mr. Turlov and these subsidiaries on the list was due to perceived connections with Russia. While we believe the inclusion of Mr. Turlov and our former Ukrainian subsidiary on the list is not justified and we have been actively appealing the decision, there can be no assurance as to when they will be removed from the list, if at all. While our former Ukrainian subsidiary is not material in the context of our overall group, the inclusion of Mr. Turlov and our former Ukrainian subsidiary on this list could materially adversely affect our relationships with counterparties and regulators in other jurisdictions and as a result could restrict our ability to conduct our business and carry out our business strategy. In addition, because we have a significant number of Ukrainian brokerage customers that are served by our non-Ukrainian subsidiaries, the existing sanctions imposed by Ukraine or any expansion of such sanctions could adversely affect our brokerage business.

Non-compliance with U.S., EU, UK, Russian or other sanctions programs could adversely impact FRHC.

We are committed to compliance with all applicable economic sanctions, including those related to the Russia-Ukraine conflict. U.S. economic sanctions include prohibitions that are generally administered and enforced by OFAC. With the exception of OFAC's Iran and Cuba sanctions programs these prohibitions apply to U.S. persons, including companies organized under the laws of the United States and their overseas branches (such sanctions applicable to U.S. persons are generally referred to as "primary" sanctions) but do not apply to non-U.S. subsidiaries of U.S. persons unless the relevant transactions have a nexus with the United States. U.S. economic sanctions also include "secondary" sanctions that make certain activities of non-U.S. persons sanctionable under U.S. statutes such as the Countering America's Adversaries Through Sanctions Act (CAATSA) or the U.S. President's executive orders. These sanctions are administered by OFAC and/or the U.S. Department of State. We require all of our group companies to fully comply with all U.S. primary sanctions that are applicable to them and/or to transactions with a U.S. nexus in which they are involved. In addition, where sanctions do not apply to particular transactions or activities due to a lack of a nexus to the jurisdiction that imposed the relevant sanctions, our subsidiaries aim to refrain from any conduct that could create exposure to secondary sanctions, taking into account potential conflicting law issues given that certain of these subsidiaries operate in highly-regulated industries in which a disregard of local law requirements results in regulatory and litigation risk.

Because FRHC is a U.S.-domiciled holding company that operates through its subsidiaries, we are obliged to comply with Ukraine-Russia conflict related sanctions imposed by the United States, but those sanctions do not apply to the fully independent activities of our non-U.S. subsidiaries where there is no U.S. nexus. If, however, it were determined that Freedom Holding Corp. facilitated activities of its subsidiaries that are prohibited under U.S. sanctions, Freedom Holding Corp. could be subject to civil or criminal penalties under OFAC regulations. In addition, non-U.S. companies that cause U.S. companies to violate OFAC regulations may be subject to enforcement action and thereby the imposition of civil or criminal penalties. This could occur, for example, if one of our non-U.S. subsidiaries were to process a U.S. dollar transaction involving sanctioned securities through the U.S. financial system. The risk of noncompliance may arise in connection with international transactions conducted in U.S. dollars, transfers to or from U.S. bank accounts, or dealings with U.S. broker-dealers.

We maintain omnibus brokerage accounts for several institutional clients. The order flow from these accounts represents transactions of customers of the relevant institutions, which are executed by the relevant institutions through their omnibus accounts with us. While we have agreements with such customers in which they have agreed to comply with sanctions laws, and to grant us access to its customer records for purposes of compliance monitoring upon our request, we do not have direct access to such institutional customers' own customer check systems. While based on the procedures we have performed we believe that the beneficial owners who are the beneficiaries of trades being carried out through such omnibus accounts are not sanctioned persons, because we do not have such direct access we cannot provide assurance that this is the case.

In the event that we believe or have reason to believe that our employees, agents or independent contractors have or may have caused us or any of our subsidiaries to violate applicable economic sanctions laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which could be costly and require significant time and attention from senior management. Non-compliance with these laws may result in criminal or civil penalties, which could disrupt our business and result in a material adverse effect on our financial condition, results of operations, and cash flows and cause significant brand or reputational damage.

Sanctions are subject to rapid change, and it is also possible that new sanctions programs could be established, or secondary sanctions could be imposed, by the U.S. or other jurisdictions without warning in relation to the Russia-Ukraine conflict. The extent of current sanctions measures, not all of which are fully aligned across jurisdictions, further increases operational complexity for our business and increases the risk of making errors in managing day-to-day business activities within the rapidly evolving sanctions environment.

We are monitoring closely the developing sanctions environment, including Russian countersanctions, and utilizing dedicated corporate governance structures and inhouse and outside advisors as and when required to ensure our continued compliance. However, we cannot assure that we can remain in compliance with all sanctions and countersanctions.

Emerging markets, such as many of the markets in which we operate, are subject to greater risks than more mature markets, including significant political, economic and legal risks.

Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved. Investors in emerging markets should be aware that these markets are subject to greater risk than more mature markets, including in some cases significant political, economic and legal risks, including:

- difficulties in enforcing legal rights;
- corruption in certain countries;
- economic volatility and sustained economic downturns;
- restrictive changes in securities brokerage, financial services and banking laws;
- differing and sometimes conflicting legal and regulatory regimes;
- unpredictable, uncertain and potentially adverse changes to tax regimes;
- difficulties in developing, staffing, and simultaneously managing a number of international operations;
- risks related to government regulation;
- uncertain protection and enforcement of our intellectual property rights;
- uncertain and changing judicial and regulatory environments and requirements;
- currency exchange rate fluctuations and currency exchange controls;
- procuring adequate insurance; and
- political or social unrest, including domestic protests such as occurred in Kazakhstan in January 2022 and international conflicts, such as the Russia-Ukraine conflict.

Emerging market governments and judiciaries often exercise broad, unchecked discretion and are susceptible to abuse and corruption. Investors should also note that emerging economies such as Kazakhstan are subject to rapid change and that the information set out herein may become outdated relatively quickly. Moreover, financial, political or social turmoil in any emerging market country can disrupt the local securities markets.

The economies of Kazakhstan and other countries in which we operate are vulnerable to external shocks and fluctuations in the global economy.

Shocks and fluctuations to the global economy may adversely impact Kazakhstan and the other emerging market countries in which we operate. We estimate that, for fiscal 2024, approximately 89% of our total revenue and most of our total net income was attributable to our operations in Kazakhstan, and as of March 31, 2024, approximately 81% of our total assets were attributable to our operations in Kazakhstan. The economic resilience of Kazakhstan has been tested by global financial shifts and political events, impacting its growth trajectory. Particularly, the Covid-19 pandemic led to a significant downturn in 2020, exacerbated by a sharp decline in oil prices. Although there was a subsequent recovery, the economy's growth rates have been inconsistent, influenced by external challenges such as reduced oil production and supply chain disruptions, partly from the ongoing Russia-Ukraine conflict. Kazakhstan's heavy reliance on its oil and gas sector, despite diversification efforts, underscores the economy's vulnerability. CPC is the main oil export route (at least two thirds of total oil exports), which runs from fields in the west of the country to a terminal near the Russian port of Novorossiysk. Even though Kazakhstan is undertaking efforts to diversify its oil export routes through the Transcaspian International Transport Route (TITR), the CPC will continue to play a major role in the transportation of Kazakhstan's oil. The Russia-Ukraine conflict may cause damages to the Russian port that can lead to a decrease of oil exports for Kazakhstan.

Changes in both the global and domestic environment have resulted in, among other things, lower liquidity levels across the banking sector, tighter credit conditions for Kazakhstan companies generally and fluctuating global demand for, and instability in, the price of crude oil and other commodities and downward pressure on the tenge. For example, the tenge depreciated significantly relative to the U.S. dollar in 2018 mainly due to significant deterioration of external factors, such as depreciation of the Russian ruble and the decrease in crude oil prices (starting from October 2018) due to increased oil reserves and oil production by principal exporters. The tenge depreciated relative to the U.S. dollar by 10.4% in 2020 primarily due to a sharp fall in oil prices caused by the Covid-19 pandemic. As a result of the onset of the Russia-Ukraine conflict, the tenge depreciated by 8.0% relative to the U.S. dollar during the quarter ended March 31, 2022. However, during fiscal 2024 the value of the tenge largely stabilized and appreciated by approximately 4% against the U.S. dollar.

Kazakhstan and other countries remain vulnerable to external shocks and the economic performance of their trading partners. A significant decline in economic growth in the EU or in any of a country's other major trading partners, including Russia (whether or not resulting from international sanctions), could have a material adverse effect on such country's balance of trade and adversely affect its economic growth.

Weaknesses in the global economy, or a future external economic crisis, may have a negative effect on economies or investors' confidence in the markets where we operate. Such developments could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Kazakhstan's economy is vulnerable to internal political and social unrest.

The countrywide unrest in Kazakhstan that occurred in January 2022 resulted in major interruptions to Kazakhstan's financial market. As a result of shutdowns (or restrictions on access to) the internet and the state of emergency declared by the president of Kazakhstan, our Kazakhstan subsidiaries, along with other financial institutions in Kazakhstan, were unable to conduct operations or operated with limited functionality during the unrest. We are currently exploring the possibility of obtaining alternative ways to access the internet in the case of such emergency situations and to eliminate or mitigate the consequences of losing access to the internet. This event also resulted in significant changes to the Kazakhstan government and reshuffling of government officials, which could in turn result in future impacts to the financial markets in Kazakhstan, including possible amendments to legislation that may limit or make it more difficult or expensive to conduct our operations or make our services less attractive to our customers.

Risks Related to Legal and Regulatory Matters

We are subject to extensive regulation, and the failure to comply with laws and regulations could subject us to monetary penalties or sanctions.

Our business is subject to extensive government regulation, licensing and oversight in multiple jurisdictions. Laws, regulations and rules or other obligations to which we are subject include but are not limited to those concerning securities brokerage, retail and commercial banking, insurance services, payment services, securities trading, underwriting and market-making, granting of credit, deposit taking, margin lending, foreign currency exchange, data protection and privacy, cross-border and domestic money transmission, cybersecurity, fraud detection, antitrust and competition, consumer protection, U.S. and non-U.S. sanctions regimes, anti-money laundering and counter-terrorist financing. Our Prime Executions subsidiary is a broker-dealer and investment adviser registered with the SEC and is primarily regulated by FINRA.

As we introduce new products and services and expand existing product and service offerings we may become subject to additional regulations, restrictions, licensing requirements and related regulatory oversight.

Compliance with many of the regulations applicable to us involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. Many of the requirements imposed by these regulations are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. New regulations may result in enhanced standards of duty on our subsidiaries in their dealings with their clients. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements, including those relating to principal trading.

We have implemented policies and procedures designed to ensure compliance with applicable laws and regulations. Notwithstanding these measures, it is possible that our employees, contractors, and agents could nevertheless breach such laws and regulations. We may be subject to legal claims from our customers and counterparties, as well as regulatory actions brought against us by the regulators, self-regulatory agencies and supervisory authorities that oversee and regulate the industries in which we operate.

From time to time, we have been, and in the future may be, subject to investigations, audits, inspections and subpoenas, as well as regulatory proceedings and fines and penalties brought by regulators. We are subject to regulation from numerous regulators, which include, but are not limited to, the NBK, the AFSA, the ARDFM, CySEC and the SEC. We have received various inquiries and formal requests for information on various matters from certain regulators, with which we have cooperated and will continue to do so. If we are found to have violated any applicable laws, rules or regulations, formal administrative or judicial proceedings may be initiated against us that may result in censure, fine, civil or criminal penalties. For example, on February 13, 2023, following an elective audit of Freedom Bank KZ commenced by the ARDFM in June 2022, the ARDFM issued an order providing that Freedom Bank KZ violated a number of banking laws and regulations. In connection with such order, Freedom Bank KZ developed and implemented a remediation plan, the completion of which was confirmed on April 10, 2024. We could also experience negative publicity and reputational damage as a result of future lawsuits, claims or regulatory actions. Any of the foregoing could, individually or in the aggregate, adversely affect our business, results of operations, financial condition and cash flows.

Financial services firms have been subject to increased regulatory scrutiny increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions.

Firms in the financial services industry have been operating in an onerous regulatory environment. The industry has experienced increased scrutiny from a variety of regulators, including the SEC and FINRA in the United States, U.S. state regulators and regulators in non-U.S. jurisdictions. Penalties and fines sought by regulatory authorities have increased substantially. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many different aspects of financial services, including, but not limited to, the authority to fine us and to grant, cancel, restrict or otherwise impose conditions on the right to continue operating particular businesses. Increasingly, regulators have instituted a practice of "regulation by enforcement" where new interpretations of existing regulations are introduced by bringing enforcement actions against securities firms for activities that occurred in the past but were not then thought to be problematic. We also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations (e.g., FINRA) that supervise the financial markets. Substantial legal liability or significant regulatory action taken against us could have a material adverse effect on our business prospects including our cash position.

As a U.S. public company listed on Nasdaq we have substantial regulatory reporting obligations.

We are subject to extensive corporate governance, reporting and accounting disclosure requirements under U.S. securities laws and regulations of the SEC. These laws, as well as the listing standards of Nasdaq, impose certain compliance requirements, costs and obligations on listed companies. This requires a significant commitment of resources and management oversight. The expenses associated with being a public company include auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees, registrar and transfer agent fees and listing fees, as well as other expenses.

Failure to comply with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") or the Dodd-Frank Wall Street Reform and Consumer Protection Act could potentially subject us to sanctions or investigations by the SEC or other regulatory, exchange or market authorities, and related penalties, fines and litigation.

We are subject to risks related to anti-corruption laws in effect in the United States and the non-U.S. jurisdictions where we conduct business.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA") and similar non-U.S. anti-corruption laws that generally prohibit companies and their intermediaries from making improper payments or providing anything of value to influence foreign government officials for the purpose of obtaining or retaining business or obtaining an unfair advantage.

Recent years have seen a substantial increase in the global enforcement of anti-corruption laws, with more frequent voluntary self-disclosures by companies, aggressive investigations and enforcement proceedings, resulting in record fines and penalties, increased enforcement activity, and increases in criminal and civil proceedings brought against companies and individuals.

We operate through subsidiaries in Kazakhstan, Kyrgyzstan, Uzbekistan, Azerbaijan, Armenia, Turkey, the EU, the UAE, the U.S., Germany, and Cyprus including representative offices of our Cyprus broker in Austria, Bulgaria, Greece, France, Spain, Italy, Poland and Netherlands. Enforcement officials generally interpret anti-corruption laws to prohibit, among other things, improper payments to government officials such as those of the ARDFM, the NBK, AFSA, CySEC, FINRA, the Federal Financial Supervisory Authority of Germany ("BaFIN"), the National Agency for Prospective Projects (NAPP) in Uzbekistan and the National Commission on Securities and Stock Market of Ukraine, which are the principal regulatory bodies that control and monitor our operations in the respective countries in which we operate. Our internal policies and those of our subsidiaries provide for training and compliance with all applicable anti-corruption laws and regulations. Despite our training and compliance programs, it is possible that our employees, agents or independent contractors may cause us or a subsidiary to violate applicable laws. In the event that we believe or have reason to believe that our employees, agents or independent contractors have or may have caused us or a subsidiary to violate applicable anti-corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be costly and require significant time and attention from senior management. Non-compliance with these laws may result in criminal or civil penalties, which could result in a material adverse effect on our business, financial condition, result of operations and cash flows.

A failure by our subsidiaries to meet capital adequacy and liquidity requirements could affect our operations, financial condition and cash flows.

As a condition to maintaining our licenses to conduct brokerage, insurance and banking activities, some of our subsidiaries must meet ongoing capital and liquidity standards, which are subject to evolving rules and qualitative judgments by government regulators regarding the adequacy of their capital and internal assessment of their capital needs. These net capital rules may limit the ability of each subsidiary to transfer capital to us. New regulatory capital, liquidity, and stress testing requirements may limit or otherwise restrict how each subsidiary utilizes its capital and may require us to increase our capital and/or liquidity or to limit our growth. Failure by our subsidiaries to meet minimum capital requirements could result in certain mandatory and additional discretionary actions by regulators that, if undertaken, could adversely affect the licenses of our subsidiaries, as well as our business, financial condition, results of operations, and cash flows.

The countries in which we operate have changing regulatory regimes, regulatory policies, and interpretations.

The countries in which we operate have differing, and sometimes conflicting, regulatory regimes governing the delivery of financial services in each country, the transfer of funds to and from such countries, and other aspects of the broker-dealer, finance, investment, banking, and insurance industries. In some jurisdictions where we operate, these provisions were promulgated during changing political circumstances, are continuing to change and may be relatively untested, particularly insofar as they apply to foreign investments by residents of various countries.

Therefore, there may exist little or no administrative or enforcement history or established practice that can aid us in evaluating how the regulatory regimes may impact our operations or our customers. It is possible that governmental policies will change or that new laws and regulations, administrative practices or policies, or interpretations of existing laws and regulations including those governing capital, liquidity, leverage, long-term debt, margin requirements, restrictions on leveraged lending or other business practices, reporting requirements and tax burdens will materially and adversely affect our activities in one or more of the countries where we operate. Further, since the history and practice of industry regulation is limited in a number of jurisdictions where we operate, our activities may be particularly vulnerable to the decisions and positions of individuals, who may change, be subject to external pressures, or administer policies inconsistently. Internal bureaucratic politics may have unpredictable and negative consequences. If we fail to develop and maintain good working relationships with local regulators, or a local regulator determines that we have violated local laws in a particular market it could negatively impact our businesses in that market and our reputation generally.

Our revenue and profitability could be affected by changes to rules and regulations that impact the business and financial sectors generally, including changes to the laws governing foreign ownership, electronic commerce, customer privacy and security of customer data. In addition, changes to laws, rules and regulations or changes in the enforcement of existing laws, rules or regulations, could:

- limit the lines of business we conduct;
- require us to reduce our ownership stake in a subsidiary;
- compel us to terminate certain lines of business in affected jurisdictions;
- require us to reduce our investment position in a particular instrument;
- result in material cost increases including our cost of capital;
- otherwise adversely affect our ability to compete effectively with other institutions that are not similarly impacted;
- require us to modify existing business practices;
- force us to relocate operations or personnel;
- require us to invest significant management attention and resources and legal costs to evaluate and make necessary changes to our compliance, risk management, treasury and operations functions;
- make it uneconomical for us to provide certain services in particular countries; and
- influence how we manage our capital and liquidity.

Our measures to prevent money laundering and terrorist financing violations may not be completely effective.

Notwithstanding the anti-money-laundering ("AML") regulations that are in place in Kazakhstan, the EU, the U.S. and other jurisdictions in which we operate, we are subject to the risk that our subsidiaries that are financial institutions could be used as vehicles for money laundering.

Minimum standards and duties according to the anti-money laundering legislation in Kazakhstan, Cyprus, the EU, the U.S. and other jurisdictions where we operate include customer identification, analysis of the customer's economic profile, record keeping, suspicious activity reporting, employee training, an audit function and designation of a compliance officer. Suspicious transactions must be reported on a daily basis to the relevant authorities. We comply with applicable anti-money-laundering and anti-terrorist-financing laws and regulations. Our anti-money-laundering measures are based on relevant legislation. For example, Kazakhstan is a member of the Eurasian Group (an Associate Member of the FATF) and has enacted laws and regulations to combat money laundering, terrorist financing and other financial crimes. We have procedures and documents aimed at preventing money laundering and financing of terrorist activities, including a general anti-money-laundering policy, employee training, the designation of a compliance officer, internal control procedures that include a refusal policy whereby we may refuse to conduct business with suspicious entities or individuals and rules on counteracting money laundering and financing of individuals and legal entities engaged in terrorist activities. In the case of suspicious transactions, internal suspicion reports (ISRs) are submitted to the local compliance departments for initial internal investigation. In the case of confirmed suspicious transactions, such transactions are reported immediately to the relevant local financial intelligence unit (FIU). We believe that we fully comply with the reporting requirements under applicable legislation related to money laundering or terrorist financing. However, there can be no assurance that third parties will not attempt to use us as a conduit for money laundering or terrorist financing without our knowledge, nor that the measures described above will be completely effective. Any technical or other breaches of the anti-money laundering laws and regulations by us could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Due to the omnibus brokerage accounts we maintain for certain institutional brokerage clients, penalties and other enforcement actions could be brought against us under relevant AML/CTF laws due to breaches by those clients of those laws and regulation and similar laws despite the fact that we have no direct control over the activities or policies of such clients. The order flow from these accounts represents transactions of underlying customers of the relevant institutions, which are executed by the relevant institutions through their omnibus accounts with us. While we have agreements with such institutional clients in which they have agreed to comply with AML/CTF controls that are applicable to brokers in the U.S. and EU, and we test their frameworks and systems by regular risk-based sampling and have access to their underlying customer records for purposes of compliance monitoring, because we do not have direct access to such institutional clients' underlying customers or screening systems, we cannot provide assurance that the beneficial owners who are the beneficiaries of trades being carried out through such omnibus accounts are conducting trades in compliance with applicable AML/CTF laws.

If we violate securities laws, or are involved in litigation in connection with a violation, our reputation and results of operations may be adversely affected.

