

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number **001-33034**

FREEDOM HOLDING CORP.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

**40 Wall Street, 58th Floor
New York, NY**

(Address of principal executive offices)

30-0233726

(I.R.S. Employer
Identification No.)

10005

(Zip Code)

(212) 980 4400

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	FRHC	The Nasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes ☐ No ☒

As of February 4, 2025, the registrant had 60,620,217 shares of common stock, par value \$0.001, issued and outstanding.

FREEDOM HOLDING CORP.
FORM 10-Q
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FREEDOM HOLDING CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

	December 31, 2024	March 31, 2024
ASSETS		
Cash and cash equivalents (including \$50 and \$203 from related parties)	\$ 577,940	\$ 545,084
Restricted cash (including \$3,198 and \$— with related parties)	742,153	462,637
Trading securities (including \$1,128 and \$1,326 with related parties)	3,415,517	3,688,620
Available-for-sale securities, at fair value	418,614	216,621
Margin lending, brokerage and other receivables, net (including \$22,391 and \$22,039 due from related parties)	2,037,673	1,660,275
Loans issued (including \$139,514 and \$147,440 to related parties)	1,454,259	1,381,715
Fixed assets, net	159,384	83,002
Intangible assets, net	44,488	47,668
Goodwill	48,217	52,648
Right-of-use asset	39,242	36,324
Insurance contract assets	26,518	24,922
Other assets, net (including \$16,294 and \$5,257 with related parties)	171,040	102,414
TOTAL ASSETS	\$ 9,135,045	\$ 8,301,930
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	\$ 2,199,703	\$ 2,756,596
Customer liabilities (including \$51,017 and \$44,127 to related parties)	3,783,291	2,273,830
Margin lending and trade payables	319,043	867,880
Liabilities from insurance activity	407,877	297,180
Current income tax liability	48,276	32,996
Debt securities issued	468,835	267,251
Lease liability	40,401	35,794
Liability arising from continuing involvement	472,867	521,885
Other liabilities (including \$157 and \$9,854 to related parties)	132,007	81,560
TOTAL LIABILITIES	\$ 7,872,300	\$ 7,134,972
Commitments and Contingent Liabilities (Note 23)	—	—
SHAREHOLDERS' EQUITY		
Preferred stock - \$0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock - \$0.001 par value; 500,000,000 shares authorized; 60,619,217 shares issued and outstanding as of December 31, 2024, and 60,321,813 shares issued and outstanding as of March 31, 2024, respectively	61	60
Additional paid in capital	222,968	183,788
Retained earnings	1,226,079	998,740
Accumulated other comprehensive loss	(189,216)	(18,938)
TOTAL FRHC SHAREHOLDERS' EQUITY	\$ 1,259,892	\$ 1,163,650
Non-controlling interest	2,853	3,308
TOTAL SHAREHOLDERS' EQUITY	\$ 1,262,745	\$ 1,166,958
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 9,135,045	\$ 8,301,930

The accompanying notes are an integral part of these condensed consolidated financial statements