Many aspects of our business involve substantial risks of liability. In our underwriting business, we are exposed to substantial liability under U.S. federal, state and non-U.S. securities laws, other U.S. federal and state and non-U.S. laws, and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for material misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. Our underwriting activities will usually involve offerings of the securities of smaller companies, which often involve a higher degree of risk and are more volatile than the securities of more established companies. In comparison with more established companies, smaller companies are also more likely to be the subject of securities class actions, to carry directors and officers liability insurance policies with lower limits or not at all, and to become insolvent. In addition, in market downturns, claims tend to increase. Each of these factors increases the likelihood that an underwriter may be required to contribute to an adverse judgment or settlement of a securities lawsuit.

We are subject to risks related to potential litigation.

We may be subject to legal claims from our customers and counterparties, employment-related claims and other claims. We could experience negative publicity and reputational damage as a result of lawsuits or claims, in addition to potential significant costs incurred to defend ourselves or settle claims and judgments. Any of the foregoing could have a material adverse impact on our business, financial condition results of operations and cash flows.

Risks Related to Information Technology and Cybersecurity

Our operations are highly dependent on the continued and proper functioning of our information technology systems.

Our brokerage, financial services and banking businesses are highly dependent on processing, on a daily basis, a large number of communications and increasingly complex transactions across diverse markets, in various languages. These communications and transactions are accomplished primarily through electronic information technology systems ("IT") that are comprised of a wide array of computer systems, software, server and network hardware, internet connectivity and underlying infrastructure that enable them to function. The financial, accounting, or other data processing systems we or the firms that clear transactions on behalf of our customers use may fail to operate properly, become disabled, or otherwise become unavailable, as a result of events that are wholly or partially beyond our control. Events causing failures of our systems may include a disruption of electrical, communications, internet or other infrastructure, or related services, or our inability to access or use one or more of our facilities, as a result of any number of occurrences, including, but not limited to, the outbreak of a pandemic such as Covid-19, social unrest such as occurred in Kazakhstan in January 2022, or armed conflict such as the Russia-Ukraine conflict. For example, during the transition from the calendar year 2022 to the calendar year 2023, Freedom Bank KZ experienced a technical failure in processing transactions on its MultiInvest cards, as a result of which it incurred losses of approximately $3 million. After the error was identified, measures were taken to rectify the issue and provide for timely synchronization of the balances going forward.

In particular, our "Tradernet" electronic trading platform is proprietary technology that plays a key role in both our customers' use of our services and for other important aspects of our business. Errors, failures, delays, interruptions, disruptions, vulnerabilities, bugs, incompatibility, obsolescence, or similar issues with Tradernet, or the software or systems upon which Tradernet relies for its functionality, however caused, could result in business disruptions, financial loss, reputational damage, and other adverse impacts on our business.

Other businesses we currently operate, or that we will establish in the future pursuant to our digital fintech ecosystem strategy, including our planned telecommunications and media businesses, will also be highly dependent on the proper functioning of IT systems and related technology.

If any of our systems do not operate properly or are disabled or otherwise unavailable, or if there are other shortcomings or failures in our internal processes, personnel, or systems related to the electronic communications and functionality our operations depend on, we could suffer impairment to our liquidity, financial loss, a disruption of business, liability to customers, regulatory intervention, or reputational damage. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our business operations.

We interact with large volumes of sensitive data that exposes us to IT breach and other data security risks and liabilities.

Our operations rely on the secure processing, storage, and transmission of confidential, personal, financial and other information in our computer systems and networks. In particular, our ability to operate our business, and specifically our electronic trading platform, Tradernet, depends on our ability to protect the computer systems, networks and databases that we operate and use from unauthorized intrusions of third parties, including cyber attacks. Our computer systems, software, and networks may be vulnerable to unauthorized access, computer viruses, spyware or other malicious code, and other evolving cybersecurity threats.

The occurrence of one or more of these events could: (a) jeopardize confidential and other information processed by, stored in, and transmitted through our computer systems and networks or the computer systems and networks of our customers or other third parties with whom we conduct business; or (b) otherwise cause interruptions or malfunctions in our operations or the operations of our customers or third parties with whom we conduct business. In addition, new and expanding data privacy laws and regulations (such as described in clause 2.1 "Actual and proposed business activities" under "Regulatory oversight") are, or soon will be, in effect in many of the jurisdictions where we conduct business. These pose increasingly complex compliance challenges, which may increase compliance costs, and compliance failures could result in significant fines, penalties and liability.

We have previously experienced cybersecurity incidents which breached our information systems, but these were contained by our response teams and generated negligible impacts. There is also a possibility that we are not currently aware of certain undisclosed vulnerabilities in our IT systems and other assets. There is an increased likelihood that escalation of tensions from the Russia-Ukraine conflict could result in cyber attacks that could either directly or indirectly impact our operations. Although our subsidiaries have implemented cybersecurity strategies for mitigating these risks, we cannot be sure that our network and information technology systems will not be subject to such issues, or, if they are, that we will be able to maintain the integrity of our customers' and employees' data or that malware or other technical or operational issues will not disrupt our network or systems and cause significant harm to our operations. If our services are affected by attacks or malware and this degrades our services, our products and services may be perceived as being vulnerable to cyber risk and the integrity of our data protection systems may be questioned. As a result, users and customers may curtail or stop using our products and services, and we might incur reputational damage, litigation exposure, regulatory fines, penalties, reimbursement or other compensatory costs.

As of the date of this report, most of our employees have returned to working on site rather than remotely, which we believe lessens the overall IT risks associated with widespread remote work. However, possible outbreaks or other events occur in the future, we may again be required to move a significant portion of our workforce to working remotely. We continue use risk management and contingency plans and other precautions designed to address the heightened risk of cybersecurity breaches resulting from a significant remote work force. However, we cannot assure that such measures will continue to adequately protect our business in the event of future transitions of our workforce to remote working, as remote working environments may be less secure and more susceptible to IT and cybersecurity threats.

The infrastructure on which our IT systems depend is subject to events that could interrupt our ability to operate.

The infrastructure upon which our operations and IT systems depend, including electrical communications and internet, and transportation and other services, are vulnerable to damage or disruptions from events outside our control, including natural disasters, military conflicts, power, telecommunications and internet unavailability or outages, terrorist acts, riots, government shutdown orders, changes in government regulation, equipment or system failures or an inability to access or operate such equipment or systems, human error or intentional wrongdoings, cyber attacks or any other types of information technology security threats.

In addition, as we operate in emerging markets which may have an increased threat of terrorism, military conflict, social unrest or governmental interference with infrastructure, which could result in property damage, business interruption and damage to our brand or reputation. The local authorities may order our subsidiaries to temporarily shut down their entire networks or part or all of our networks may be shut down due to actions relating to military conflicts, social unrest or a nationwide strike. For example, during the social unrest in Kazakhstan that occurred in January 2022, the Kazakhstan government temporarily shut down access to the internet in the country, which resulted in severance of internal communications within our Kazakhstan subsidiaries.

Because we have employees in a number of locations in Kazakhstan, Uzbekistan, Kyrgyzstan, Turkey, Azerbaijan, Germany, Spain, Greece, France, Poland, Bulgaria, Austria, Italy, Netherlands, Belgium, Armenia, the UAE, the UK, the U.S. and Cyprus, all of whom need to work and communicate as an integrated team, the functionality of the infrastructure affects our ability to conduct business. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our customers may suffer. While we have contingency plans in place to address such issues, these plans may not always be deployed successfully or be sufficiently adequate to fully offset the impacts of such disruptions. We do not maintain insurance policies to mitigate these risks because such insurance may not be available or may be more expensive than the perceived benefit. Further, any insurance that we may purchase to mitigate certain risks may not cover all losses.

In addition, the computers and data centers that process our trades and payments are located in the same locale. If a catastrophic event were to occur at such a locale it may result in permanent data loss. More generally, substantial property and equipment loss, and disruption in operations as well as any defects in our systems or those of third parties or other difficulties could expose us to liability and materially adversely impact our business, financial condition, results of operations and cash flows. In addition, any outage or disruptive efforts could adversely impact our reputation and other aspects of our business.

Failure or compromise of third-party systems operations or security could adversely affect our business and expose us to data breaches and cyber attacks.

We rely on certain third-party computer systems or third-party service providers, including clearing systems, other broker-dealers, exchange systems, banking systems, internet service, co-location facilities, communications facilities and other facilities. Any interruption in these third-party services, or deterioration in their performance, could be disruptive to our business. If our arrangement with any third-party is terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In particular, funds invested by our customers in securities of U.S. companies are transmitted by us to U.S. registered securities broker-dealer and clearing firms. Funds from the sale of securities are transmitted from such U.S. registered securities broker-dealer and clearing firms back to us through international banking electronic transfers, which can experience clerical and administrative mistakes, be subject to technical interruption, be delayed, or otherwise fail to work as planned. We do not have any control over these funds transfers. Failures or substantial delays in funds transfers could impair our customer relationships. Damage to or the loss of our relationships with these U.S. registered securities broker-dealer and clearing firms could also impair our ability to continue to offer such services to our customers which could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Our success also depends on the continued availability, development and maintenance of the internet infrastructure globally and particularly in the countries in which we operate. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet services. Any disruption in network access provided by third parties or any failure by them to handle current or higher future volumes of use may significantly harm our business. We have experienced and expect to continue to experience interruptions and delays in service from time to time. Furthermore, we depend on hardware and software suppliers for prompt delivery, installation and service of servers and other equipment to deliver our services.

Use of third-party systems and vendors creates additional potential vulnerabilities. These third-parties may have weaker cybersecurity practices than our own. A cyberattack, data breach, or system failure originating within a third-party system could disrupt our operations, compromise sensitive data, or damage our reputation. Despite measures to manage third-party risks, we cannot fully eliminate these exposures.

To remain competitive, we must keep pace with rapid technological change.

The global securities industry is characterized by rapidly changing technology, shifting industry standards and evolving trading systems, practices and techniques. Our customers' needs and demands fluctuate with these changes. We are focused on anticipating and developing technologies to meet the constantly changing demands of the market through ongoing enhancement of our products, services and platforms. If our platforms and systems do not operate properly, are slow to market, provide customers with a poor user experience, or are non-competitive with the offering of our competitors, we could experience a loss in business that could reduce our earnings or cause a loss of revenue.

In particular, our electronic trading platform is proprietary technology that has taken substantial resources and time to build and requires continued development to remain competitive with other trading platforms. Adoption or development of superior platforms or technologies by our competitors may require us to devote substantial resources to the further development of Tradernet, or other platforms, to remain competitive. Our future success will depend in part on our ability to develop, adapt or acquire up-to-date technology that meets ever evolving industry standards. We may not always be correct or timely in our assessment of how technological changes may impact our business. If we are unable to develop, adapt to, access or acquire technology that meets or exceeds industry standards on a timely and cost-effective basis, which could materially and adversely impact our business, financial condition, results of operations and cash flows.

For example, in Kazakhstan we have developed an online-based platform that integrates Kazakhstan government databases with our services, making our service offerings faster and more convenient than services without such integration. We do not control the relevant government databases and cannot guarantee that we will always have access to such databases or proper functionality with such databases. For us to expand this type of integrated product outside of Kazakhstan, we would be reliant on similar databases being available and able to integrate with our systems in the jurisdictions to which we expand, the availability of which will likely vary greatly among jurisdictions.

Other businesses we currently operate, or that we will establish in the future pursuant to our digital fintech ecosystem strategy, including our planned telecommunications and media businesses, are also subject to rapid technological change.

Furthermore, many of our competitors are larger, more experienced and have greater resources to devote to the development of new technologies and services. If we are unable to keep pace with their development efforts our customers may find our platforms and services less compelling, which could lead to customer losses or a reduction in the revenue we generate from our product and service offerings.

Taxation Risks Related to Our International Operations

Global anti-offshore measures could adversely impact our business.

In 2013, the Organization for Economic Co-operation and Development ("OECD") and G20 countries accepted that existing international tax rules create opportunities for base erosion and profit shifting. Pursuing solutions to this problem, the OECD and G20 countries adopted a 15-point Action Plan to Base Erosion and Profit Shifting ("BEPS"). The BEPS package of measures represents a substantial revision of international tax rules. In light of the new measures, it is expected that profits will be reported where the economic activities that generate them are carried out and where value is created.

The Convention on Mutual Administrative Assistance in Tax Matters developed by the Council of Europe and the OECD in 1988 and amended by Protocol in 2010 has now been signed by 141 jurisdictions (including Kazakhstan, Armenia and Cyprus). This convention requires competent authorities of jurisdictions-signatories to participate in the exchange of information that is foreseeably relevant for the administration or enforcement of their domestic laws concerning taxes. In 2018 Kazakhstan joined the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) (the "CRS"). The CRS calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis.

The foregoing developments regarding global information exchange could complicate our tax planning as well as related business decisions and could possibly expose us to significant fines and penalties and to enforcement measures, despite our best efforts at compliance, and could result in a greater than expected tax burden.

On November 24, 2016, the OECD published the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the "MLI") which introduces new provisions to existing double tax treaties limiting the use of tax benefits provided thereby.

As a minimum standard, the MLI implements a principal purposes test, under which treaty benefits are disallowed if one of the principal purposes of the transaction or the structure was to obtain a tax benefit. The MLI was ratified by Cyprus on January 22, 2020, by Kazakhstan on February 20, 2020 and by Armenia on September 25, 2023. Application of the MLI could potentially limit tax benefits granted under the double tax treaties of Cyprus, Kazakhstan and Armenia.

Frequent tax law changes in regions where we conduct operations could adversely affect our business and the value of investments.

We are subject to a broad range of taxes and other compulsory payments, including, but not limited to, income tax, VAT and social contributions. Tax laws have been in force for a short period relative to tax laws in more developed market economies, and the implementation of these tax laws is still unclear or inconsistent. The tax laws and regulations in our regions outside the U.S. are subject to frequent changes, varying and contradicting interpretations, and inconsistent and selective enforcement. Currently the Government of the Republic of Kazakhstan is developing new Tax Code which can significantly affect our business.

The Transfer Pricing Law of the Republic of Kazakhstan, dated July 5, 2008, provides for three-level transfer pricing documentation, including a country-by-country report (CbCR). Under the mandatory filing requirements or CbCR in Kazakhstan, if a corporation reaches the reporting threshold established for the group's consolidated revenue (e.g. EUR 750 million) it may be required to submit relevant CbCR reports. The mentioned threshold was reached in FY2024, as such we are required to prepare and submit CbCR during FY2025.

Kazakhstan transfer pricing legislation may require pricing adjustments and impose additional tax liabilities.

Under Kazakhstan transfer pricing legislation, the burden of proving market prices, as well as keeping specific documentation, lies with the taxpayers. In certain circumstances, the local tax authorities may apply the transfer pricing rules and methods in cases where the rules are formally not applicable, claiming additional tax charges calculated using the transfer rules but based on other tax concepts (e.g., anti-avoidance rules, lack of economic justification of expenses, etc.). Our subsidiaries in Kazakhstan could become subject to transfer pricing tax audits by the Kazakhstan tax authorities in the foreseeable future. As a result of such audits, the tax authorities could challenge the level of prices applied by us under "controlled" transactions (including certain intercompany transactions) or challenge the methods used to prove prices applied by us, and as a result we may accrue additional tax liabilities. If additional taxes are assessed with respect to these matters, they could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

Uncertainties and ongoing changes in Kazakhstan's tax regime may have an adverse impact on our business.

Kazakhstan's tax regime is subject to ongoing changes, resulting in uncertainties in the interpretation and application of its tax laws. For example, the Kazakhstan government has taken steps to promote investment in its financial markets, including providing a preferential tax regime within the AIFC established by the Constitutional Law of the Republic of Kazakhstan dated December 7, 2015 "On the Astana International Financial Center". Among other tax benefits, there is an exemption from corporate income tax on commission income earned by an AIFC-registered member from rendering defined financial services in the AIFC. It is currently unclear whether an AIFC-registered member is eligible for the tax benefits if, for example, it renders services online through employees working outside the AIFC. As a result of these uncertainties, the availability of these new tax exemptions to us is currently unclear.

Another tax risk we face is associated with "corporate tax residency" in Kazakhstan. Notably, when an entity is recognized as a Kazakhstan tax resident it is obligated to register with the Kazakhstan tax authorities, calculate and pay Kazakhstan income tax on its worldwide income and comply with other tax-related rules established for Kazakhstan entities. There is uncertainty as to how these residency criteria will be treated and applied by the Kazakhstan tax authorities to FRHC. There is also uncertainty regarding determination of the "beneficial owner" of income under Kazakhstan tax law, for purposes of double-tax treaties. In particular, to date, there are still no officially approved requirements for the documentation to be obtained from the recipient of income claiming beneficial owner status. In case one of our non-Kazakhstan subsidiaries is not able to provide evidence that it is a beneficial owner of the income which it receives from one of our Kazakhstan subsidiaries, benefits under a double tax treaty will not be applicable, as a result of which the Kazakhstan subsidiary would be required to withhold taxes from such payment at the rate provided by the Tax Code of Kazakhstan without any reductions or exemptions from taxation in Kazakhstan. This could lead to additional tax liabilities for our companies.

More generally, Kazakhstan tax legislation is subject to frequent changes, varying and potentially contradicting interpretations and inconsistencies. There can be no assurance that Kazakhstan tax legislation will be amended in the future in a manner that makes our tax planning more predictable. Further, the introduction of new taxes, amendments to current taxation rules, or new interpretations of existing tax law may have a substantial impact on the overall amount of our tax liabilities. As a result, there is no assurance that we will not be required to make substantially larger tax payments in the future, which may adversely affect our business, financial condition, results of operations and cash flows.

Changes in regulations related to taxes on stock transfers and other financial transactions could reduce the volume of market transactions and impact our business.

Changes to laws or regulations, such as tax laws, could also have a disproportionate impact on our business or profitability, based on the way those laws or regulations are applied to us due to our corporate structure. For example, the current U.S. presidential administration has proposed tax policy ideas that if enacted would, among other things, increase the corporate tax rate and the U.S. tax rate on Global Intangible Low Taxed Income ("GILTI").

Because of certain tax advantages we realize in certain jurisdictions where we operate, the proposed changes in the GILTI tax rate by the current U.S. administration, which have not yet been adopted and may change significantly before being implemented, if at all, could result in significantly higher tax burdens on us in the U.S., which could offset some of the favorable tax advantages we realize in some of the jurisdictions where we conduct business.

Risks Related to Our Corporate Structure and Internal Operations

As a diversified holding company with few operations of its own, FRHC is reliant on the operations of our subsidiaries to fund its holding company operations.

Our operations are conducted primarily through the subsidiaries of Freedom Holding Corp., and Freedom Holding Corp.'s ability to generate cash to fund its operations and expenses, to pay dividends or to meet debt service obligations is highly dependent on the earnings and the receipt of funds from our subsidiaries through dividends or intercompany loans. Deterioration in the financial condition, earnings or cash flow of our subsidiaries for any reason, including the risks discussed herein as applicable or the occurrence of such events to any such subsidiary, could limit or impair their ability to pay such distributions to Freedom Holding Corp. Additionally, to the extent our subsidiaries are restricted from making such distributions under applicable laws or regulations or under the terms of financing arrangements or are otherwise unable to provide funds to the extent of Freedom Holding Corp.'s needs, there could be a material adverse effect on our business, financial condition, cash flows and results of operations.

As a "controlled company" under Nasdaq rules, we qualify for exemptions from certain corporate governance requirements that may adversely affect our stock price.

Timur Turlov controls a majority of the voting power of our outstanding common stock. Accordingly, we qualify as a "controlled company" within the meaning of Nasdaq corporate governance standards. Under Nasdaq rules, a company of which more than 50% of the voting power is held by one individual is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements that:

- a majority of its board of directors consist of independent directors;
- its nominating and corporate governance committee and compensation committee be composed entirely of independent directors;
- each committee have a written charter addressing such committee's purpose and responsibilities; and
- an annual evaluation of the nominating and corporate governance committee and compensation committee be performed.

We currently utilize an exemption to allow Timur Turlov to sit on our nominating and corporate governance committee. The charters for each of our board committees provide for annual performance evaluations. Currently we have a majority of independent directors on our board of directors.

Our status as a controlled company and resulting available exemptions from corporate governance standards could make our common stock less attractive to some investors or otherwise harm our stock price.

The interests of our controlling shareholder may conflict with those of other shareholders.

Timur Turlov, our chief executive officer and chairman of our board, beneficially owns 69.9% of our outstanding common stock. He currently has voting control of FRHC and can control the outcome of matters submitted to stockholders for approval. In addition, Mr. Turlov has the ability to control our management and affairs as a result of his position as our chief executive officer, chairman of our board and his ability to control the election of our directors. Mr. Turlov also has interests in other companies, certain of which, in particular FST Belize, have conducted significant amounts of business with our company and have significantly contributed to our revenues. Such related party transactions give increase to a risk of the conclusion of transactions on terms less favorable than could be obtained in arm's length transactions. The interests of Mr. Turlov could conflict with those of other stockholders. Any such conflict could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Mr. Turlov is prohibited from membership on the audit committee of our board under the terms of such committee's charter. As majority shareholder, Mr. Turlov owes fiduciary duties to minority shareholders under Nevada law. Mr. Turlov also owes fiduciary duties to FRHC as a board member and officer. However, Nevada corporate law can be viewed as more protective of officers and directors than the corporate laws of other U.S. state jurisdictions, and it therefore may not provide the same level of redress as other U.S. state corporate laws.