FREEDOM HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenue:				
Fee and commission income (including for the three months ended \$56 and \$30,112, for the nine months ended \$2,259 and \$66,029 from related parties)	\$ 143,436	\$ 120,159	\$ 379,976	\$ 330,565
Net gain/(loss) on trading securities	89,564	(5,089)	105,779	77,498
Interest income (including for the three months ended \$380 and \$7,566, for the nine months ended \$1,023 and \$22,650 from related parties)	224,688	226,445	661,016	588,857
Insurance underwriting income	177,472	79,017	467,224	181,882
Net gain on foreign exchange operations	3,945	38,825	18,513	54,430
Net gain/(loss) on derivatives	11,889	(42,568)	30,691	(71,795)
Other income	4,196	1,845	23,606	8,988
TOTAL REVENUE, NET	\$ 655,190	\$ 418,634	\$ 1,686,805	\$ 1,170,425
Expense:				
Fee and commission expense	\$ 93,927	\$ 42,818	\$ 264,911	\$ 103,116
Interest expense	131,136	131,223	401,519	365,650
Insurance claims incurred, net of reinsurance	104,511	40,989	218,504	96,491
Payroll and bonuses	77,395	45,083	201,129	116,711
Professional services	10,955	6,217	26,468	24,793
Stock compensation expense	13,417	1,039	36,088	3,303
Advertising expense	21,472	11,066	58,722	27,805
General and administrative expense (including for the three months ended \$7,892 and \$1,502, for the nine months ended \$16,864 and \$9,063 from related parties)	73,437	32,106	171,782	86,211
Provision for/(recovery of) allowance for expected credit losses	30,612	(3,526)	39,269	15,462
TOTAL EXPENSE	\$ 556,862	\$ 307,015	\$ 1,418,392	\$ 839,542
INCOME BEFORE INCOME TAX	98,328	111,619	268,413	330,883
Income tax expense	(20,191)	(15,544)	(41,529)	(51,408)
NET INCOME	\$ 78,137	\$ 96,075	\$ 226,884	\$ 279,475
Less: Net loss attributable to non-controlling interest in subsidiary	(144)	(293)	(455)	(842)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 78,281	\$ 96,368	\$ 227,339	\$ 280,317
OTHER COMPREHENSIVE INCOME				
Change in unrealized gain on investments available-for-sale, net of tax effect	7,993	1,486	15,673	5,893
Reclassification adjustment for net realized (gain)/loss on available-for-sale investments disposed of in the period, net of tax effect	872	(1,881)	1,039	(3,145)
Foreign currency translation adjustments	(101,212)	28,100	(186,990)	(3,593)
OTHER COMPREHENSIVE (LOSS)/INCOME	(92,347)	27,705	(170,278)	(845)
COMPREHENSIVE (LOSS)/INCOME BEFORE NON-CONTROLLING INTERESTS	\$ (14,210)	\$ 123,780	\$ 56,606	\$ 278,630

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (Unaudited)

(All amounts in thousands of United States dollars, unless otherwise stated)

Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(144)	(293)	(455)	(842)
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (14,066)	\$ 124,073	\$ 57,061	\$ 279,472
<i>EARNINGS PER COMMON SHARE (In U.S. dollars):</i>				
Earnings per common share - basic	1.32	1.65	3.83	4.79
Earnings per common share - diluted	1.29	1.63	3.76	4.73
Weighted average number of shares (basic)	59,372,323	58,578,691	59,331,443	58,557,577
Weighted average number of shares (diluted)	60,548,794	59,289,256	60,422,124	59,287,086

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREEDOM HOLDING CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

	For the Nine Months Ended December 31,	
	2024	2023
Cash Flows From Operating Activities		
Net income	\$ 226,884	\$ 279,475
Adjustments to reconcile net income used in operating activities:		
Depreciation and amortization	12,710	11,089
Amortization of deferred acquisition costs	165,651	66,023
Noncash lease expense	9,528	6,536
Change in deferred taxes	(7,308)	3,051
Stock compensation expense	36,088	3,303
Unrealized gain on trading securities	(75,525)	(16,222)
Unrealized gain on derivatives	(4,201)	(886)
Net realized loss/(gain) on available-for-sale securities	1,039	(3,145)
Net change in accrued interest	(32,545)	(108,129)
Revaluation of purchase price of previously held interest in Arbuz	—	(1,040)
Gain from sale of ITS tech	(4,201)	—
Change in insurance reserves	164,356	58,118
Revaluation of investments in associates	(2,111)	—
Change in unused vacation reserves	589	5,538
Provision for allowance for expected credit losses	39,269	15,462
Changes in operating assets and liabilities:		
Trading securities	(170,899)	(1,149,192)
Margin lending, brokerage and other receivables (including \$(352) and \$251,744 changes from related parties)	(509,597)	(603,701)
Insurance contract assets	(6,566)	1,508
Other assets	(230,615)	(83,169)
Brokerage customer liabilities (including \$(6,890) and \$(17,509) changes from related parties)	1,187,289	71,982
Current income tax liability	15,260	23,149
Margin lending and trade payables (including \$(133) and \$(2,765) changes from related parties)	(505,097)	30,593
Lease liabilities	(8,394)	(6,458)
Liabilities from insurance activity	7,493	1,879
Other liabilities	34,214	20,881
Net cash flows from/(used in) operating activities	343,311	(1,373,355)
Cash Flows Used In Investing Activities		
Purchase of fixed assets	(53,581)	(36,270)
Net change in loans issued to customers	(341,842)	(547,754)
Purchase of available-for-sale securities, at fair value	(392,011)	(169,653)
Proceeds from sale of available-for-sale securities, at fair value	157,939	211,390
Consideration paid for Arbuz	—	(13,281)
Consideration paid for Internet Tourism	—	(1,028)
Consideration paid for Aviata	—	(16,098)
Consideration paid for Ticketon	—	(3,003)
Cash, cash equivalents and restricted cash disposed as a result of deconsolidation of Freedom UA	—	(1,987)
Cash, cash equivalents and restricted cash received from acquisitions	—	2,461
Cash received from sale of ITS Tech	2,000	—
Capital contribution to investment in associate	(2,414)	—