Civil liability may be difficult or impossible to enforce against us.

Certain of our directors, substantially all of our officers, and our controlling shareholder reside outside the U.S., and a substantial portion of our assets are located outside the U.S. in jurisdictions that are not parties to treaties or other agreements with the U.S. for the mutual enforcement of U.S. court judgments. As a result, it may be difficult or impossible for investors to enforce against us or such persons judgments of U.S. courts.

For example, the Civil Procedure Code of Kazakhstan, which became effective on January 1, 2016, provides that Kazakhstan courts should recognize and enforce foreign court judgments only if provided for by Kazakhstan law or an international treaty to which Kazakhstan is a party (based on reciprocity). Kazakhstan is not a party to any multilateral or bilateral treaties with the U.S. or the UK (or most other western jurisdictions) for the mutual enforcement of court judgments, and, accordingly, there is a risk that a judgment obtained from a court in New York or England would not be enforceable in Kazakhstan courts. Each of Kazakhstan, the U.S. and the UK are, however, parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards (the "Convention"), and, accordingly, an arbitral award under the Convention should generally be recognized and enforceable in Kazakhstan provided the conditions to enforcement set out in the Convention and applicable Kazakhstan laws are met. The Civil Procedure Code of Kazakhstan establishes the procedure for the enforcement of foreign arbitral awards.

We have identified material weaknesses in our internal control over financial reporting in the past, and we may identify material weaknesses in the future or fail to establish and maintain effective internal control over financial reporting, which could have a material adverse effect on our business and stock price.

We are required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), which requires management to certify financial and other information in our quarterly and annual reports and to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act requires management to provide an annual report on the effectiveness of internal control over financial reporting. Additionally, we are required to have our independent registered public accounting firm report on the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm needs to issue an adverse report if there is a material weakness in our internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In preparing our financial statements in connection with our Annual Report on Form 10-K for the year ended March 31, 2023, we previously identified material weaknesses in our internal control over financial reporting. Management identified a material weakness due to a deficiency in one of the principles associated with the Control Environment component of the COSO framework, specifically relating to a lack of a sufficient complement of qualified technical accounting and financial reporting personnel to perform control activities in support of preparing the financial statements in accordance with U.S. GAAP.

The Control Environment material weakness contributed to other material weaknesses, either individually or in the aggregate, related to the design of our controls over:

- the application of U.S. GAAP to complex transactions;
- the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows;
- the classification of certain interest income from margin lending within the Consolidated Statements of Operations and Other Comprehensive Income;
- the classification of funds received under the Kazakhstan state program for financing of mortgage loans "7-20-25" within the Consolidated Statements of Cash Flows; and
- the review and timely identification of misstatements in the notes to the Consolidation Financial Statements.

While we have remediated these material weaknesses as of March 31, 2024, we cannot assure you that these or other measures will prevent future material weaknesses from occurring.

As part of our remediation of the material weakness identified above we (a) provided training on U.S. GAAP to employees responsible for preparing the Consolidated Financial Statements; (b) implemented new or modified existing controls over the preparation of the financial statements and (c) hired additional employees and external consultants with appropriate qualifications and expertise in U.S. GAAP and in designing, maintaining and improving procedures and controls focused on the application of U.S. GAAP.

Failure to maintain effective internal control over financial reporting by us going forward could adversely impact our ability to report our financial position, results of operations and cash flows on a timely and accurate basis. If our financial statements are inaccurate, investors may not have a complete understanding of our operations and we could face the risk of stockholder litigation. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities. Ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Risks Related to Ownership of Our Securities

The price of our common stock has fluctuated historically and may be volatile.

The market price of our common stock may fluctuate significantly.

Among the factors that could affect our stock price are:

- the Russia-Ukraine conflict and related sanctions and their direct and indirect effects;
- geopolitical and civil unrest in any of the markets in which we operate;
- planned or completed acquisitions or disposals;
- investigations, lawsuits, enforcement actions, and other claims by third parties or governmental authorities;
- new regulatory pronouncements and changes in regulatory guidelines;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in market valuations or earnings of similar companies;
- any future sales of our common stock or other securities;
- material breaches of regulations by our employees;
- changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts;
- domestic and international economic factors unrelated to our performance;

- pandemic and epidemic disease;
- announcements by us of significant impairment charges;
- investor perception of us and our industry;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions or strategic partnerships; and
- speculation in the press or investment community.

Stock markets can experience extreme volatility unrelated to the operating performance of any particular company. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

Future offerings of securities which would rank senior to our common stock may adversely affect the market price of our common stock.

Our Articles of Incorporation authorize our board of directors to fix the relative rights and preferences of our 20,000,000 shares of authorized preferred stock, without approval from our stockholders. This could affect the rights of our common stockholders regarding, among other things, voting, distributions, dividends and liquidation. We could also use the preferred stock to deter or delay a change in control of FRHC that may be opposed by our management, even if the transaction might be favorable to our common stockholders.

If, in the future, we issue debt or equity securities that rank senior to our common stock, it is possible that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk that future offerings might reduce the market price of our common stock and dilute the value of their stock holdings in FRHC.

We do not intend to pay dividends on our common stock for the foreseeable future and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We currently intend to use our future earnings to repay debt, to fund our growth, to develop our business, for working capital needs and for general corporate purposes. We are not likely to pay dividends on our common stock for the foreseeable future, and the success of an investment in our common stock will depend upon any future appreciation in the value of our common stock. There is no guarantee that our common stock will appreciate in value or even maintain its current value.

Payments of dividends, if any, are at the sole discretion of our board of directors after taking into account various factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant. In addition, our operations are conducted almost entirely through our subsidiaries. As such, to the extent that we determine in the future to pay dividends on our common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of such dividends. Further, Nevada law imposes additional requirements that may restrict our ability to pay dividends to holders of our common stock.

2.3. Production and sales trends

The FFSPC is a company with the aim of issuing and placing bonds with the sole purpose of financing loans to the parent company FRHC. The key operating data of the FHRC is summarized in the table below.

	2022 FY*	2023 FY*	2024 FY*	9M 2025*
Net revenue (USD in thousands)	689,790	795,693	1,635,080	1,686,805
Net income (USD in thousands)	220,928	205,586	374,852	226,884
Total client accounts (thousands)	251	370	531	618

**FRHC's fiscal year (FY) ends on 31 March*

In the retail brokerage business, our key clients are mainly from Kazakhstan and Russia. We estimate that, as of March 31, 2024, we had approximately 199,577 retail brokerage customers who were Kazakhstan persons, or approximately 38% of our total number of customers, and we had approximately 67,861 retail brokerage customers who were Russian persons, or approximately 13% of our total number of customers. In addition, we serve Kazakhstan and Russian customers indirectly through their accounts with our affiliate FST Belize. The Kazakhstan and Russia markets have grown rapidly in recent years. The number of our total customer accounts increased from approximately 370,000 as of 31 March 2023, to approximately 530,885 as of 31 March 2024, to approximately 618,455 as of December 31, 2024. Internally, we designate "active accounts" as those in which at least one transaction occurs per quarter. For the nine months ended December 31, 2024, we had approximately 139,170 active accounts. For more detailed financial information about the Issuer please see Schedule 3 of this Prospectus.

There has been no material adverse change to FRHC's operations since 31 December 2024.

3. Articles of Association and organizational structure

3.1. Articles of Association

Issuer's objectives and purpose set forth in the Articles of Association

The Issuer's objectives and purpose are based on its status as a special purpose company. According to the Issuer's Articles of Association the Company is to conduct:

A. (a) the acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding and the disposal of any asset (tangible or intangible, including, for example, receivables and shares) in connection with and for the purpose of a transaction between FFSPC and FRHC;

(b) the obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its shareholders or any of its subsidiaries, or the entering into any type of hedging arrangements, in connection with and for the purpose of a transaction between FFSPC and FRHC;

(c) the financing of FRHC or another special purpose company;

(d) the acting as trustee or agent for any participant in the transaction between FFSPC and FRHC;

(e) any other activity approved in writing by the AIX Registrar;

(f) any activity ancillary to an activity mentioned in paragraphs (a) to (e).

B. any other lawful activity for which companies may be incorporated under the AIFC Companies Regulations.

General description of rights, preferences and restrictions attached to each class of the existing shares of the Issuer

Subject to the provisions of the AIFC Companies Regulations (AIFC Regulations No. 2 of 2017) and without affecting any rights, entitlements or restrictions attached to existing shares, a share may be issued with the rights, embitterment, or restrictions that the Company may decide by its Ordinary Resolution.

Subject to the AIFC Companies Regulations, the Company may issue, or convert existing non- redeemable shares, whether allotted or not, into redeemable shares at the discretion of the Board of Directors. The Company must not recognize a Person as holding its share on trust and, except as otherwise provided by Articles or the AIFC Companies Regulations, the Company is not bound by, and must not recognize, any interest in a share except an absolute right of ownership. The Company may, by special resolution passed by at least 75% of the votes of the FFSPC shareholders ("Special Resolution"):

- increase its share capital by creating new shares of an existing class with the same nominal value, or a new class of shares of the nominal value it considers appropriate; or
- consolidate and divide its share capital (whether allotted or not) into shares representing a larger nominal value than their existing nominal value; or
- subdivide its shares, or any of them, into shares representing a smaller nominal value than their existing nominal value, if the proportion between the amount paid and the amount unpaid (if any) on each subdivided share is the same as it was for the share from which the sub-divided share was derived.

Any fractions of shares resulting from a consolidation of shares may be sold by the Directors of the Company on behalf of the shareholders and the net proceeds distributed proportionately among the shareholders. The Company may, in accordance with the AIFC Companies Regulations, reduce its share capital in any way and in the terms that it may decide. Subject to the provisions of the AIFC Companies Regulations, the Company may purchase its own shares.

Change of rights of holders of the shares

If a shareholder dies, the shareholder's personal representative, or, if the shareholder was a joint holder, the survivor or survivors, are the only Persons who may be recognized by the Company as having title to the shareholder's shares.

If a Person becomes entitled to a share as a result of the death or bankruptcy of a shareholder and gives notice to the Company of the entitlement, the Person must be registered as a shareholder in relation to the share. On registration, the Person has the same rights as other shareholders of the same class of shares.

General meetings of the Issuer's shareholders

Subject to the AIFC Companies Regulations, if the Company is a public Company, a General Meeting of the Company (other than an annual General Meeting or adjourned annual General Meeting) must be called by at least 14 (fourteen) days written notice to all the shareholders, the Directors and the auditor.

If the Company is a public Company, an annual General Meeting, or adjourned annual General Meeting, of the Company must be called by at least 21 (twenty one) days written notice to all the shareholders, the Directors and the auditor.

Subject to the AIFC Companies Regulations, a notice of a General Meeting must specify the time and place of the meeting, the general nature of any matters to be considered, and any proposed resolutions of which notice has been duly given.

A notice of an annual General Meeting must state that the meeting is an annual General Meeting to the Company or to be proposed by the Company and whether any of them is to be proposed as a Special Resolution.

The proceedings of a General Meeting are not invalid solely because of the inadvertent failure to give notice of the meeting to, or the failure to receive notice of the meeting by, any Person entitled to receive the notice.

Proceedings at General Meetings

No General Meeting of the Company may take place unless there is a quorum. Unless the Company has only a single shareholder, 2 shareholders personally present or represented by proxy are a quorum.

If a quorum is not present at a General Meeting within half an hour after the time specified in the notice calling the meeting (the meeting start time), the meeting must be adjourned to a place and time decided by the Directors of the Company. If during the meeting a quorum ceases to be present, the meeting must be adjourned to a place and time decided by the Directors.

The Chair of the board of Directors of the Company chairs the meeting. However, if the Chair of the board of Directors is not present or willing to act within 15 minutes after the meeting start time, another Director elected by the Directors present must chair the meeting. If no Directors are present or willing to chair the meeting, the shareholders present must elect a shareholder present to chair the meeting.

Every Director of the Company is entitled to attend and speak at any General Meeting and at any separate meeting of the shareholders of any class of shares in the Company, whether or not the Director is a shareholder or a shareholder of that class of shares. The Person chairing the meeting (the meeting chair) may adjourn the meeting with the consent of the majority of the votes at the meeting. A matter must not не considered at the adjourned meeting if the matter could not have been considered at the meeting had the adjournment not taken place. It is not necessary for notice to be given of the adjourned meeting unless the meeting was adjourned for 14 (fourteen) days or longer. If the meeting was adjourned for 14 (fourteen) days or longer, at least 7 (seven) days' notice of the meeting must be given. The notice must specify the time and place of the adjourned meeting, the general nature of any matters to be considered, and any proposed resolutions of which notice has been duly given.

Unless a poll is demanded, a resolution put to the vote must be decided on a show of hands. A poll may be demanded, before or on the declaration of the result of a vote by show of hands:

- By the meeting chair; or
- By at least 2 shareholders having the right to vote at the meeting; or
- By a shareholder representing not less than 5% of the total voting rights of all the shareholders having the right to vote at the meetings.

Unless a poll is demanded, the meeting chair may declare that a resolution has been carried out or lost by a particular majority. The entry in the minutes of the meeting of that declaration is conclusive evidence of the result of the resolution.

The meeting chair may consent to the withdrawal of a demand for a poll. A poll must be taken in the way the meeting chair directs and the result is the resolution of the meeting at which the poll was demanded.

A poll demanded on the election of the Person who is to chair the meeting or on an adjournment must be taken immediately. A poll demanded on any other question must be taken as the meeting chair directs, but not more than 30 (thirty) days after the day the poll is demanded. The demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll is demanded.

If a poll demanded at a meeting is not taken at the meeting, at least 7 (seven) days written notice must be given of the time and place at which the poll is to be taken, unless the time and place is announced at the meeting.

If the Company is a private Company, resolution in writing may be passed in accordance with the AIFC Companies Regulations.

Change of control

Not applicable.

Disclosure requirements on the change in ownership/thresholds

Not applicable.

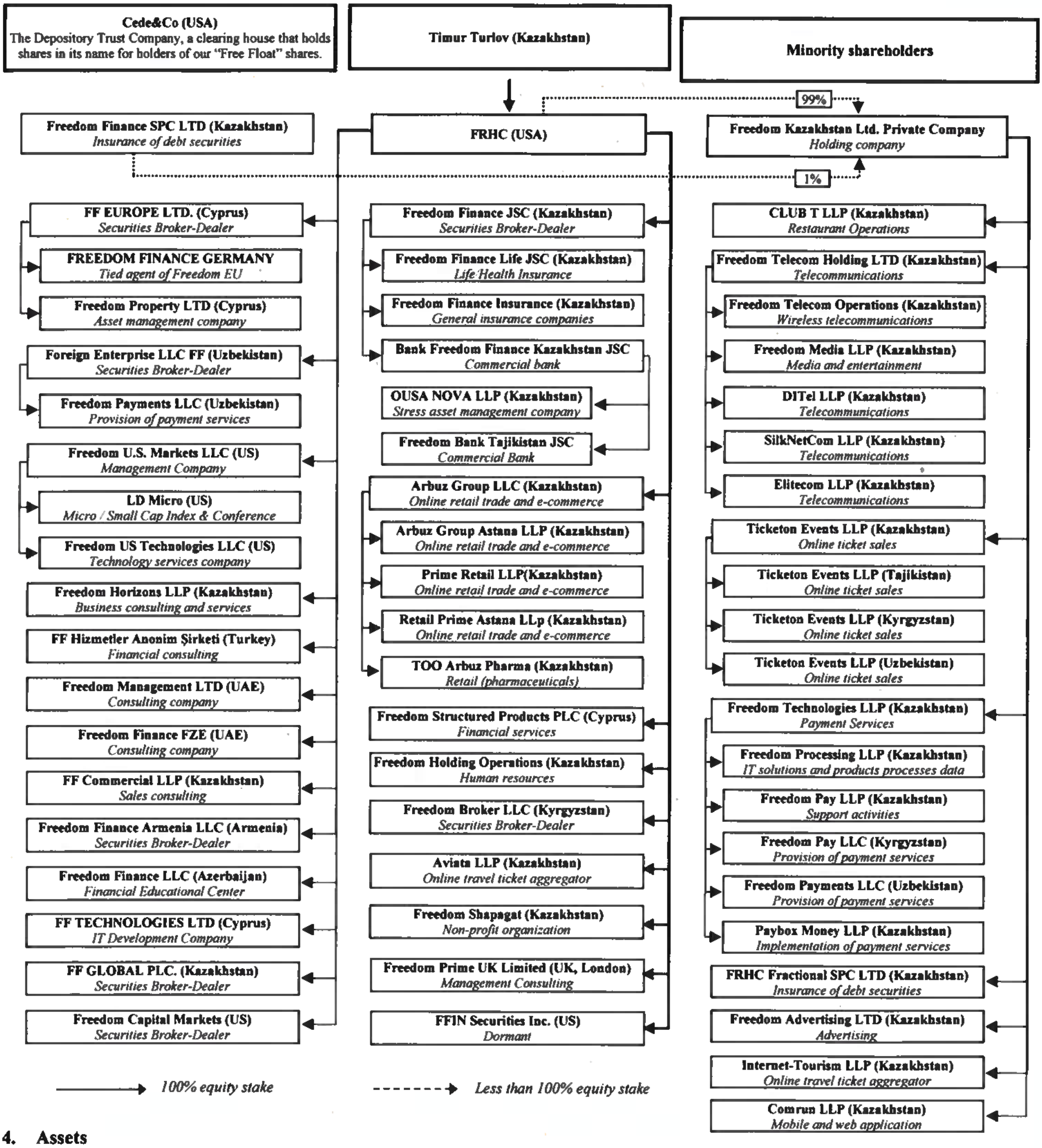
Changes in the capital

The Company may, by Special Resolution:

- increase its share capital by creating new shares of an existing class with the same nominal value, or a new class of shares of the nominal value it considers appropriate; or
- consolidate and divide its share capital (whether allotted or not) into shares representing a larger nominal value than their existing nominal value; or
- subdivide its shares, or any of them, into shares representing a smaller nominal value than their existing nominal value, if the proportion between the amount paid and the amount unpaid (if any) on each subdivided share is the same as it was for the share from which the sub-divided share was derived.

Any fractions of shares resulting from a consolidation of shares may be sold by the Directors of the Company on behalf of the shareholders and the net proceeds distributed proportionately among the shareholders. The Company may, in accordance with the AIFC Companies Regulations, reduce its share capital in any way and in the terms that it may decide.

3.2. Group structure



4. Assets

4.1. Material contracts

The Issuer's material contracts include:

(a) the loan agreement between Freedom Finance SPC Ltd. (as Lender) and FRHC (as Borrower) for bond programme of U.S.$ 200,000,000 valid until 1 November 2027, established by Freedom Finance SPC Ltd. and unconditionally and irrevocably guaranteed by FRHC.

Based on the loan agreement concluded between the Lender and the Borrower, the Lender issued U.S.$200,000,000 bond programme and U.S.$66,000,000 first tranche under this programme, which is unconditionally and irrevocably guaranteed by FRHC pursuant to a guarantee agreement dated 10 August 2021. The Lender has agreed to make available to the Borrower a loan of the amount received from the placement of the first tranche for the purpose of financing the Borrower's current activities.

According to the terms of loan agreement loan amount (the amount of proceeds received by the Lender from the issue of the first tranche) shall be made available to the Borrower at an interest rate of 5,5 (five point five) per cent per annum to be calculated on the basis of the actual number of days elapsed from the drawdown date (the date on which the loan amount is actually paid to the Borrower). The payment of the interest by the Borrower shall be equal and fully cover the Lender's obligations to the holders of the bonds issued under the first tranche. The Borrower shall make interest payments not later than 21 April and 21 October in each year, commencing on 21 April 2022.

(b) The loan agreement between Freedom Finance SPC Ltd. (as Lender) and FRHC (as Borrower) for bond programme of U.S.$ 1,000,000,000 valid until 31 December 2033, established by Freedom Finance SPC Ltd. and unconditionally and irrevocably guaranteed by FRHC.

Based on the loan agreement concluded between the Lender and the Borrower, the Lender issued U.S.$1,000,000,000 bond programme and U.S.$200,000,000 first tranche under this programme, which is unconditionally and irrevocably guaranteed by FRHC pursuant to a guarantee agreement dated 15 December 2023. The Lender has agreed to make available to the Borrower a loan of the amount received from the placement of the first tranche.

According to the terms of loan agreement loan amount (the amount of proceeds received by the Lender from the issue of the first tranche) shall be made available to the Borrower at the following interest rates:

- For the first and second years of circulation of the bonds at an interest rate of 12,1% (twelve point one percent) per annum to be calculated on the basis of the actual number of days elapsed from the drawdown date.
- For the third, forth and fifth years of circulation of the bonds the interest rate will be fixed and set as the sum of the Effective Federal Funds Rate as of 10 December 2025 and a margin of 6,6% (six point six percent), and applied to the third, fourth and fifth years of circulation of the bonds.

For the purposes of this clause the Effective federal funds rate means the Federal funds (effective) rate published on the official web site of the United States of America's Federal Reserve (https://www.federalreserve.gov/releases/h15/).

The payment of the interest by the Borrower shall be equal and fully cover the Lender's obligations to the holders of the bonds issued under the first tranche. The Borrower shall pay interest on nineteenth day of every month in each year of circulation, commencing 19 January 2024.

(c) The loan agreement between Freedom Finance SPC Ltd. (as Lender) and FRHC (as Borrower) for bond programme of U.S.$ 1,000,000,000 valid until 31 December 2033, established by Freedom Finance SPC Ltd. and unconditionally and irrevocably guaranteed by FRHC.

Based on the loan agreement concluded between the Lender and the Borrower, the Lender issued U.S.$1,000,000,000 bond programme and U.S.$200,000,000 second tranche under this programme, which is unconditionally and irrevocably guaranteed by FRHC pursuant to a guarantee agreement dated 12 September 2024. The Lender has agreed to make available to the Borrower a loan of the amount received from the placement of the second tranche for the purpose of financing the Borrower's current activities.

According to the terms of loan agreement loan amount (the amount of proceeds received by the Lender from the issue of the second tranche) shall be made available to the Borrower at an interest rate of 10,6% (ten point six percent) per annum to be calculated on the basis of the actual number of days elapsed from the drawdown date. The payment of the interest by the Borrower shall be equal and fully cover the Lender's obligations to the holders of the bonds issued under the second tranche. The Borrower shall make interest payments quarterly in arrear within 15 (fifteen) calendar days after (and including) each coupon payment date.

5. Capital

5.1. Share capital

As of December 31, 2024, the amount of share capital of the Company is U.S.$1,030,000 represented by 103,000 shares, with a nominal value of U.S.$10.

6. Management of the Issuer

6.1. Details relating to the Board of Directors and senior managers ("Key Persons")

The Directors of the Issuer

Yevgeniy Ler (Functions and principal activities – Company management, Chairman of the Board of Directors)

Yevgeniy Ler has served as the Chief Financial Officer of FRHC since November 2015. Prior to that time, he served as chief financial officer of BMB Munai, Inc., the predecessor of the Company from April 2009 to November 2015. Mr. Ler joined BMB Munai in 2006 and served in several capacities including finance manager and reporting manager before being appointed chief financial officer. From September 2011 to December 2012, Mr. Ler also served as a Deputy Director for Emir Oil, LLP, a wholly owned subsidiary of BMB Munai. Before joining BMB Munai, from 2002 to 2006, Mr. Ler was employed by Deloitte & Touche where he held the position of senior auditor in the Financial Services & Industries Group, Audit. In that position, he led large engagements for banks, financial institutions, and oil and gas companies. In 2003, Mr. Ler was awarded a bachelor's degree in financial management from the Kazakh American University located in Almaty, Kazakhstan. In 2008, Mr. Ler passed the AICPA Uniform CPA Examination and was awarded licensure as a CPA in November 2013. Mr. Ler has also completed training in

London on financial reporting in accordance with IFRS and US GAAP and internal Deloitte training on audit, financial reporting, and due diligence.

Sergey Lukyanov (Functions and principal activities – Company management, Member of the Board of Directors)

For over 25 years has worked on different positions in Russian broker companies. Member of the Board of Directors in the National Association of the stock market participants and a member of the Board on Financial markets of the Russian union of industrialists and entrepreneurs. Responsible for development of the holding in Kazakhstan and supervises business in Uzbekistan and Kyrgyzstan.

Madina Mantayeva (Functions and principal activities – Company management, Independent Director)

Madina Mantayeva is a member of the Board of Directors - Independent Director of Bank Freedom Finance Kazakhstan JSC and Freedom Finance JSC since December 2020 and August 2013 respectively. Prior to that time, she served as Independent Director of Eurasian Capital JSC from June 2013 to December 2015. From August 2012 to May 2013, Mrs. Mantayeva was employed by "Insurance Company "Amanat Insurance" JSC where she held the position of Head of the Financial Department. In 2003, Mrs. Mantayeva graduated from the Kazakh State Academy of Management located in Almaty with a degree in marketing and commerce. In 2008, Mrs Mantayeva was awarded Master of Business Administration degree in Strategic Management and Entrepreneurship from University of International Business in Almaty and Moscow International Higher Business School MIRBIS (Institute) in Moscow.

Olga Baskakova (Functions and principal activities – Company management, Director)

Olga Baskakova graduated from Kazakh State University of International Relations and Foreign Languages Ablay Khan in 2004 with a degree in international economics, Higher Law School Adalat in 2006 with a degree in international jurisprudence, Erickson Coaching International University in 2014 with a degree in coaching and Moscow Institute of Psychoanalysis in 2016 with a degree in psychoanalysis. She has vast experience as a senior legal counsel for more than 20 years, with management positions in Alina Group of Companies, DHL Logistics, Qazaq Air and other notable companies. From 2020 Olga is the Chief legal officer of Freedom Finance JSC and Freedom Finance Global PLC.

The business address for all Board members of FFSPC is 77/7 Al-Farabi Ave., 7th floor, Almaty, Kazakhstan.

The Directors of FRHC

Timur Turlov (Functions and principal activities – FRHC management, Founder, Chairman and CEO)

Mr. Turlov has served as the chief executive officer and chairman of the board since November 2015. He graduated from Russia State Technic University (named after Tsiolkovsky) in 2009 with a Bachelor of Science degree in economics and management.

Mr. Turlov holds a management certificate in stock exchange operations and securities broker and dealer management granted by the Russian National Securities Market Association and has more than 10 years of experience in various areas in the international securities industry.

From May 2012 through January 2013, Mr. Turlov served as the Chairman of the Board of Directors of JSC Nomad Finance, where he oversaw the business setup and acquisition of large clients.

From July 2013 to July 2017, Mr. Turlov served as the Advisor to the Chairman of the Board of Freedom Finance JSC ("Freedom KZ"). In that capacity, Mr. Turlov was primarily responsible for strategic management, public and investor relations events, investment and sales strategy, and government relations.

In July 2017, Mr. Turlov became Chairman of the Board of Directors of Freedom KZ. Mr. Turlov also serves as Chairman of the Board of Directors of Freedom Finance Life JSC ("Freedom Life"), Freedom Finance Insurance JSC ("Freedom Insurance"), and Freedom Bank Kazakhstan JSC ("Freedom Bank KZ").

Mr. Turlov is a Member of YPO Kazakhstan (Young Presidents Organization), which unites young businessmen and top managers from all over the world. In addition, Mr. Turlov is President of the Kazakhstan Chess Federation, President of the Kazakhstan Football Federation and a participant of the IQanat educational project.

From 2019 until October 2023, Mr. Turlov, served as a member of the board of directors of Kcell, one of the leading providers of mobile telecommunications services in Kazakhstan. Mr. Turlov owns interests in other businesses operating in a variety of industries, including other securities brokerage firms.

Mr. Turlov has in-depth knowledge of the business of FRHC, a practical understanding of developing, implementing, and assessing our operating plan and business strategy and an educational background in economics and management.

Business address: 77/7 Al-Farabi Ave., Esentai Tower Business Center, 7th floor, Almaty, Kazakhstan.

Askar Tashtitov (Functions and principal activities – FRHC management, President, Director since 2008)

Mr. Tashtitov has served as President of FRHC since June 2018 and leads our investment banking activities. He has served as a director of FRHC since May 2008 and was employed with BMB Munai, Inc., the predecessor of FRHC, from 2004 through 2015, serving as its president from May 2006 to November 2015.

From 2011 to 2015 Mr. Tashtitov was engaged in private equity projects.

From 2002 to 2004 Mr. Tashtitov was a management consultant with PA Government Services Inc. Mr. Tashtitov earned a Bachelor of Arts degree from Yale University in economics and history in 2002.

Mr. Tashtitov has over 15 years of experience in the public company arena, with particular expertise in interfacing with equity and debt financing professionals, as well as significant investment banking and business management experience.

Kairat Kelimbetov (Non-independent Committee Memberships: Risk Nominating and Corporate Governance)

Dr. Kelimbetov was appointed to the Board on May 28, 2024 to fill the vacancy created by the Board's decision to increase the number of directors as of such date. Since May 2023, he has held the role of Strategic Advisor at Freedom Horizons, a subsidiary of FRHC, providing his advisory services in the area of business development and market intelligence.

With nearly three decades of founding and leading high-performing organizations, occupying senior-level government office positions, and serving on numerous boards, Dr. Kelimbetov's prior experience includes being:

- a Founding Governor of the Astana International Financial Center (AIFC) (2015-2023), a key financial hub for the region including Central Asia, the Caucasus, the Eurasian Economic Union, the Middle East, West China, Mongolia, and Eastern Europe;
- Governor of the National Bank of Kazakhstan (2013-2015);
- Deputy Prime Minister of Kazakhstan (2012-2013);
- Chairman of the Eurasian Economic Commission (2012-2013);
- Minister of Economic Development and Trade (2011-2012);
- Chief Executive Officer of Samruk-Kazyna Sovereign Wealth Fund (2008-2012);
- Chief of Staff to the President of the Republic of Kazakhstan (2008-2008);
- Founding CEO of Kazyna Sustainable Development Fund (2006 - 2008);
- Minister of Economy and Budget Planning (2002-2006); and
- Chairman of the Agency for Strategic Planning and Reforms (1999 - 2001).

Dr. Kelimbetov earned a Master of Studies in Sustainability Leadership from the University of Cambridge, a Ph.D. in Economics and a BSc in Computational Mathematics and Cybernetics from Moscow State University. He attended the National Higher School of Public Administration in Almaty, Kazakhstan and he has an Executive Certificate and Pew Economic Freedom Fellowship from the Harvard Kennedy School and the E. Walsh School of Foreign Services at Georgetown University, respectively. He holds honorary professorships from Tsinghua University in Beijing, the Eurasian Economic Club of Scientists Association in Kazakhstan, and an honorary Doctorate of International Relations from the Geneva School of Diplomacy and International Relations.

Dr. Kelimbetov has a hands-on experience of driving substantial economic reforms in Kazakhstan, establishing and managing key.

Cherdabayev Boris (Functions and principal activities – FRHC management, Independent Director since 2019)

From 1994 to 1997 Mr. Cherdabayev was employed with JSC MangistauMunaiGaz, as a Member of the Managing Board and Vice President. From June 1998 to March 2000 he was employed with KazakhOil National Oil and Gas Company where he was a Member of the Managing Board and Vice President for Exploration and Production. During the same period, he also served as the Chairman of the Board for KazakhOil subsidiaries UzenMunaiGaz, KazakhOil-Emba, and KazakhstanCaspiShelf, as chairman of the Joint Operating Committee for the Karachaganak Project, and as a member of the JV TengizChevroil LLP Partnership Council. From March 2000 to March 2003, Mr. Cherdabayev was the General Manager of JV TengizChevroil LLP. From November 2003 to November 2015 he served as the chairman of the board of directors of BMB Munai, Inc., the predecessor to FRHC. He also served as chief executive officer of BMB Munai from November 2003 through August 2007. In 2006 BMB Munai became the first CIS region company to be listed on the NYSE American Stock Exchange (formerly known as AMEX). From October 2012 to the present he has served as a Counsellor to the Chairman of the management board of Weatherford-CER JV. From May 2022 to the present he has also served as an independent member of the board of directors of Kazakhstan Qazaq Gas JSC. Mr. Cherdabayev graduated from Ufa Oil Institute (Russia) in 1976. In 2011, he completed the Advanced Management Program offered by Harvard Business School. In 2002 he completed the Columbia Senior Executive Program at Columbia University and in 2000 he completed the Chevron Advanced Management Program at Chevron Corporation in San Francisco, California.

Mr. Cherdabayev has extensive executive management and board experience with both Kazakhstan national and private companies and U.S. public companies.

Amber Williams (Functions and principal activities – FRHC management, Independent Director since 2020)

Ms. Williams is a Certified Public Accountant, having earned her license in 2010. From 2004 to 2012, Ms. Williams was employed in various accounting and finance positions with Grant Thornton, Basic Research, Goldman Sachs and PricewaterhouseCoopers, where her responsibilities included: planning and managing audit functions for public and private companies, domestically and internationally, including audit planning, fieldwork and internal control testing; assisting with product launch; serving as a member of a management team in conjunction with the sale of a business unit; and process improvement. From 2012 to 2018, Ms. Williams provided accounting and chief financial officer consulting services to companies. From 2018 to 2019, she was employed as a Manager with Brixey & Meyer, an Ohio based CPA firm. In that position she managed a team of accountants providing companies with chief financial officer, accounting and human resource functions. Since 2019 Ms. Williams has been self-employed. Ms. Williams earned a Bachelor of Science degree in accounting from the University of Utah in 2004, and a Masters of Accounting degree from the University of Utah in 2005.

Ms. Williams has professional experience in accounting, auditing, finance and internal controls and a background as a licensed CPA.

Philippe Vogeleer (Functions and principal activities – FRHC management, Independent Director since 2024)

Mr. Vogeleer was appointed to the Board on May 28, 2024 to fill the vacancy on the Board created by the resignation of Jason Kerr. Mr. Vogeleer is a Chartered Director specialized in creating partnerships between corporations, governments and international organizations. He has lived in 10 countries, worked in over 100. Mr. Vogeleer speaks 4 languages including Dutch, English, French and Italian. He has managed teams ranging in size from one to over 3000, with corresponding profit and loss responsibility. Mr. Vogeleer began his career in 1997 at Deloitte, growing to the position of Manager – TMT Advisory advising companies such as Telenor, Bertelsmann, and Orange. He then transitioned to Orange, serving during the period of 1999-2009 in operational and management roles including Deputy CEO / Chief Strategy Officer covering up to 21 countries. From 2010 to 2011, Mr. Vogeleer worked for Ooredoo, where he held various senior positions such as Chief Operating Officer in Qatar. From early 2012 to March 2024, Mr. Vogeleer worked for Vodafone Group, where he originally handled negotiations as corporate diplomat before advancing to work on investment partnerships with large multi-national corporations, global mobile network operators, public authorities in Europe, the Middle East, and Africa, and with international organizations such as British International Investment, the European Investment Bank, the World Bank Group, the U.S. International Development Finance Corporation, and the USAID. He acts as Non-executive director of Global Partners 4 Digital Development starting from October, 2023 and Sumitomo Corporation from April, 2024. Since September 2021, Mr. Vogeleer teaches to INSEAD MBA students as a Visitng Lecturer, and supports the work of various international charities including Global Citizen.

Mr. Vogeleer earned his Bachelor's degree in law from Université Saint Louis, Belgium in 1993, Master's degree in law from UCLouvain, Belgium in 1996, Master's degree in Media & Communications Management from the University of Stirling in the United Kingdom in 1997; completed postgraduate courses in Telecom Law at KUL, Belgium in 1999, and in competition law at King's College in London, United Kingdom in 2002; obtained an executive Master's degree in business administration from Insead (Cedep), France in 2006 and a Master's degree in corporate governance from the Institute of Directors in London, United Kingdom in 2024.

Skills and Qualifications: Holding an Executive MBA degree and qualified as a Chartered Director, Mr. Vogeleer has around 15 years of experience serving on boards as chairman, member of the board, member of the audit committee, member of the compensation and benefits committee, or secretary general.

Andrew Gamble (Functions and principal activities – FRHC management, Independent Director since 2024)

Mr. Gamble was appointed to the Board on May 28, 2024 to fill the vacancy on the Board created by the resignation of Leonard Stillman. From 1977 to 2009, Mr. Gamble served as a partner in the international American-British law firm Hogan Lovells. His legal career has involved advising banks and structuring financings for numerous international entities in the Middle East and CIS, including Kazakhstan. While at Hogan Lovells, Mr. Gamble held several senior management positions such as Head of International Banking Practice, London Regional Managing Partner, member of the International Management Board and Head of the Africa Practice, and he was instrumental in the opening of the firm's offices in Moscow, Warsaw, Dubai and Johannesburg. He also served in Hogan Lovells' Frankfurt office. Mr. Gamble currently works as an independent consultant on corporate, legal and finance matters, which includes serving as an independent director on several boards. He is on the board of Africa Credit Opportunities Limited, and recently stepped down from the board of Zenith Bank (UK) Limited. He is chairman of the board of Grata International, a Swiss verein which acts as a holding company for the various offices of a regional law firm focused on the former Soviet Union and neighboring countries. Mr. Gamble has authored, co-authored, contributed to, and edited numerous financial and legal publications. He earned his Bachelor of Arts Law, with Honours, from St. Catharine's College in Cambridge and his professional qualifications at the College of Law, Guildford.

Mr. Gamble has deep financial sector expertise based on many years of experience advising on transactions in the sector.

The business address for all Board members of FRHC except Timur Turlov and Kairat Kelimbetov is 40 Wall Street, Suite 1704, New York, NY 10005.

Conflict of interest

There is no conflict of interest between the personal interests of any Key Person mentioned above and that of the duties of such persons owed to the Issuer or the interests of the Issuer.

6.2. Other information relating to Key Persons

The Issuer does not have an audit committee, nomination committee or remuneration committee, as the Issuer is not required to form committees in accordance with the AIFC Law. The Issuer has a Corporate Governance Code in place to comply with relevant AIFC and AIX rules and regulations.

7. Financial information about the Issuer

7.1. Historical financial information about the Issuer

Statement of financial position, USD thousands	31 March 2023	31 March 2024	31 December 2024
Cash and cash equivalents	276	154,768	107,013
Other receivables	57,137	107,862	354,074
Other assets	-	4,070	4,070
TOTAL ASSETS	**57,413**	**266,701**	**465,157**
Trade payables	60,025	267,249	468,835
Other liabilities	88	3,522	3,027
TOTAL LIABILITIES	**60,113**	**270,772**	**471,862**
Share capital	282	1,030	1,030
Accumulated deficit	(2,982)	(5,101)	(7,735)
TOTAL DEFICIT OF EQUITY	**(2,700)**	**(4,071)**	**(6,705)**
TOTAL LIABILITIES AND DEFICIT OF EQUITY	**57,413**	**266,701**	**465,157**

Cashflow statement, USD thousands	Year ended 31 March 2023	Year ended 31 March 2024	Nine months ended 31 December 2024
Net loss	(1,576)	(2,041)	(2,634)
Adjustments for:			
Credit loss expense	1,376	1,824	0
Net change in accrued interest	351	(4,261)	0
Net change in accrued commissions	88	3,434	0
Discount on loans issued	-	243	0
Other adjustments for non-monetary items	-	1	0
Cash flows used in operating activities	**239**	**(800)**	(2,634)
Other receivables	-	-	(246,211)
Accounts payable	-	-	201,586
Other liabilities	-	-	(0,496)
Net cash flows used in operating activities	**239**	**(800)**	**47,755**
Loans issued	(45,420)	(47,683)	0
Investments in subsidiaries	-	(4,070)	0
Cash flows used in investing activities	**(45,181)**	**(52,553)**	**0**
Proceeds from issuance of debt securities	45,265	206,350	0
Proceeds from contribution to share capital	100	698	0
Net cash flows from financing activities	**45,365**	**207,048**	**0**
Net increase in cash and cash equivalents	184	154,495	(47,755)
CASH AND CASH EQUIVALENTS, beginning of the period	**92**	**276**	**154,768**
CASH AND CASH EQUIVALENTS, end of the period	**276**	**154,771**	**107,013**

***Statement of changes in equity*, USD thousands**	Share capital	Currency translation reserve	Retained earnings
31 March 2022	**182**	**(468)**	**(286)**
Contribution to share capital	100	–	100
Allocation	–	(938)	(938)
Total comprehensive loss	–	(1,576)	(1,576)
31 March 2023	282	-	**(2,124)**
Contribution to share capital	748	-	748
Total comprehensive loss	–	-	(2,041)
31 March 2024	**1,030**	**0**	**(5,101)**
Contribution to share capital	-	-	-
Total comprehensive loss	–	-	(2,634)
31 December 2024	**1,030**	-	**(7,735)**

Consolidated Statement of Profit or Loss, USD thousands	Year ended 31 March 2023	Year ended 31 March	Nine months ended31

		2024	December 2024
Interest income	2,011	10,489	24,097
Interest expense	(2,011)	(10,356)	(23,911)
NET INTEREST INCOME	**–**	**133**	**186**
Net (loss)/ gain on foreign exchange operations	(3)	(53)	522
Fee and commission expense	(180)	(240)	(192)
Credit loss expense	(1,376)	(1,824)	–
Operating expenses	(37)	(57)	(35)
Other income	20	–	–
LOSS BEFORE INCOME TAX	**(1,576)**	**(2,041)**	**(2,634)**
Income tax expenses	–	–	–
NET LOSS FOR THE PERIOD	**(1,576)**	**(2,041)**	**(2,634)**

Since 31 March 2023 FFSPC issued a total amount of USD 1.066bn of debt securities.

8. Other information relating to the Issuer

8.1. Information about auditors

The independent auditor of the Issuer's financials for the year ended 31 March 2023 is Deloitte Limited Liability Partnership (36 al Farabi Avenue, Almaty, Kazakhstan, 050059). Deloitte LLP is authorized and regulated by the Ministry of Finance of the Republic of Kazakhstan under the state license No. 0000015, type MFU-2, dated 13 September 2006.

The independent auditor of the Issuer's financials for the year ended 31 March 2024 is ALMIR CONSULTING Limited Liability Partnership (19, Al-Farabi Ave., Nurly Tau Business Center, block 2b, 403 office, Almaty, Kazakhstan). ALMIR CONSULTING LLP is authorized and regulated by the Ministry of Finance of the Republic of Kazakhstan under the state license No. 0000014, dated 27 November 1999.

8.2. Connected Persons

A body corporate of the Issuer is Freedom Holding Corp., a legal entity duly organized under the law of Nevada, USA, with registered address at c/o CT Corporation System 701 S Carson Street, Suite 200 Carson City, Nevada 89701, USA.

Beneficial owner of the Freedom Holding Corp., its direct shareholder and the only holder of more than 10% of the FRHC's issued and outstanding common shares is Timur Turlov, who is the major controlling shareholder of the Issuer. There are currently measures in place to ensure that control over the Issuer is not abused as provided for by Kazakhstan law and the Articles of the Issuer. Such measures include, among others, presence of the Board of Directors. There are no arrangements known to the Issuer which may at a subsequent date result in a change of control over the Issuer.

8.3. Legal and other proceedings against the Issuer

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and which the Company is aware of) which may have or have had a significant impact on the Company's financial position and profitability during the last 12 months prior to the date of this Prospectus.

9. Responsibility for the Content of the Prospectus

9.1. Responsibility Statement

The Responsibility Statement is included in Schedule 1 of this Prospectus.

9.2. Expert opinions included in the Prospectus

There are no expert opinions included in this Prospectus.

10. Documents on display

Copies of the following documents may be inspected at, and are available from, the office of the Issuer at 16, Dostyk Street, Talan Towers offices, floor 26, Astana, Kazakhstan during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), so long as the Bonds are listed on the AIX:

- This Prospectus, the Articles of Association, and the Conflict of interest policy of the Issuer
- The audited Financial Statements for the years ended 31 March 2024, 31 March 2023 and for the nine month ended 31 December 2024, including in each case the auditor's report conducted in accordance with International Standards on Auditing relating to such financial statements.

SECURITIES NOTES

1. Key information

1.1. Risk factors material to the Securities

The Bonds are subject to modification, waivers and substitution.

This Prospectus contains provisions for calling meetings of the Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Bondholders.

Delisting of the Bonds from the Official List of the AIX may subject gains and coupon interest payments on the Bonds to tax in the Republic of Kazakhstan.

In order for coupon interest payments due on the Bonds and gains realized by the Bondholders in relation to disposal, sale, exchange or transfer of the Bonds to be exempt from Kazakhstan withholding tax, it will be necessary for the Bonds to be admitted to the Official List of the AIX as at the Coupon Payment Date or the date of such disposal, sale, exchange or transfer of the Bonds. No assurance can be given that the Bonds will remain admitted to the Official List of the AIX as at each Coupon Payment Date or during the term of the Bonds, or that there will be no material change in tax and securities laws in Kazakhstan.

The market price of the Bonds may be volatile.

The market price of the Bonds could be subject to fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by analysts and the actual or expected sale of a large number of Bonds.

If any Tranche issued under the Programme is guaranteed the guarantor might default on any payments related to the Bonds.

Where the Tranches issued under this Programme are guaranteed, the guarantor might default and not be able to pay any interest on any Bond or redeem any Bond when due.

1.2. Reasons for the offer

Estimated net amount of proceedings	Shall be specified in the relevant Offer Terms.
Use of proceeds	The proceeds received by the Issuer from the issue of the Bonds shall be transferred in the form of loans to the parent company Freedom Holding Corp., which intends to use the net proceeds from the sale of the Bonds for repayment or refinancing of debt, business expansion through mergers and acquisitions and general corporate purposes.

1.3. Creditworthiness of the Issuer

Earnings coverage ratio

According to the Issuer's audited financial statements, the Earnings coverage ratio for the year ended on 31 March 2024 is 0.80 (zero point eight) and for 9 months ended on 31 December 2024 is 0.9 (zero point nine).

Relevant credit ratings

The Issuer does not have any credit ratings. If applicable, credit ratings attached to each Tranche will be specified in the relevant Offer Terms.

Risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors

All relevant risk factors are described in the "Risk factors" section of the Registration Document of this Prospectus.

Guarantees

If applicable, the terms of guarantees attached to each Tranche will be specified in the relevant Offer Terms.

2. Information relating to the Securities offered/admitted to trading

2.1. General information relating to the Securities

Form of the Bonds	The Bonds will be issued in fully registered and dematerialised form under the Acting Law of AIFC, including AIFC Markets Rules and AIX Markets Business Rules.
Issuance	The Bonds under the Programme are to be issued in Tranches. The Programme may be comprised of one or more Tranches issued on the same or different dates. Each Tranche will be subject to the relevant Offer Terms which, for the purposes of that Tranche only, completes this Prospectus and which must be read in conjunction with this Prospectus. For the avoidance of doubt, the terms and conditions set out in this Prospectus shall be applicable to each Tranche issued under the Programme and will be completed by the relevant Offer Terms.

Aggregate Principal Amount of the Programme	U.S.$1,000,000,000 (one billion). When counting the aggregate principal amount of the Programme, Bond issued in currencies other than U.S.$ will be included at the exchange rate of the National Bank of the Republic of Kazakhstan as at the date of admission of the relevant Tranche to trading on the AIX.
Issue currency	Shall be specified in the relevant Offer Terms.
Trading currency	Shall be specified in the relevant Offer Terms.
Number and Nominal Value of the Bonds	Shall be specified in the relevant Offer Terms.
Admission to listing and trading	This Prospectus has been produced in connection with the application for the Bonds to be admitted to the Official List of the AIX and trading on the AIX. Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms.
Registrar	AIX Registrar.
Depository	AIX CSD.
Legislation	The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof, currently in effect, such rules shall be deemed incorporated herein.
Ranking	The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank pari passu among themselves and rank pari passu, in terms of payment rights, with all other current or future unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
Redemption	Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favor of each Bondholder that the Bonds will be redeemed at their Nominal Value concurrently with the final coupon interest payment no later than 15 (fifteen) calendar days starting from the Maturity Date.
Open market purchases	Unless otherwise specified in the relevant Offer Terms the Issuer may by tender at any time purchase the Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all the Bondholders. Any such purchased Bonds will not be considered as redeemed and may be further resold by the Issuer.
Coupon Interest Rate	The Coupon Interest Rate of each Tranche shall be specified in the relevant Offer Terms. Coupon interest amount per one Bond shall be calculated using the following formula: *Nominal Value × Coupon Interest Rate × Day count fraction for the relevant Coupon Period.*
Coupon Payment Dates	Shall be specified in the relevant Offer Terms.
Coupon period	Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date.
Day count fraction	30/360; coupon interest payments on the Bonds shall be calculated on the basis of a year of 360 (three hundred and sixty) days consisting of 12 (twelve) months of 30 (thirty) days each.
Rights attached to the Bonds	The Bondholders have the right to: • Receive coupon interest payments according to the terms of the Prospectus and the relevant Offer Terms. • Receive the Nominal Value upon redemption according to the terms of the Prospectus and the relevant Offer Terms. • Freely transfer the Bonds. • Request and receive information about the Issuer's operations. • Attend, participate in and vote in meetings of the Bondholders in accordance with the terms of the Prospectus. • Require that the Bonds shall immediately become due and repayable at their Nominal Value together with accrued coupon interest if any of the events mentioned in clause 3.3 of Securities Notes occurs and continues for more than 30 (thirty) calendar days.

Issue restrictions	No amendment shall be made by the Issuer to the Prospectus or relevant Offer Terms unless the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be sold in other jurisdictions outside the AIFC, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Restrictions on the free transferability	The Bonds are freely transferable and, once admitted to the Official List of the AIX, shall be transferable only in whole in accordance with the rules and regulations of the AIX.
Miscellaneous	For purposes of any calculation specified herein, a value shall be accurate to two decimal places.

3. Terms and conditions of the Offer

Number of Bonds offered	Shall be specified in the relevant Offer Terms.
Categories of potential investors	Subject to applicable laws and regulations the Bonds will be offered to a wide range of investors.
Conflict of interest	No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.
Offering method	Shall be specified in the relevant Offer Terms.
Offer period	Shall be specified in the relevant Offer Terms.
Allotment of the Bonds	Shall be specified in the relevant Offer Terms.
Lead Manager	Freedom Finance Global PLC.
Authorizations	The Prospectus and Offer Terms of the first Tranche issued under the Programme were approved by the Special Resolution on 27 November 2023. The Offer Terms of the second Tranche issued under the Programme were approved by the Resolution on 3 September 2024. The Offer Terms of the third, fourth and fifth Tranches issued under the Programme were approved by the Resolution on 21 April 2025.
Clearing and settlement	The payment and settlement will be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD (the "AIX CSD Rules"), in particular delivery of the Bonds through the system of the AIX CSD. In order to participate in the offering of the Bonds, take delivery of the Bonds and trade the Bonds on the AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. The Bonds will be held on behalf of investors in the relevant AIX Trading Member's account at the AIX CSD.
Notification process for investors	Prior to the start of trading, AIX will publish a market notice specifying the first day of trading on its website: https://aix.kz/news-announcements/aix-market-notices/ All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service: https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/
Paying agent	The Issuer did not appoint a paying agent for the Bonds.

3.1 Payments

Coupon interest payments on the Bonds shall be paid to the Person shown in the Bond Registry at 23:59:59 (Astana time) on the last day of a period for which coupon interest payment is due for (the "Record Date").

Coupon interest payments on Bonds shall be paid no later than 15 (fifteen) calendar days starting from the relevant Coupon Payment Date by money transfer to current bank accounts of the Bondholders specified in the Bond Registry as at the Record Date. Coupon interest payment will be carried out by transferring money to the participant's settlement account at AIX CSD of the Bondholders, who have the right to receive the specified payment and have been registered as the Bondholders by AIX Registrar and AIX CSD at 23:59:59 (Astana time) on the relevant Record Date.

In case of nominee holding interest and principal debt could be paid only to the account provided by the Bondholder's broker or custodian acting as a nominal holder of securities (other than participant settlement account with AIX CSD). The final coupon interest payment shall be made by Issuer concurrently with payment of the principal of the Bonds no later than 15 (fifteen) calendar days starting from the Maturity Date. All payments in respect of the Bonds shall be made in the currency of the relevant Tranche specified in the relevant Offer Terms.

If any date for payment in respect of the Bonds is not a Business Day, the Bondholder shall not be entitled to payment until the next following Business Day nor to any coupon interest or other sum in respect of such postponed payment.

3.2 Penalty

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the "Unpaid Amount"), at the rate equal to the Coupon Interest Rate specified in the relevant Offer Terms. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the coupon interest specified in the relevant Offer Terms, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360 (three hundred and sixty), rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

3.3 Events of Default

The Bonds shall become immediately due and repayable at their Nominal Value, together with any accrued coupon interest, if any of the following events (the "Events of Default") occurs and continues for more than 30 (thirty) calendar days:

- the Issuer shall fail to pay any interest on any Bond when due; or
- the Issuer shall fail to redeem any Bonds when due; or;
- the Issuer is in default in the performance, or is otherwise in breach, of any of the following obligations:
    - the Issuer shall not amend the Prospectus unless agreed upon in writing with the Bondholders of at least three-fourth in principal amount of the Bonds outstanding;
    - the Issuer shall maintain the listing of the Bonds on the Official List of AIX;
    - the Issuer shall not amend or substitute any entity in place of the Issuer as the principal debtor in respect of the Bonds, without prior written consent of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding;
    - the Issuer shall pay any penalty due to any Bondholder in accordance with section 3.2 of this Securities Notes.

3.4 Early redemption

Redemption at the Option of the Bondholders

If at any time while any of the Bonds remains outstanding an Event of Default occurs and continues for more than 30 (thirty) calendar days, the Issuer shall, at the option of the Bondholder, upon the Bondholder giving not less than 30 (thirty) days nor more than 45 (forty five) days' notice from the occurrence of any Event of Default to the Issuer, redeem such Bonds on the day specified in such notice at 100% of its Nominal Value together with coupon interest accrued to (but excluding) the date specified for redemption.

Following the occurrence of any Event of Default in clause 3.3 of the Securities Notes the Issuer may arrange negotiations with the Bondholders in respect of the early redemption at the option of the Bondholders.

Redemption at the Option of the Issuer

Unless otherwise specified in the relevant Offer Terms the Bonds may be redeemed in whole or in part at Nominal Value before their stated maturity at the option of the Issuer only if the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in nominal amount of the Bonds then outstanding. Redemption at the Option of the Issuer shall be made in accordance with Clause 3.1 ("Payments") above.

3.5 Meetings of the Bondholders

- The Issuer may from time to time call meetings of the Bondholders for the purpose of consultation with the Bondholders or for the purpose of obtaining the consent of the Bondholders on matters which in terms of this Prospectus require the approval of the Bondholders' meeting.
- A meeting of the Bondholders shall be called by the Issuer by publication of a relevant notice according to clause 3.6 ("Notices") of the Securities Notes not less than 14 (fourteen) days before a day of the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of the Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this clause at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- The amendment or waiver of any of the provisions of and (or) conditions contained in this Securities Notes, or in any other part of the Prospectus, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- A meeting of the Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person, via absentee voting or by proxy, representing not less than 50% (fifty percent) in Nominal Value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 (thirty) minutes from the time scheduled for the commencement of the meeting

as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders present at that meeting. The Issuer shall within 2 (two) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 (seven) days, and not later than 15 (fifteen) days, following the original meeting. At an adjourned meeting: the number of the Bondholders present, in person, via absentee voting or by proxy, representing not less than 30% (thirty) in Nominal Value of the Bonds then outstanding, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

- Any person who in accordance with the Articles of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of the Bondholders.
- Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Issuer or its representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time for the Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- The voting process shall be managed by the secretary elected at the meeting.
- The proposal placed before a meeting of the Bondholders shall only be considered approved if at least 75% (seventy five percent) in Nominal Value of the Bondholders present at the meeting at the time when the vote is being taken, in person, via absentee voting or by proxy, shall have voted in favor of the proposal.
- Save for the above, the rules generally applicable to proceedings at general meetings of the Issuer's shareholders shall apply to meetings of the Bondholders.

3.6 Notices

To the Bondholders

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are listed on the AIX and so long as the rules of the AIX so require, by publication (i) on the internet website of the AIX at www.aix.kz via AIX RAS or (ii) otherwise in accordance with the regulations of the AIX.

To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at 16, Dostyk Street, Talan Towers offices, floor 26, Astana, Kazakhstan, or by email (ffspc@ffin.kz) and will be deemed to have been validly given when delivered.

3.7 Taxation

Under the Constitutional Law on "Astana International Financial Centre" any interest or capital gain on the securities listed on the AIX are exempt from taxes until 1 January 2066. Accordingly, following the admission of the Bonds to the Official List of the AIX, any income derived from holding or selling the Bonds will be exempt from taxes as long as the Bonds are listed on the AIX Official List. No stamp, registration or other taxes arising out of the transfer of the Bonds exist in the Republic of Kazakhstan.

Important U.S. tax considerations for the non-U.S. Bondholders are detailed in the subsequent section titled "Non-U.S. Bondholders" and investors should read carefully this section for information on U.S. tax implications.

Non-U.S. Bondholders

Under the U.S. tax law, coupon interest payments on the Bonds will be deemed to be payable from a source in the United States. Coupon interest payments made to a non-U.S. Bondholder generally will be subject to U.S. withholding tax at the rate of 30%. The following is a summary of certain U.S. federal income tax considerations for the non-U.S. Bondholder. For purposes of this summary, the term "non-U.S. Bondholder" means a beneficial owner of the Bond who is, for U.S. federal income tax purposes:

- a non-resident alien individual;
- a foreign corporation.

Coupon interest payments

The coupon interest paid on the Bond by the Issuer to the non-U.S. Bondholder will be exempt from U.S. income and withholding tax under the "portfolio debt exemption" provided that:

(1) the non-U.S. Bondholder does not, directly or indirectly, own 10% or more of the total combined voting shares of FRHC,

(2) the non-U.S. Bondholder is not a controlled foreign corporation related to the FRHC, directly or indirectly, through the equity ownership,

(3) the non-U.S. Bondholder is not a bank that acquired the Bonds in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and

(4) either

(a) the non-U.S. Bondholder provides to FF SPC an applicable properly completed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and any applicable attachments, signed under penalties of perjury, that includes its name and address and that certifies that it is not a U.S. person or in the case of an individual, that the person is neither a citizen or a resident (for U.S. federal income tax purposes) of the United States, in compliance with applicable law and regulations, or

(b) a securities clearing organization, bank or other financial institution that holds the Bonds in the ordinary course of its trade or business on behalf of the non-U.S. Bondholder provides a statement to FFSPC under penalties of perjury in which it certifies that a properly completed applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form) has been received by it from the non-U.S. Bondholder or

(c) the non-U.S. Bondholder holds the Bonds through a "qualified intermediary" and the qualified intermediary furnishes to FFSPC a copy of a properly executed IRS Form W-8IMY (or applicable successor form) and any applicable attachments on behalf of itself (which may, in some circumstances, include a withholding statement and applicable underlying IRS forms sufficient to establish that the non-U.S. Bondholder is not a U.S. Bondholder).

If a non-U.S. Bondholder cannot satisfy the requirements of the portfolio interest exemption described above, coupon interest payments made to such non-U.S. Bondholder generally will be subject to U.S. withholding tax at the rate of 30%, unless the non-U.S. Bondholder provides FFSPC with a properly executed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) establishing an exemption from, or reduction of the withholding tax under the benefit of an applicable tax treaty.

The amount of interest on the Bond paid to a non-U.S. Bondholder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-U.S. Bondholder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-U.S. Bondholder is a resident.

Provided that a non-U.S. Bondholder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the non-U.S. Bondholder generally will not be subject to U.S. withholding tax with respect to coupon interest payments on, and the proceeds from a disposition of, a bond, unless FFSPC knows or have reason to know that the Bondholder is a U.S. person or otherwise is ineligible for the portfolio debt exception.

U.S. Bondholders

Bondholders who are U.S. persons for tax purposes ("U.S. residents) are required to provide Form W-9 to FFSPC.

If a Bondholder is a U.S resident and fails to provide a valid Form W-9, or it is provided incorrectly or late, they may face backup withholding tax on their interest payments and on their gross proceeds upon subsequent disposition of the bonds. All payments (and tax withheld where applicable) will be reported to both the IRS and the U.S. resident on the appropriate Form 1099 series form.

Important information

This tax summary is intended for general information purposes only and does not constitute tax advice. For specific advice related to a Bondholder's tax situation, Bondholders are encouraged to consult with a tax advisor. This will ensure compliance with the complex and evolving U.S. tax laws and regulations.

4. Other information

4.1. Audit and source of information including use of expert reports

The Issuer's financials for year ended on 31 March 2023 audited by Deloitte LLP and financials for year ended on 31 March 2024 audited by ALMIR CONSULTING LLP – are included in Schedule 3 of this Prospectus.

5. Admission to listing and trading

Dates of admission to listing and trading on AIX and estimate of the total expenses related to the admission to trading will be specified in respective Offer Terms of each Tranche.

Olga Baskakova, Director
(Name, title)

(Signature, stamp)

22 May 2025
Date

GLOSSARY

"AIFC"	Astana International Financial Centre
"Acting Law of the AIFC"	Regulatory acts specified in article 4 of the Constitutional statute of the Republic of Kazakhstan №438-V of 7 December 2015 "On the Astana International Financial Centre"
"AIX"	Astana International Exchange Limited
"AIX CSD"	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting law of the AIFC responsible for daily cash and securities settlement and depositary activities.
"AIX RAS"	AIX Regulatory Announcement Service, a service providing issuers with a method of declaring information and any other continuous and/or periodic disclosures that must be released to the market either under the ongoing reporting requirements or as required otherwise
"AIX Registrar"	Astana International Exchange Registrar Limited, a company incorporated in AIFC under company identification number 180840900010 with its registered office at 55/19, Mangilik El Avenue, Astana, Kazakhstan.
"Articles"	Articles of Association of the Issuer.
"bln"	Billion.
"Bond Registry"	The register of the Bondholders that is maintained by AIX Registrar on behalf of that Issuer.
"Bonds"	Bonds issued by the Issuer under the Programme (same as "Securities").
"Bondholder"	A legal owner of the Bond which is recorded in the register of the holders of the Bonds maintained by AIX Registrar.
"Business Day"	A day on which banks and exchange markets are open for business in the Republic of Kazakhstan.
"Company"	Freedom Finance SPC Ltd. (same as "Issuer" and "FFSPC").
"Coupon Interest Rate"	The annual interest rate paid on the Bonds and expressed as a percentage of the Nominal Value.
"Coupon Payment Dates"	The first day of the coupon interest payment period.
"Earnings coverage ratio"	Equals to consolidated net income applicable to common shareholders plus income taxes, interest on long-term and short-term debt, divided by interest on long-term and short-term debt.
"Events of Default"	A partial or complete failure to fulfil the Issuer's obligations with respect to the Bonds as described in the Prospectus and the relevant Offer Terms.
"FFSPC"	Freedom Finance SPC Ltd. (same as "Issuer" and "Company").
"FRHC"	Freedom Holding Corp.
"General Meeting"	A meeting of the Company's shareholders.
"IRS"	Internal Revenue Service, the revenue service for the United States federal government, which is responsible for collecting U.S. federal taxes.
"Issue Date"	The issue date of the relevant Tranche from which the Bondholder is entitled to receive coupon interest.
"Issuer"	Freedom Finance SPC Ltd. (same as "Company" and "FFSPC").
"KZT"	The lawful currency of the Republic of Kazakhstan.
"Lead Manager"	Freedom Finance Global PLC.
"Maturity Date"	The day following the last day of the Bond circulation period (the first day of the Bonds' redemption period).
"mln"	Million.
"Nominal Value"	Redemption price of the Bonds as per relevant Offer Terms.
"Official List"	The list of securities, units or derivatives and a right or interest in the relevant security, unit or derivative maintained by AIX.
"Offer Terms"	Offer terms of each Tranche issued under the Programme.
"Ordinary Resolution"	A resolution passed by a simple majority of the votes of the Issuer's shareholders who (being entitled to do so) vote in person or, if proxies are allowed, by proxy, at a General Meeting for which notice specifying the intention to propose the resolution was duly given, and includes an

	Ordinary Resolution in writing passed under section 100 (Resolution in writing of Private Companies) of the AIFC Companies Regulations.
"Person"	Any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other legal entity, whether or not having separate legal personality.
"Programme"	U.S.$1,000,000,000 bond Programme established by the Issuer.
"Prospectus"	This document, which has been prepared in accordance with the MAR Rules regarding to the Programme and the Bonds.
"Record Date"	The last day of a period for which coupon interest payment is due.
"Securities"	Bonds issued by the Issuer under the Programme (same as "Bonds").
"Special Resolution"	A resolution passed by at least 75% of the votes of the Issuer's shareholders (or the shareholders of the relevant class of the Issuer's shares) who (being entitled to do so) vote in person or, if proxies are allowed, by proxy, at a General Meeting for which notice specifying the intention to propose the resolution was duly given, and includes a Special Resolution in writing passed under section 100 (Resolutions in writing of Private Companies) of the AIFC Companies Regulations.
"Tranche"	Each series of the Bonds issued under the Programme.
"**U.S. Dollars**" and "**U.S.$**"	The lawful currency of the United States.

SCHEDULE 1. RESPONSIBILITY STATEMENT

a) The Issuer, having made all the reasonable enquiries, accept responsibility for this Prospectus and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules.

Most of the information reflected in this Prospectus has been received by the Issuer from the Auditor's reports, constituent documents, public data placed on the website of the authorized state bodies. The Issuer confirms that such information has been accurately reproduced and is able to ascertain from information published by such third parties that no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

On behalf of the Issuer, the General Director of the Issuer confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of his knowledge and that no material facts or circumstances have been omitted.

b) The Issuer's Board of Directors is responsible for the information contained in the Prospectus, which to any extent relates to the Issuer's financial activity and financial statements.

c) The persons responsible for the content of this Prospectus are those responsible for the content of this Prospectus in accordance with clauses (a) and (b) of this Schedule and MAR 1.9.1.

Freedom Finance SPC Ltd.,
as the Issuer

Olga Baskakova, Director
(Name, title)

(Signature, stamp)

22 May 2025
Date

16, Dostyk Street, Talan Towers offices, floor 26, Astana, Kazakhstan
(Address)

SCHEDULE 2: FORM OF OFFER TERMS TEMPLATE

Freedom Finance SPC Ltd.

(Incorporated as a special purpose company under the legislation of the Astana International Financial Centre)

OFFER TERMS

OF THE [*currency, amount of the Tranche*] BONDS DUE [*date*] ____(ISIN:_______)

ISSUED UNDER U.S.$1,000,000,000 BOND PROGRAMME

The Bonds will be constituted by and have the benefit of a U.S.$1,000,000,000 Programme established by Freedom Finance SPC Ltd. valid until 31 December 2033. This document is the Offer Terms of the [*number of the Tranche*] Tranche issued under the Programme. The Bonds of this Tranche have been issued under the Programme and in accordance with the Acting Law of the Astana International Financial Centre. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 15 December 2023. This document constitutes the Offer Terms of the Bonds described herein. This document is prepared for the purposes of the AIFC rules and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Offer Terms and the Prospectus. The Offer Terms and the Prospectus have been published on the website of the Astana International Exchange at https://www.aix.kz and on the website of the Issuer at https://ffin.kz/freedombonds.

AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this document including the accuracy or completeness of any information or statements included in it. Liability for this document lies with the issuer of this document and other persons such as Experts whose opinions are included in this document with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which this document relates for any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

In the case of bankruptcy or default by the Issuer the investors may not recover the amounts they are entitled to and risk losing all or part of their investment, and the investors' liability might not be limited to the amount of the investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

Terms defined in the Prospectus have the same meanings in these Offer Terms unless they are expressly defined herein.

Type of Securities	
Issue and trading currency	
Aggregate principal amount	
Nominal Value	
Number of Bonds offered	
ISIN	
Guarantee	
Issue Date	
Maturity Date	
Admission to listing and trading	
Coupon Payment Dates	
Coupon Interest Rate	
Offering method	
Offer period opening and closing date	
Allotment of the Bonds	
Early redemption at the Option of the Bondholders – Put Option	
Early redemption at the	

Option of the Issuer – Call Option	
Estimated expenses	
Estimated net amount of proceeds	

(Name, position)

(Stamp and Signature)

Freedom Finance SPC Ltd.

Date

SCHEDULE 3. AUDITED FINANCIAL STATEMENTS

Freedom Finance Special Purpose Company LTD

Financial Statements and
Independent Auditor's Report For the year
ended 31 March 2024

Freedom Finance Special Purpose Company LTD

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Freedom Finance Special Purpose Company

Statement of Management's responsibilities
For the Preparation and Approval of the Financial Statements
For the Year Ended March 31, 2024

Management of Freedom Finance Special Purpose Company ("the "Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 March 2024, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2024, and of significant accounting policies and notes to the financial statements ("financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the 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 Company's financial position and financial performance; and
- Making an assessment of the Company'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 Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

These financial statements of the Company for the year ended 31 March 2024 were approved by the Management on 20 August 2024.

On behalf of the Management:

Freedom Finance SPC Ltd.

Baskakova O.S.

Director

20 August 2024

Almaty, Kazakhstan

«ALMIR CONSULTING»
жауапкершілігі шектеулі серіктесті
Қазақстан Республикасы, Алматы қаласы
Әл-Фараби даңғылы 19, «Нұрлы- Тау»
Бизнес Орталығы,2 Б корпусы, 4 қабат,
403 кенсе
телефондары: 8(727) 311 01 18 (19,20)
факс: (727) 3110118
email: almirconsulting@mail.ru

ALMIR CONSULTING
АУДИТОРСКАЯ КОМПАНИЯ

ALMIR CONSULTING
Limited Liability Partnership
19, Al-Farabi Ave., Nurly Tau Business Center,
block 2 b, 4 floor, 403 office,
Almaty, Kazakhstan
Telephones: 8(727) 311 01 18, 311 01 19, 311 01 20
email: almirconsulting@mail.ru

"Approved"

ALMIR CONSULTING LLP, State License
For audit activities in the Republic of Kazakhstan
No. 0000014 issued by the Ministry of Finance of the Republic of Kazakhstan on 27.11.99

Director of ALMIR CONSULTING LLP
Candidate of economic sciences, Associate Professor,

(Auditor Qualifying Certificate No. 0000411
dated July 06, 1998)
B. K. Iskendirova

ALMIR CONSULTING

To the Sole Participant of Freedom Finance Special Purpose Company

INDEPENDENT AUDITORS' REPORT

Audit Opinion

We have audited the financial statements of Freedom Finance Special Purpose Company, consisting of the statement of financial position as of March 31, 2024, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Freedom Finance Special Purpose Company LTD as of 31 March 2024, as well as financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in the section Auditors' Responsibilities for the Audit of the Financial Statements of our report. We are independent of the Company, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (Code of IESBA) and ethical requirements applicable to our audit of financial statements in Kazakhstan, and we performed other ethical responsibilities of ours in compliance with those requirements and the Code of IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key points

As discussed in Note 8, as of March 31, 2024, the amount of loans issued was US$109,762 thousand less the related allowance for impairment of US$1,874 thousand. The estimation of expected credit losses requires us to exercise significant judgment in considering all reasonable and supportable information as of the	Obtaining an understanding of the loan loss provisioning process, in particular the measurement and recognition of reserves for expected credit losses. This included assessing the design and implementation of appropriate controls over the expected credit loss model, including model governance and mathematical accuracy

reporting date. A key area of judgment included evaluating the overall allowance methodology, including the methodologies and assumptions used to estimate the probability of loan default and the amount of recoveries expected from defaulted loans. The allowance for credit losses represents a significant estimate where changes in the model methodology, assumptions and judgments could have a material effect on the amount of expected credit losses. Due to the significance of loan balances, the magnitude of estimation uncertainties and the complexity of the judgments applied by management in estimating expected credit losses, as described in Note 4, we identified loan impairment as a key audit matter.	Assessing the provisioning methodology developed to calculate impairment losses in accordance with the requirements of IFRS 9; Obtaining an external counterparty credit rating from an external source as of March 31, 2024, and assessing the applicability of the external counterparty rating to issued loans. Based on the rating and PD and LGD indicators from the rating agencies' reports, recalculation of expected credit losses was made. Considering the adequacy and completeness of the Company's disclosures regarding issued loans and the impairment allowance in accordance with IFRS 9 on expected credit losses.

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

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

In preparing the financial statements, management is responsible for the evaluation of a Company's ability to continue as a going concern, and for disclosure, where appropriate, of information relevant to the going concern, as well as for preparation of the financial statements based on the assumption of going concern, except when management intends to liquidate the Company, or discontinue operations, or where has no other realistic alternatives, other than liquidation or discontinuation of operations.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance whether the financial statements are free from material misstatement due to fraud or error, and to issue an auditor's report containing our audit opinion. Reasonable assurance means a high degree of certainty but does not guarantee that the audit performed in accordance with the International Standards on Auditing always identifies significant misstatements, if any. Misstatements can be caused by fraud or errors and are considered material if it can reasonably assume that they, individually or cumulatively, can impact on economic decisions of users made in reliance on the financial statements.
As part of the audit performed in accordance with the International Standards on Auditing, we use professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or errors; design and perform audit procedures in response to the risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Detection risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to errors, since fraud can involve conspiracy, falsification, deliberate omission, misrepresentation of information or override of internal controls;

- Obtain understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates, and appropriateness of disclosures prepared by management;
- Make a conclusion about the appropriateness of application of ongoing concern assumption and based on the audit evidence obtained we make a conclusion whether there is substantial uncertainty due to certain events or conditions that can result in significant doubts about the Company's ability to continue as a going concern. If we conclude that significant uncertainty exists, in the auditor's report we should draw attention to the relevant disclosures in the financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our auditor's report. However, future events or conditions can result in the loss of the Company's ability to continue as a going concern.
- Evaluate the overall presentation of the financial statements, its structure and contents, including disclosures, we also evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.

We interact with those charged with governance, bringing to their attention, inter alia, information about the planned scope of the audit and its timing, as well as material findings of the audit, including significant shortcomings of the internal control identified during the audit.

We also provide those charged with governance with a statement that we complied with all relevant ethical requirements with respect to independence and informed them about all relationships and other issues that might reasonably be regarded as affecting the auditor's independence and, where necessary, about appropriate precautions.

Auditor of
ALMIR CONSULTING LLP
Auditor Qualifying Certificate
№ MF-0000101 dd 03.09.2012

АУДИТОР
Біліктілік куәлігі
№МФ-0000101

G. K. Iskendirova

August 20, 2024, Almaty

Freedom Finance Special Purpose Company LTD

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2024.
(in thousands of United States Dollar)

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income	5	10,489	2,011
Interest expense	5	(10,356)	(2,011)
NET INTEREST INCOME		133	—
Net gain/(loss) on foreign exchange operations		(53)	(3)
Fee and commission expense		(240)	(180)
Credit loss expense	6	(1,824)	(1,377)
Operating expenses		(57)	(37)
Other income/(expense)		—	20
LOSS BEFORE INCOME TAX		(2,041)	(1,576)
Income tax expenses		—	—
NET LOSS FOR THE PERIOD		(2,041)	(1,576)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS		(2,041)	(1,576)

On behalf of the Management:

Baskakova O.S.
Director

20 August 2024
Almaty, Kazakhstan

The notes on pages 9-30 form an integral part of these financial statements

Freedom Finance Special Purpose Company LTD

Statement of Financial Position
As at 31 March 2024
(in thousands of United States Dollar)

	Notes	31 March 2024	31 March 2023
ASSETS:			
Cash and cash equivalents	7	154,771	276
Loans issued	8	107,888	57,137
Investments in subsidiaries	9	4,070	–
Other assets		50	–
TOTAL ASSETS		**266,779**	**57,413**
LIABILITIES AND EQUITY			
LIABILITIES:			
Debt securities issued	10	267,249	60,025
Trade payables		3,522	88
Other liabilities		1	–
TOTAL LIABILITIES		**270,772**	**60,113**
EQUITY:			
Share capital	11	1,030	282
Accumulated deficit		(5,023)	(2,982)
TOTAL DEFICIT OF EQUITY		**(3,993)**	**(2,700)**
TOTAL LIABILITIES AND DEFICIT OF EQUITY		**266,779**	**57,413**

On behalf of the Management Board:

Freedom Finance SPC Ltd.

Baskakova O.S.

Director

20 August 2024

Almaty, Kazakhstan

The notes on pages 9-30 form an integral part of these financial statements

Freedom Finance Special Purpose Company LTD

Statement of Changes in Equity
For the year ended 31 March 2024.
(in thousands of United States Dollar)

	Notes	Share capital	Accumulated deficit	Total
31 March 2023		**282**	**(2,982)**	**(2,700)**
Contribution to share capital	11	748	—	748
Total comprehensive loss		—	(2,041)	(2,041)
31 March 2024		**1,030**	**(5,023)**	**(3,993)**

	Notes	Share capital	Accumulated deficit	Total
31 March 2022		**182**	**(468)**	**(286)**
Contribution to share capital	11	100	—	100
Allocation	8	—	(938)	(938)
Total comprehensive loss		—	(1,576)	(1,576)
31 March 2023		**282**	**(2,982)**	**(2,700)**

On behalf of the Management Board:

Baskakova O.S.

Director

20 August 2024

Almaty, Kazakhstan

The notes on pages 9-30 form an integral part of these financial statements.

Freedom Finance Special Purpose Company LTD

Statement of cash flows
For the Year Ended March 31, 2024
(in thousands of United States Dollar)

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
CASH FLOWS USED IN OPERATING ACTIVITIES:			
Net loss		(2,041)	(1,576)
Adjustments for:			
Credit loss expense	6	1,824	1,376
Net change in accrued interest		(4,261)	351
Net change in accrued commissions		3,434	88
Discount on loans issued		243	—
other adjustments for non-monetary items		1	—
Cash flows used in operating activities		**(800)**	**239**
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Loans issued	8	(47,683)	(45,420)
Investments in subsidiaries		(4,070)	—
Net cash flows used in investing activities		**(52,553)**	**(45,181)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt securities	10	206,350	45,265
Proceeds from contribution to share capital	11	698	100
Net cash flows from financing activities		**207,048**	**45,365**
Net increase in cash and cash equivalents		154,495	184
CASH AND CASH EQUIVALENTS, beginning of the year		**276**	**92**
CASH AND CASH EQUIVALENTS, end of the year		**154,771**	**276**

On behalf of the Management Board:

Baskakova O.S.

Director

20 August 2024
Almaty, Kazakhstan

The notes on pages 9-30 form an integral part of these financial statements

(in thousands of United States Dollar)

1. Organization

Freedom Finance Special Purpose Company ("Company") is a Special Purpose Company, which was registered in the Republic of Kazakhstan on 21 May 2021 in the AIFC with registration No. AFSA-R-CA-2021-0225. The regime of the AIFC is based on the principles and norms of the law of England and Wales, as well as on the experience of the financial centers of New York, London, Dubai, Hong Kong, Singapore. The Company is regulated by the Astana Financial Services Authority, an independent regulator of financial services and related activities in the AIFC.

As at 31 March 2024 and 31 March 2023, the owners structure is presented in the table below and the ultimate controlling party is Turlov T. R.

	31 March 2024	31 March 2023
Freedom Holding Corp.	100.00 %	100.00 %

The principal activity of the Company is operations to issue and placement of debt securities in Astana International Financial Centre. The Company's registered legal address is 16, Dostyk Street, Talan Towers offices, floor 26, Astana, the Republic of Kazakhstan.

These financial statements have been approved by the Management of the Company o 20 August 2024.

2. Significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as IFRS) and the interpretations of the International Accounting Standards Board (hereinafter referred to as the IASB).

Going concern

As of March 31, 2024, the Company had negative equity of $3,993 thousand and incurred a net loss of $2,041 thousand for the year ended on that date. However, management believes that the going concern assumption is appropriate for the Company due to the continued support of the Company's operations by the shareholder. This assertion is supported by the fact that during 2024, the sole shareholder increased the Company's share capital by $748 thousand.

The company presents its statement of financial position as a whole in order of liquidity. An analysis of whether recovery or settlement occurs within 12 months after the statement of financial position date (current) and beyond 12 months after the statement of financial position date (non-current) is presented in Note 16.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Accrual method

Accrual-based financial statements inform users not only of past transactions involving the payment and receipt of cash, but also of obligations to pay money in the future and of resources representing cash to be received in the future.

Functional currency

Items included in the financial statements of the Company are measured using the United States dollar ("dollar"). The presentational currency of the financial statements of the Company is US dollar, as well. All values are rounded to the nearest thousand US dollar, except when otherwise indicated.

3. Basic principles of accounting policy
New and revised international financial reporting standards

Several new standards and amendments to existing standards came into force for annual reporting periods beginning on January 1, 2023. The requirements of these standards and amendments to existing standards have been considered in preparing these financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies
The amendments and recommendations provide guidance and examples to assist entities in making materiality judgments when disclosing accounting policies. The amendments should help entities disclose more useful accounting policies by changing the requirement for entities to disclose "significant accounting policies" to requiring entities to disclose "significant information" about accounting policies, and management's view on how entities should apply materiality when adopting decisions on disclosure of information about accounting policies.
The amendments have been considered when disclosing accounting policies in these financial statements of the Company.

Amendments to IAS 8 – Definition of Accounting Estimates
The amendments introduced a definition of "accounting estimates" and also clarified the difference between changes in accounting estimates and changes in accounting policies and corrections of errors, and how entities use measurement methods and inputs to develop accounting estimates.
The amendments had no impact on these financial statements of the Company.

Standards and amendments that have been issued but not yet effective
The following are amendments that have been issued but are not yet effective at the date of issue of the Company's financial statements. The Company did not apply these standards and amendments early.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current», enters into force on January 1, 2024, early application is allowed.

Amendments to IAS 1 – "Long-term liabilities with covenants" enters into force on January 1, 2024, early application is allowed;

Amendments to IAS 7 and IFRS 7 – "Disclosure: Supplier Financing Agreement" enters into force on January 1, 2024, early application is allowed;

Amendments to IAS 12 – "Limitations on Currency Convertibility" enters into force on January 1, 2025, early allocation is allowed;

The Company's management is currently evaluating the issued amendments to the financial statements and results of operations and expects that the adoption of the amendments listed above will not have a material effect on the Company's financial statements and financial position in the period of their first application.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Revenue recognition

Recognition of interest income and expense

Interest income and expense for all financial instruments in "Net interest income/(expense)" as "Interest income calculated using the effective interest method" and "Interest expense", respectively, in the statement of profit or loss.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.
The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of these assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL")).

Recognition and measurement of financial instruments

The Company recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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.

All recognized financial assets that are within the scope of IFRS 9 *Financial Instruments* are required to be subsequently measured at amortized 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 amortized 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 fair value through profit or loss.

In accordance with IFRS 9, financial assets are classified as follows:

- Debt instruments measured at amortized cost;
- Debt instruments measured at FVTOCI;
- Debt instruments measured at FVTPL.

Impairment of financial assets

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Due from banks;
- Financial assets at fair value through other comprehensive income;
- Accounts receivables;

- Other financial assets.

No allowances for expected credit losses are recognized on equity investments.

Calculation of financial assets impairment is carried out considering the following factors:

- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- Assets classified at fair value through profit or loss are not subject to impairment under IFRS 9.
- The expected credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables).
- Impairment for accounts receivable is calculated on an individual basis and takes into account probability of default (based on historical credit loss experience), duration of a receivable and the extent of loss in case of a default.

Financial assets are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of assets that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss, with the exception of equity investments designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in other comprehensive is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on current accounts in banks with an original maturity of three months or less and the loans under reverse repurchase agreements with original maturity up to three months. Cash and cash equivalent are carried net of allowances for expected credit losses, if any.

Loans issued

Loans issued are initially recognized at fair value, plus any directly attributable transaction costs. Fair value generally corresponds to the principal amount of loans disbursed. Loans are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Debt securities issued

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the EIR method.

Share capital

Contributions to share capital are recognized at fair value of contributed assets. Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the reporting period ("IAS 10")* and disclosed accordingly.

Retirement and other benefit obligations

The Company does not have any pension arrangements apart from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. Such expenses are charged in the period the related salaries are earned. In addition, the Company has no post-retirement benefits or significant other compensated benefits requiring accrual.

Fiduciary activities

The Company does not provide trustee services.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

The exchange rates used by the Company in the preparation of the financial statements as at year end are as follows:

	31 March 2024	31 March 2023
KZT/1 US Dollar	446.78	451.71

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Company 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of financial instruments

As described in Note 14, the Company uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of certain types of financial instruments. Note 15 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The management of the Company believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Critical accounting judgements

As explained in Note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external credit rating (if available);

(in thousands of United States Dollar)

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Significant increase in credit risk
Probability of default

Probability of default ("PD") constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. It is estimated as at a point in time. The calculation is based on statistical models, and assessed using tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Loss Given Default

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

5. Net interest income

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income:		
Loans issued	10,144	1,894
Amortization of discount on loans issued	243	117
Income from amortization of premium on issued bonds	32	-
Dividend income from investments	70	-
Total interest income	**10,489**	**2,011**
Interest expense:		
Debt securities issued	(10,092)	(1,894)
Amortization of discount on debt securities issued	(264)	(117)
Total interest expense	**(10,356)**	**(2,011)**
Net interest income	**133**	—

(in thousands of United States Dollar)

6. Credit loss movement

	Cash and cash equivalents	Loans issued	Total
31 March 2023	**(6)**	**(1,748)**	**(1,754)**
Accrual of provisions for expected credit losses	(3,657)	(541)	(4,198)
Reversal of provisions for expected credit losses	1,959	415	2,374
31 March 2024	**(1,704)**	**(1,874)**	**(3,578)**

	Cash and cash equivalents	Loans issued	Total
31 March 2022	-	**(378)**	**(378)**
Accrual of provisions for expected credit losses	(31)	(1,370)	(1,401)
Reversal of provisions for expected credit losses	25	-	25
31 March 2023	**(6)**	**(1,748)**	**(1,754)**

7. Cash and cash equivalents

	31 March 2024	31 March 2023
Current accounts with brokers	156,428	202
Current accounts with banks	47	80
Less: Allowance for expected credit losses	(1,704)	(6)
Total cash and cash equivalents	**154,771**	**276**

As at 31 March 2024 and 31 March 2023, the current accounts with brokers and banks were classified to stage 1 due to absence of significant increase in credit risk since initial recognition.

8. Loans issued

	31 March 2024	31 March 2023
Principal amount	103,354	57,856
Discount on loans	243	-
Accrued interests	6,165	1,029
Less - allowance for expected credit losses	(1,874)	(1,748)
Total loans issued	**107,888**	**57,137**

As at 31 March 2024 and 31 March 2023, the Company had loans issued under bond program to the Company's sole shareholder that due October 21, 2026 and December 19, 2028 and bear interest rate of 5.5% and 12% respectively.

As of March 31, 2023, the Company had loans issued under the bond program to the Company's sole shareholder with a maturity date of October 21, 2026 and an interest rate of 5.5%.

During the year ended 31 March 2024, there was no movement of loans issued between stages of credit quality assessment. As at 31 March 2024, loans issued were classified to stage 1 due to absence of significant increase in credit risk since initial recognition.

(in thousands of United States Dollar)

During the year ended March 31, 2023, the Company issued additional loans to the sole shareholder. The difference between the amounts of the loans and their fair value at the date of initial recognition in the amount of $938 thousand was recognized as a distribution in the accumulated deficit in the statement of changes in equity. These non-cash transactions were excluded from the statement of cash flows for the year ended March 31, 2023.

There was no movement of originated loans between credit quality assessment stages during the year ended 31 March 2023. As of 31 March 2023, originated loans were classified as stage 1 due to no significant increase in credit risk since initial recognition.

9. Investment at fair value

A financial asset accounted for at fair value is represented by an investment in the capital of other legal entities.

	Share of participation, %	31 March 2024	Share of participation, %	31 March 2023
Freedom Finance Special Purpose Company	1%	4,070	-	-
31 March 2023	**1%**	**4,070**	**-**	**-**

On February 28, 2023, the Company's shareholder decided to establish a private company Freedom Kazakhstan Ltd, the Company's share is 1%, which is 4,070 thousand US dollars.

In the opinion of the Company's management, the acquisition cost of the equity interest can be considered as fair value at the end of the reporting period.

10. Debt securities issued

	31 March 2024	31 March 2023
USD Debt securities issued	265,200	58,582
Accrued interests	2,317	1,443
Premium/(discount) on bonds issued, net	(268)	-
Total debt securities	**267,249**	**60,025**

As at 31 March 2024 and 31 March 2023, the Company had outstanding debt securities issued which are due October 21, 2026 and has nominal amount of USD 100 thousand with interest rate of 5.5%. These bonds were issued under USD 200,000 thousand bond program valid until November 1, 2027, pursuant to which the Company may from time-to-time issue bonds to Accredited Investors. In respect of the bonds issued under program will be unconditionally guaranteed by the Company's sole shareholder.

The Company placed on the exchange of the Astana International Financial Center (AIFC), the Astana International Exchange (AIX), 5-year USD-denominated bonds with yield to maturity of 11.5-12.0%. The bonds were issued in the amount of 200 million USD as the first tranche under the USD 1 billion bond program and offered to a wide range of investors. During the first two years of circulation the coupon rate will be 12% per annum. For the following three years the coupon rate will be reset at the end of the second year of circulation and calculated as the sum of the federal funds effective rate and a fixed margin of 6.5%.

(in thousands of United States Dollar)

These bonds were issued under AIFC rules.

A reconciliation of changes in debt securities issued to cash flows arising from financing activities for the year ended March 31, 2024 and as of March 31, 2023 is as follows:

	31 March 2023	Cash inflow	Interest accrued and amortization of discount movement	31 March 2024
Debt securities issued	60,025	206,119	1,106	267,249

	31 March 2022	Cash inflow	Interest accrued and amortization of discount movement	31 March 2023
Debt securities issued	13,521	45,265	1,239	60,025

11. Share capital

As of March 31, 2024, the amount of share capital is 1,030 thousand USD. During the reporting period, the Company's share capital increased by 748 thousand USD.

On July 19, 2023, the Company's shareholder made a contribution of USD 50 thousand. On September 20, 2023, the Company's shareholder made an additional contribution of USD 20 thousand. On November 30, 2023, the Company's shareholder made an additional contribution of USD 100 thousand. On December 5, 2023, the Company's shareholder contributed USD 478 thousand. On March 26, 2024, the Company's shareholder increased the shareholder's share by another USD 100 thousand.

As of March 31, 2023, the share capital is 282 thousand USD.

On June 23, 2021, the Company's shareholder made the first contribution of $10,000. On August 8, 2021, the Company's shareholder made an additional contribution of $30,000. On December 22, 2021, the Company's shareholder made an additional contribution of $152,000. On February 20, 2023, the Company's shareholder made the final contribution of $100,000.

The Company does not disclose earnings per share because it has no shares, all capital belongs to a single shareholder.

12. Commitments and contingencies

As at 31 March 2024 and 31 March 2023, the Company had no commitments for capital expenditure.

Legal proceedings

In the ordinary course of business, the Company could be subject to legal actions and claims. As at 31 March 2024 and 31 March 2023, the Company had no open legal actions and claims, respectively.

(in thousands of United States Dollar)

13. Transaction with related parties

Related parties or transaction with related parties, as defined by IAS 24 *Related party disclosures*

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding with related parties:

	31 March 2024	
	Related party balances	**Total category as per the financial statement caption**
Cash and cash equivalents	154,721	154, 771
Freedom Holding Corp's subsidiaries	154,721	
Loans issued	107,888	107,888
Freedom Holding Corp	107,888	
Trade payables	3,522	3,522
Freedom Holding Corp's subsidiaries	3,522	

	31 March 2023	
	Related party balances	**Total category as per the financial statement caption**
Cash and cash equivalents	276	276
Freedom Holding Corp's subsidiaries	276	
Loans issued	57,137	57,137
Freedom Holding Corp	57,137	
Trade payables	88	88
Freedom Holding Corp's subsidiaries	88	

The following amounts, which were recognized in transactions with related parties included in the statement of profit or loss for the year ended 31 March 2024 and for the year ended 31 March 2023:

	For the year ended 31 March 2024	
	Related party transactions	**Total category as per the financial statement caption**
Interest income	10,489	10,489
Freedom Holding Corp	10,489	
Fee and commission expense	(240)	(240)
Freedom Holding Corp's subsidiaries	(240)	

	For the year ended 31 March 2023	
	Related party transactions	**Total category as per the financial statement caption**
Interest income	2,011	2,011
Freedom Holding Corp	2,011	
Fee and commission expense	(180)	(180)
Freedom Holding Corp's subsidiaries	(180)	

(in thousands of United States Dollar)

14. Fair value of financial instruments

IFRS defines fair value as the value 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.

For the period ended 31 March 2023 and 31 March 2024, there were no transfers of financial instruments between levels, or changes in our methodology used to value the financial statements.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The carrying amount of cash and cash equivalents approximates its' fair value due to the short-term nature of such financial instruments.

	31 March 2024					
Financial Assets/Financial Liabilities	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Loans issued	107,888	144,243	Level 2	Present value of expected future cash flows, using the discount rate derived from market observable information	Discount rate of 6.00% and 12%	Not applicable
Total financial assets	**107,888**	**144,243**				
Debt securities issued	267,249	271,249	Level 2	Quoted bid prices in a market that is not active	Not applicable	Not applicable
Total financial liabilities	**267,249**	**271,249**				

(in thousands of United States Dollar)

	31 March 2023					
Financial Assets/Financial Liabilities	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Loans issued	57,137	59,325	Level 2	Present value of expected future cash flows, using the discount rate derived from market observable information	Discount rate of 6.00%	Not applicable
Total financial assets	**57,137**	**59,325**				
Debt securities issued	60,025	59,904	Level 2	Quoted bid prices in a market that is not active	Not applicable	Not applicable
Total financial liabilities	**60,025**	**59,904**				

(in thousands of United States Dollar)

15. Risk management policies

Management of risk is fundamental to the Company's business is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to market movements in interest rates, currencies as well as liquidity risk. A summary description of the Company's risk management policies in related to the financial risks is discussed below.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents and loans issued. The Company has no significant concentrations of credit risk.

Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders, by maintaining an optimal capital structure. The Company does this by managing its levels of debt and equity financing, considering the cost of capital and associated risks.

As of 31 March 2024, and 2023, the Company is not subject to externally imposed capital requirements and is not regulated by any financial supervisory authority requiring the maintenance of a certain level of capital. Therefore, the Company is not obligated to meet any minimum capital requirements set forth by external regulatory bodies.

Maximum exposure risk

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks to which specific assets are exposed and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets. For financial assets the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral.

As at 31 March 2024:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	154,771	–	154,771
Loans issued	107,888	–	107,888

As at 31 March 2023:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	276	–	276
Loans issued	57,137	–	57,137

Financial assets are graded according to the current credit rating they have been issued by an international rating agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is

(in thousands of United States Dollar)

AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Company:

	>BBB	<BBB	Not rated	31 March 2024
Cash and cash equivalents	–	154,771	–	154,771
Loans issued	–	107,888	–	107,888

	>BBB	<BBB	Not rated	31 March 2023
Cash and cash equivalents	–	276	–	276
Loans issued	–	57,137	–	57,137

The finance industry is generally exposed to credit risk through its financial assets and contingent liabilities. The exposure is monitored on a regular basis to ensure that the credit limits and creditworthiness guidelines established by the Company's risk management policy are not breached.

Geographical concentration

The Company exercises control over the risk in the legislation and regulatory area and assesses its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of the financial assets and liabilities at 31 March 2024 and 31 March 2023 is set out below:

	Republic to Kazakhstan	OECD countries	Non-OECD countries	31 March 2024 Total
FINANCIAL ASSETS				
Cash and cash equivalents	154,771	–	–	154,771
Loans issued	–	107,888	–	107,888
TOTAL FINANCIAL ASSETS	**154,771**	**107,888**	–	**262,659**
FINANCIAL LIABILITIES				
Debt securities issued	267,249	–	–	267,249
Trade payables	3,522			3,522
TOTAL FINANCIAL LIABILITIES	**270,771**	–	–	**270,771**
NET POSITION	**(116,000)**	**107,888**	–	**(8,112)**

(in thousands of United States Dollar)

	Republic to Kazakhstan	OECD countries	Non-OECD countries	31 March 2023 Total
FINANCIAL ASSETS				
Cash and cash equivalents	276	–	–	276
Loans issued	–	57,137	–	57,137
TOTAL FINANCIAL ASSETS	**276**	**57,137**	**–**	**57,413**
FINANCIAL LIABILITIES				
Debt securities issued	60,025	–	–	60,025
Trade payables	88			3,522
TOTAL FINANCIAL LIABILITIES	**60,113**	**–**	**–**	**60,113**
NET POSITION	**(59,837)**	**57,137**	**–**	**(2,700)**

Segment reporting

The Company operates within a single operating segment. Therefore, all revenues, costs, assets, and liabilities are attributable to this single operating segment.

The chief operating decision-maker (CODM) reviews financial information for the purpose of allocating resources and assessing performance. As a result, the financial information that is used by the CODM is the same as that presented in these financial statements.

Given that the Company operates in a single operating segment, no additional segment information is presented as it would be consistent with the financial statements as a whole.

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet other financial commitments associated with financial instruments as they actually fall due. The Company controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Stress testing is also used to assess the Company's ability to withstand liquidity outflows when capital markets are inaccessible, i.e. market reliance. The Company manages and monitors liquidity risks and ensures that liquidity risk management systems and arrangements are adequate about the internal risk appetite, the strategy and regulatory requirements.

From the table below, the Company's ability to monetize financial assets and liabilities. Financial assets are shown before allowance for expected credit losses.

(in thousands of United States Dollar)

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2024 total
FINANCIAL ASSETS					
Cash and cash equivalents	154,771	–	–	–	154,771
Loans issued	6,165	–	101,723	–	107,888
TOTAL FINANCIAL ASSETS	**160,935**	**–**	**101,723**	**–**	**262,659**
FINANCIAL LIABILITIES					
Debt securities issued	2,317	–	264,932	–	267,249
Trade payables	3,522	–	–	–	3,522
TOTAL FINANCIAL LIABILITIES	**5,839**	**–**	**264,932**	**–**	**270,771**

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2023 total
FINANCIAL ASSETS					
Cash and cash equivalents	276	–	–	–	276
Loans issued	1,029	–	56,108	–	57,137
TOTAL FINANCIAL ASSETS	**1,305**	**–**	**56,108**	**–**	**57,413**
FINANCIAL LIABILITIES					
Debt securities issued	1,443	–	58,582	–	60,025
Trade payables	88	–	–	–	88
TOTAL FINANCIAL LIABILITIES	**1,531**	**–**	**58,582**	**–**	**60,113**

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2024 total
FINANCIAL LIABILITIES					
Debt securities issued	7,793	19,793	362,372	–	389,958
TOTAL FINANCIAL LIABILITIES	**7,793**	**19,793**	**362,372**	**–**	**389,958**

(in thousands of United States Dollar)

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2023 total
FINANCIAL LIABILITIES					
Debt securities issued	1,634	1,634	69,201	—	72,469
TOTAL FINANCIAL LIABILITIES	**1,634**	**1,634**	**69,201**	**—**	**72,469**

Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. For the year ended 31 March 2024, there have been no significant changes as to the way the Company measures risk or to the risk it is exposed.

Currency risk

As at 31 March 2024 and 31 March 2023, mostly all assets and liabilities were denominated in functional currency. The Company's exposure to foreign currency exchange rate risk is presented in the tables below:

	KZT	USD	Other currencies	31 March 2024 total
FINANCIAL ASSETS				
Cash and cash equivalents	47	154,725	—	154,771
Loans issued	—	107,888	—	107,888
TOTAL FINANCIAL ASSETS	**47**	**262,612**	**—**	**262,659**
FINANCIAL LIABILITIES				
Debt securities issued	—	267,249	—	267,249
Trade payables	3,522	—	—	3,522
TOTAL FINANCIAL LIABILITIES	**3,522**	**267,249**	**—**	**270,771**

	KZT	USD	Other currencies	31 March 2023 total
FINANCIAL ASSETS				
Cash and cash equivalents	2	274	—	276
Loans issued	—	57,137	—	57,137
TOTAL FINANCIAL ASSETS	**2**	**57,411**	**—**	**57,413**
FINANCIAL LIABILITIES				
Debt securities issued	—	60,025	—	60,025
Trade payables	—	88	—	88
TOTAL FINANCIAL LIABILITIES	**3,522**	**60,113**	**—**	**60,113**

Interest rate risk

The Company manages interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Company's management monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk, as such an interest rate sensitivity analysis is not presented.

Currency risk sensitivity

The Company estimates the risk sensitivity as at 31 March 2024 and 31 March 2023, to be not material and therefore quantitative information is not disclosed.

16. Subsequent events

Subsequent to the reporting date of March 31, 2024, the Company provided an additional tranche of USD 160,000 thousand under the existing loan agreement. This additional tranche was disbursed in April and May 2024.

Given the material nature of this additional tranche, it is likely to have a significant impact on the Company's financial position and liquidity. However, as this event occurred after the reporting date, it is considered a non-adjusting event under IAS 10 "Events after the Reporting Period." Accordingly, the financial statements as of March 31, 2024, have not been adjusted to reflect this subsequent event.

Freedom Finance
Special Purpose Company LTD

Financial Statements and
Independent Auditor's Report for the year ended
31 March 2023

Freedom Finance Special Purpose Company LTD

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Freedom Finance Special Purpose Company LTD

Statement of Management's responsibilities
For the Preparation and Approval of the Financial Statements
For the Year Ended 31 March 2023

Management of Freedom Finance Special Purpose Company ("the "Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 March 2023, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2023, and of significant accounting policies and notes to the financial statements ("financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the 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 Company's financial position and financial performance; and
- Making an assessment of the Company'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 Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

These financial statements of the Company for the year ended 31 March 2023 were approved by the Management on 25 August 2023.

On behalf of the Management:

Baskakova O.S.

Director

25 August 2023

Astana, Kazakhstan

Deloitte.

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
Republic of Kazakhstan

Tel.: +7 (727) 258 13 40
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deloitte.kz

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Management of Freedom Finance Special Purpose Company Ltd.

Opinion

We have audited the financial statements of Freedom Finance Special Purpose Company Ltd. ("the Company"), which comprise the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year ended 31 March 2023 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Impairment of loans issued under IFRS 9 Financial instruments ("IFRS 9") As disclosed in Note 7 as at 31 March 2023, loans issued amounted to USD 57,957 thousand, net of the related allowance for impairment losses of USD 1,748 thousand. The assessment of the measurement of expected credit losses require considerable judgment in analyzing all reasonable and supportable information at the reporting date. Key area of judgement included the evaluation of the overall provisioning methodology, inclusive of the methodologies and assumptions used to estimate the probability of a loan falling into default and the amount of recoveries expected from defaulted loans. The allowance for credit losses is a significant estimate for which variations in model methodology, assumptions and judgments can have a material effect on the measurement of expected credit losses. Due to the significance of the loans' balances, magnitude of estimation uncertainties, and the complexity of judgements applied by management in measuring expected credit losses, as described in Note 3, we identified impairment of loans as a key audit matter.	The audit procedures performed in this area, included: • Obtaining an understanding of the loan loss provisioning process, particularly over measurement and recognition of allowances for expected credit losses. It included an assessment of the design and implementation of relevant controls over the expected credit loss model, including model governance and mathematical accuracy; • Assessment of the provisioning methodology developed for calculation of impairment losses in accordance with the requirements outlined in IFRS 9; • Obtained external credit rating of the counterparty, from external source as at 31 March 2023 and assessed whether external rating of the counterparty can be applied to the loans issued. Based on the rating and PD and LGD rates from reports of rating agencies recalculated expected credit losses. Consideration of the adequacy and completeness of the Company's disclosures in respect of loans issued and impairment allowance in accordance with IFRS 9 on expected credit loss.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Roman Sattarov
Engagement Partner
Director of the Branch of Deloitte LLP in the AIFC
State license on auditing in the
Republic of Kazakhstan
№ 0000015, type MFU-2, issued by
the Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006
License for carrying on ancillary services
№ AFSA-A-LA-2021-0012 dated 27 April 2021

25 August 2023
Astana, Kazakhstan

Freedom Finance Special Purpose Company LTD

Statement of Profit or Loss and Other Comprehensive Income for the for the Year Ended 31 March 2023
(in thousands of United States Dollar)

	Notes	Year ended 31 March 2023	For the period from 21 May 2021 (inception date) to 31 March 2022
Interest income	4, 11	2,011	259
Interest expense	4, 11	(2,011)	(259)
NET INTEREST INCOME	4	–	–
Net (loss)/gain on foreign exchange operations		(3)	2
Fee and commission expense	11	(180)	(90)
Credit loss expense	5	(1,376)	(378)
Operating expenses		(37)	(2)
Other income		20	–
LOSS BEFORE INCOME TAX		**(1,576)**	**(468)**
Income tax expenses		–	–
NET LOSS FOR THE PERIOD		**(1,576)**	**(468)**
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE LOSS		**(1,576)**	**(468)**

On behalf of the Management:

Baskakova O.S.
Director

25 August 2023
Astana, Kazakhstan

Freedom Finance SPC Ltd.
БСН/БИН 210540900127

The notes on pages 10-28 form an integral part of these financial statements

Freedom Finance Special Purpose Company LTD

Statement of Financial Position
As at 31 March 2023
(in thousands of United States Dollar)

	Notes	31 March 2023	31 March 2022
ASSETS:			
Cash and cash equivalents	6, 11	276	92
Loans issued	7, 11	57,137	13,143
TOTAL ASSETS		**57,413**	**13,235**
LIABILITIES AND EQUITY			
LIABILITIES:			
Debt securities issued	8	60,025	13,521
Trade payables	11	88	—
TOTAL LIABILITIES		**60,113**	**13,521**
EQUITY:			
Share capital	9	282	182
Accumulated deficit		(2,982)	(468)
TOTAL DEFICIT OF EQUITY		**(2,700)**	**(286)**
TOTAL LIABILITIES AND DEFICIT OF EQUITY		**57,413**	**13,235**

On behalf of the Management Board:

Baskakova O.S.
Director

25 August 2023
Astana, Kazakhstan

The notes on pages 10-28 form an integral part of these financial statements

Freedom Finance Special Purpose Company LTD

Statement of Changes in Equity
For the Year Ended 31 March 2023
(in thousands of United States Dollar)

	Notes	Share capital	Accumulated deficit	Total
21 May 2021 (inception date)		**–**	**–**	**–**
Contribution to share capital	9	182	–	182
Total comprehensive loss		–	(468)	(468)
31 March 2022		**182**	**(468)**	**(286)**
Contribution to share capital	9	100	–	100
Distribution	7	–	(938)	(938)
Total comprehensive loss		–	(1,576)	(1,576)
31 March 2023		**282**	**(2,982)**	**(2,700)**

On behalf of the Management Board:

Baskakova O.S.
Director

25 August 2023
Astana, Kazakhstan

The notes on pages 10-28 form an integral part of these financial statements.

Freedom Finance Special Purpose Company LTD

Statement of cash flows
For the Year Ended 31 March 2023
(in thousands of United States Dollar)

	Notes	Year ended 31 March 2023	For the period from 21 May 2021 (inception date) to 31 March 2022
CASH FLOWS USED IN OPERATING ACTIVITIES:			
Net loss		(1,576)	(468)
Adjustments for:			
Credit loss expense	5	1,376	378
Net change in accrued interest		351	62
Net change in accrued commissions		88	—
Net cash inflows/(outflows) from operating activities before changes in operating assets and liabilities		**239**	**(28)**
Changes in operating assets and liabilities			
Increase in operating assets:			
Loans issued		(45,420)	(13,262)
Net cash outflows used in operating activities		**(45,181)**	**(13,262)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt securities	8	45,265	13,200
Proceeds from contribution to share capital	9	100	182
Net cash flows from financing activities		**45,365**	**13,382**
Net increase in cash and cash equivalents		184	92
CASH AND CASH EQUIVALENTS, beginning of the year		**92**	**—**
CASH AND CASH EQUIVALENTS, end of the year		**276**	**92**

On behalf of the Management Board:

Freedom Finance SPC Ltd.

Baskakova O.S.
Director

25 August 2023
Astana, Kazakhstan

The notes on pages 10-28 form an integral part of these financial statements

1. Organization

Freedom Finance Special Purpose Company ("Company") is a Special Purpose Company, which was registered in the Republic of Kazakhstan on 21 May 2021 in the AIFC with registration No. AFSA-R-CA-2021-0225. The regime of the AIFC is based on the principles and norms of the law of England and Wales, as well as on the experience of the financial centers of New York, London, Dubai, Hong Kong, Singapore. The Company is regulated by the Astana Financial Services Authority, an independent regulator of financial services and related activities in the AIFC.

As at 31 March 2023 and 2022, the owners structure is presented in the table below and the ultimate beneficial owner is Turlov T. R.

	31 March 2023	**31 March 2022**
Freedom Holding Corp.	100.00 %	100.00 %

The principal activity of the Company is operations to issue and placement of debt securities in Astana International Financial Centre. The Company's registered legal address is 16, Dostyk Street, Talan Towers offices, floor 26, Astana, the Republic of Kazakhstan.

These financial statements have been approved by the Management of the Company on 25 August 2023.

2. Significant accounting policies

Statement of compliance

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

These financial statements have been prepared assuming that the Company is a going concern and will continue its operations. As at 31 March 2023 the Company had negative equity capital in the amount of USD 2,700 thousand and incurred net loss in the amount of USD 1,576 thousand for the year then ended. Nevertheless, the Management believes that the going concern assumption is appropriate for the Company due to ongoing support of the operation of the Company from the shareholder. This statement is supported by the fact that in the fourth quarter of 2023 the sole shareholder increased share capital of the Company by USD 100 thousand.

These financial statements are presented in thousands of United States dollar ("USD thousand"), unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 13.

Functional currency

Items included in the financial statements of the Company are measured using the United States dollar ("dollar"). The presentation currency of the financial statements of the Company is US dollar, as well. All values are rounded to the nearest thousand US dollar, except when otherwise indicated.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Revenue recognition

Recognition of interest income and expense

Interest income and expense for all financial instruments in "Net interest income/(expense)" as "Interest income calculated using the effective interest method" and "Interest expense", respectively, in the statement of profit or loss.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of these assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL")).

Recognition and measurement of financial instruments

The Company recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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.

All recognized financial assets that are within the scope of IFRS 9 *Financial Instruments* are required to be subsequently measured at amortized 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 amortized cos
- 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 fair value through profit or loss.

In accordance with IFRS 9, financial assets are classified as follows:

- Debt instruments measured at amortized cost;
- Debt instruments measured at FVTOCI;
- Debt instruments measured at FVTPL.

Impairment of financial assets

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Due from banks;
- Financial assets at fair value through other comprehensive income;
- Accounts receivables;
- Other financial assets.

No allowances for expected credit losses are recognized on equity investments.

Calculation of financial assets impairment is carried out taking into account the following factors:

- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- Assets classified at fair value through profit or loss are not subject to impairment under IFRS 9.
- The expected credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables).
- Impairment for accounts receivable is calculated on an individual basis and takes into account probability of default (based on historical credit loss experience), duration of a receivable and the extent of loss in case of a default.

Financial assets are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of assets that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss, with the exception of equity investments designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in other comprehensive is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on current accounts in banks with an original maturity of three months or less and the loans under reverse repurchase agreements with original maturity up to three months. Cash and cash equivalent are carried net of allowances for expected credit losses, if any.

Loans issued

Loans issued are initially recognized at fair value, plus any directly attributable transaction costs. Fair value generally corresponds to the principal amount of loans disbursed. Loans are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Debt securities issued

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the EIR method.

Share capital

Contributions to share capital are recognized at fair value of contributed assets.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the reporting period ("IAS 10")* and disclosed accordingly.

Retirement and other benefit obligations

The Company does not have any pension arrangements apart from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. Such expenses are charged in the period the related salaries are earned. In addition, the Company has no post-retirement benefits or significant other compensated benefits requiring accrual.

Fiduciary activities

The Company does not provide trustee services.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

The exchange rates used by the Company in the preparation of the financial statements as at year end are as follows:

	31 March 2023	31 March 2022
KZT/1 US Dollar	451.71	466.31

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Company 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of financial instruments

As described in Note 13, the Company uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of certain types of financial instruments. Note 13 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The management of the Company believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Critical accounting judgements

Significant increase of credit risk

As explained in Note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Probability of default

Probability of default ("PD") constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. It is estimated as at a point in time. The calculation is based on statistical models and assessed using tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Loss Given Default

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

(in thousands of United States Dollar)

4. Net interest income

	Year ended 31 March 2023	For the period from 21 May 2021 (inception date) to 31 March 2022
Interest income:		
Loans issued	1,894	259
Amortization of discount on loans issued	117	–
Total interest income	**2,011**	**259**
Interest expense:		
Debt securities issued	(1,894)	(259)
Amortization of discount on debt securities issued	(117)	–
Total interest expense	**(2,011)**	**(259)**
Net interest income	**–**	**–**

5. Credit loss movement

	Cash and cash equivalents	Loans issued	Total
31 March 2022	–	(378)	(378)
Charge of allowance for expected credit losses	(31)	(1,370)	(1,401)
Recovery of allowance for expected credit losses	25	–	25
31 March 2023	**(6)**	**(1,748)**	**(1,754)**

6. Cash and cash equivalents

	31 March 2023	31 March 2022
Current accounts with brokers	202	–
Current accounts with banks	80	92
Less: Allowance for expected credit losses	(6)	–
Total cash and cash equivalents	**276**	**92**

As at 31 March 2023 and 2022, the current accounts with brokers and banks were classified to stage 1 due to absence of significant increase in credit risk since initial recognition.

7. Loans issued

	31 March 2023	31 March 2022
Principal amount	57,856	13,262
Accrued interests	1,029	259
Less - allowance for expected credit losses	(1,748)	(378)
Total loans issued	**57,137**	**13,143**

As at 31 March 2023 and 2022, the Company had loans issued under bond program to the Company's sole shareholder that due 21 October 2026 and bear interest rate of 5.5%.

(in thousands of United States Dollar)

During the year ended 31 March 2023, the Company issued additional loans to the Parent company. The difference between the loan amounts and their fair value at the date of initial recognition in the amount of USD 938 thousand was recognized as distribution within accumulated deficit in the statement of changes in equity. These non-cash transactions were excluded from the statement of cash flows for the year ended 31 March 2023.

During the year ended 31 March 2023 there was no movement of loans issued between the stages of credit quality assessment. As at 31 March 2023 loans issued were classified to stage 1 due to absence of significant increase in credit risk since initial recognition.

8. Debt securities issued

	31 March 2023	31 March 2022
USD Debt securities issued	58,582	13,200
Accrued interests	1,443	321
Total debt securities	**60,025**	**13,521**

As at 31 March 2023 and 2022, the Company had outstanding debt securities issued which are due October 21, 2026 and has nominal amount of USD 100 thousand with interest rate of 5.5%. These bonds were issued under USD 200,000 thousand bond program valid until November 1, 2027, pursuant to which the Company may from time-to-time issue bonds to Accredited Investors. In respect of the bonds issued under program will be unconditionally guaranteed by the Company's sole shareholder.

These bonds were issued under AIFC rules.

The reconciliation of debt securities issued movement to cash flows arising from financing activities for the year ended 31 March 2023 and from the inception date to 31 March 2022 is as follows:

	31 March 2022	Cash inflow	Interest accrued and amortization of discount movement	31 March 2023
Debt securities issued	13,521	45,265	1,239	60,025

	21 May 2021	Cash inflow	Interest accrued movement	31 March 2022
Debt securities issued	–	13,200	321	13,521

9. Share capital

As at 31 March 2023, the amount of authorized capital is USD 282 thousand.

On 23 June 2021, the shareholder of the Company made first contribution in the amount of USD 10 thousand. On 8 August 2021, the shareholder of the Company made additional contribution of USD 30 thousand. On 22 December 2021, the shareholder of the Company made additional contribution of USD 152 thousand. On 20 February 2023 the shareholder of the Company made final contribution of USD 100 thousand.

(in thousands of United States Dollar)

The Company does not present earning per share because it has no shares, the entire capital belongs to the sole shareholder.

10. Commitments and contingencies

Capital commitments

As at 31 March 2023 and 2022, the Company had no commitments for capital expenditure.

Legal proceedings

In the ordinary course of business, the Company could be subject to legal actions and claims.
As at 31 March 2023 and 2022, the Company had no open legal actions and claims.

11. Transaction with related parties

Related parties or transaction with related parties, as defined by IAS 24 *Related party disclosures*

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding with related parties:

	31 March 2023	
	Related party balances	**Total category as per the financial statement caption**
Cash and cash equivalents	276	276
Freedom Holding Corp's subsidiaries	276	
Loans issued	57,137	57,137
Freedom Holding Corp	57,137	
Trade payables	88	88
Freedom Holding Corp's subsidiaries	88	

	31 March 2022	
	Related party balances	**Total category as per the financial statement caption**
Cash and cash equivalents	92	92
Freedom Holding Corp's subsidiaries	92	
Loans issued	13,143	13,143
Freedom Holding Corp	13,143	

(in thousands of United States Dollar)

The following amounts, which were recognized in transactions with related parties included in the statement of profit or loss for the year ended 31 March 2023 and for the year ended 31 March 2022:

	Year ended 31 March 2023	
	Related party transactions	**Total category as per the financial statement caption**
Interest income	2,011	2,011
Freedom Holding Corp	2,011	
Fee and commission expense	(180)	(180)
Freedom Holding Corp's subsidiaries	(180)	

	For the period from 21 May 2021 (inception date) to 31 March 2022	
	Related party transactions	**Total category as per the financial statement caption**
Interest income	259	259
Freedom Holding Corp	259	
Fee and commission expense	(58)	(90)
Freedom Holding Corp's subsidiaries	(58)	

(in thousands of United States Dollar)

12. Fair value of financial instruments

IFRS defines fair value as the value 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.

During the period from May 21, 2021 (inception date) to 31 March 2022, and for the year ended 31 March 2023, there were no transfers of financial instruments between levels, or changes in our methodology used to value the financial instruments.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The carrying amount of cash and cash equivalents approximates its' fair value due to the short-term nature of such financial instruments.

	31 March 2023					
Financial Assets/Financial Liabilities	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Loans issued	57,137	59,325	Level 2	Present value of expected future cash flows, using the discount rate derived from market observable information	Discount rate of 6.00%	Not applicable
Total financial assets	**57,137**	**59,325**				
Debt securities issued	60,025	59,904	Level 2	Quoted bid prices in a market that is not active	Not applicable	Not applicable
Total financial liabilities	**60,025**	**59,904**				

(in thousands of United States Dollar)

	31 March 2022					
Financial Assets/Financial Liabilities	Carrying amount	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Loans issued	13,143	13,712	Level 2	Present value of expected future cash flows, using the discount rate derived from market observable information	Discount rate of 5.20%	Not applicable
Total financial assets	**13,143**	**13,712**				
Debt securities issued	13,521	13,679	Level 2	Quoted bid prices in a market that is not active	Not applicable	Not applicable
Total financial liabilities	**13,521**	**13,679**				

(in thousands of United States Dollar)

13. Risk management policies

Management of risk is fundamental to the Company's business is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to market movements in interest rates, currencies as well as liquidity risk. A summary description of the Company's risk management policies in related to the financial risks is discussed below.

Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents and loans issued. The Company has no significant concentrations of credit risk.

Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders, by maintaining an optimal capital structure. The Company does this by managing its levels of debt and equity financing, considering the cost of capital and associated risks.

As of 31 March 2023 and 2022, the Company is not subject to externally imposed capital requirements and is not regulated by any financial supervisory authority requiring the maintenance of a certain level of capital. Therefore, the Company is not obligated to meet any minimum capital requirements set forth by external regulatory bodies.

Maximum exposure risk

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks to which specific assets are exposed and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets. For financial assets the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral.

As at 31 March 2023:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	276	—	276
Loans issued	57,137	—	57,137

As at 31 March 2022:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	92	—	92
Loans issued	13,143	—	13,143

Financial assets are graded according to the current credit rating they have been issued by an international rating agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

(in thousands of United States Dollar)

The following table details the credit ratings of financial assets held by the Company:

	>BBB	<BBB	Not rated	31 March 2023
Cash and cash equivalents	–	276	–	276
Loans issued	–	57,137	–	57,137

	>BBB	<BBB	Not rated	31 March 2022
Cash and cash equivalents	–	92	–	92
Loans issued	–	13,143	–	13,143

The finance industry is generally exposed to credit risk through its financial assets and contingent liabilities. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's risk management policy are not breached.

Geographical concentration

The Company exercises control over the risk in the legislation and regulatory area and assess its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of the financial assets and liabilities at 31 March 2023 and 2022 is set out below:

	Republic to Kazakhstan	OECD countries	Non-OECD countries	31 March 2023 Total
FINANCIAL ASSETS				
Cash and cash equivalents	276	–	–	276
Loans issued	–	57,137	–	57,137
TOTAL FINANCIAL ASSETS	**276**	**57,137**	**–**	**57,413**
FINANCIAL LIABILITIES				
Debt securities issued	60,025	–	–	60,025
Trade payables	88	–	–	88
TOTAL FINANCIAL LIABILITIES	**60,113**	**–**	**–**	**60,113**
NET POSITION	**(59,837)**	**57,137**	**–**	

	Republic to Kazakhstan	OECD countries	Non-OECD countries	31 March 2022 Total
FINANCIAL ASSETS				
Cash and cash equivalents	92	–	–	92
Loans issued	–	13,143	–	13,143
TOTAL FINANCIAL ASSETS	**92**	**13,143**	**–**	**13,235**
FINANCIAL LIABILITIES				
Debt securities issued	13,521	–	–	13,521
TOTAL FINANCIAL LIABILITIES	**13,521**	**–**	**–**	**13,521**
NET POSITION	**(13,429)**	**13,143**	**–**	

(in thousands of United States Dollar)

Segment reporting

The Company operates within a single operating segment. Therefore, all revenues, costs, assets, and liabilities are attributable to this single operating segment.

The chief operating decision-maker (CODM) reviews financial information for the purposes of allocating resources and assessing performance. As a result, the financial information that is used by the CODM is the same as that presented in these financial statements.

Given that the Company operates in a single operating segment, no additional segment information is presented as it would be consistent with the financial statements as a whole.

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet other financial commitments associated with financial instruments as they actually fall due. The Company controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Stress testing is also used to assess the Company's ability to withstand liquidity outflows when capital markets are inaccessible, i.e. market reliance. The Company manages and monitors liquidity risks and ensures that liquidity risk management systems and arrangements are adequate with regard to the internal risk appetite, the strategy and regulatory requirements.

From the table below, the Company's ability to monetise financial assets and liabilities. Financial assets are shown before allowance for expected credit losses.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2023 total
FINANCIAL ASSETS					
Cash and cash equivalents	276	–	–	–	276
Loans issued	1,029	–	56,108	–	57,137
TOTAL FINANCIAL ASSETS	**1,305**	**–**	**56,108**	**–**	**57,413**
FINANCIAL LIABILITIES					
Debt securities issued	1,443	–	58,582	–	60,025
Trade payables	88	–	–	–	88
TOTAL FINANCIAL LIABILITIES	**1,531**	**–**	**58,582**	**–**	**60,113**

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2022 total
FINANCIAL ASSETS					
Cash and cash equivalents	92	–	–	–	92
Loans issued	259	–	12,884	–	13,143
TOTAL FINANCIAL ASSETS	**351**	**–**	**12,884**	**–**	**13,235**
FINANCIAL LIABILITIES					
Debt securities issued	321	–	13,200	–	13,521
TOTAL FINANCIAL LIABILITIES	**321**	**–**	**13,200**	**–**	**13,521**

(in thousands of United States Dollar)

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2023 total
FINANCIAL LIABILITIES					
Debt securities issued	1,634	1,634	69,201	–	72,469
TOTAL FINANCIAL LIABILITIES	**1,634**	**1,634**	**69,201**	**–**	**72,469**

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 March 2022 total
FINANCIAL LIABILITIES					
Debt securities issued	363	363	16,104	–	16,830
TOTAL FINANCIAL LIABILITIES	**363**	**363**	**16,104**	**–**	**16,830**

Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. During the period from 21 May 2021 (inception date) to 31 March 2022 and for the year ended 31 March 2023, there have been no significant changes as to the way the Company measures risk or to the risk it is exposed.

Currency risk

As at 31 March 2023 and 2022, mostly all assets and liabilities were denominated in functional currency. The Company's exposure to foreign currency exchange rate risk is presented in the tables below:

	KZT	USD	Other currencies	31 March 2023 total
FINANCIAL ASSETS				
Cash and cash equivalents	2	274	–	276
Loans issued	–	57,137	–	57,137
TOTAL FINANCIAL ASSETS	**2**	**57,411**	**–**	**57,413**
FINANCIAL LIABILITIES				
Debt securities issued	–	60,025	–	60,025
Trade payables	–	88	–	88
TOTAL FINANCIAL LIABILITIES	**–**	**60,113**	**–**	**60,113**

Interest rate risk

The Company manages interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Company's management monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk, as such an interest rate sensitivity analysis is not presented.

Currency risk sensitivity

The Company estimates the risk sensitivity as at 31 March 2023 and 2022, to be not material and therefore quantitative information is not disclosed.

14. Subsequent events

Since the reporting date and up to the date of issue of these financial statements, the Company has issued debt securities with the total value of USD 5,784 thousand. In addition, on 19 July 2023 the shareholder of the Company made contribution to the share capital in the amount of USD 50 thousand.