FREEDOM HOLDING CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

Cash, cash equivalents disposed from sale of ITS Tech	(542)	—
Consideration paid for SilkNetCom	(12,050)	—
Cash received at acquisition of SilkNetCom	54	—
Consideration paid for other acquisitions	(2,804)	—
Cash received at other acquisitions	39	—
Prepayment on acquisitions	(7,416)	(17,810)
Net cash flows used in investing activities	(652,628)	(593,033)
Cash Flows From Financing Activities		
Net (repayment)/proceeds from securities repurchase agreement obligations	(157,068)	1,370,587
Proceeds from issuance of debt securities	201,663	206,371
Repurchase of mortgage loans under the State Program	(40,962)	(30,317)
Funds received under state program for financing of mortgage loans	60,351	75,817
Net change in bank customer deposits	765,681	271,572
Purchase of non-controlling interest in Arbuz	—	(3,228)
Net proceeds from loans received	3,946	1,526
Net cash flows from financing activities	833,611	1,892,328
Effect of changes in foreign exchange rates on cash and cash equivalents	(212,300)	(6,449)
Effect of expected credit losses on cash and cash equivalents and restricted cash	378	—
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	312,372	(80,509)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	1,007,721	1,026,945
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 1,320,093	\$ 946,436

For The Nine Months Ended December 31,
2024
2023
Supplemental disclosure of cash flow information:

Cash paid for interest	\$	384,736	\$	350,106
Income tax paid	\$	32,934	\$	23,652

Supplemental non-cash disclosures:

Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	\$	1,485	\$	9,426
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FREEDOM HOLDING CORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Condensed Consolidated Statements of Cash Flows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 577,940	\$ 561,883
Restricted cash	742,153	384,553
Total cash, cash equivalents and restricted cash shown as in the statement of cash flows	\$ 1,320,093	\$ 946,436

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREEDOM HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to the shareholders'	Non- controlling interest	Total
	Shares	Amount						
At September 30, 2024	60,557,801	\$ 61	\$ 209,249	\$ 1,147,798	\$ (96,869)	\$ 1,260,239	\$ 2,997	\$ 1,263,236
Delivered stock based compensation from previous quarter	12,816	—	302	—	—	302	—	302
Stock based compensation	48,600	—	13,417	—	—	13,417	—	13,417
Foreign currency translation adjustments, net of tax effect	—	—	—	—	(101,212)	(101,212)	—	(101,212)
Other comprehensive income	—	—	—	—	8,865	8,865	—	8,865
Net income/(loss)	—	—	—	78,281	—	78,281	(144)	78,137
At December 31, 2024	60,619,217	\$ 61	\$ 222,968	\$ 1,226,079	\$ (189,216)	\$ 1,259,892	\$ 2,853	\$ 1,262,745
At March 31, 2024	60,321,813	\$ 60	\$ 183,788	\$ 998,740	\$ (18,938)	\$ 1,163,650	\$ 3,308	\$ 1,166,958
Delivered stock based compensation from previous year	215,878	—	3,092	—	—	3,092	—	3,092
Forfeited stock based compensation	(310,700)	—	—	—	—	—	—	—
Stock based compensation	392,226	1	36,088	—	—	36,089	—	36,089
Foreign currency translation adjustments, net of tax effect	—	—	—	—	(186,990)	(186,990)	—	(186,990)
Other comprehensive income	—	—	—	—	16,712	16,712	—	16,712
Net income/(loss)	—	—	—	227,339	—	227,339	(455)	226,884
At December 31, 2024	60,619,217	\$ 61	\$ 222,968	\$ 1,226,079	\$ (189,216)	\$ 1,259,892	\$ 2,853	\$ 1,262,745

The accompanying notes are an integral part of these condensed consolidated financial statements.

FREEDOM HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to the shareholders'	Non- controlling interest	Total
	Shares	Amount						
At September 30, 2023	59,659,191	\$ 59	\$ 166,426	\$ 807,149	\$ (62,550)	\$ 911,084	\$ 3,347	\$ 914,431
Stock based compensation	—	—	1,039	—	—	1,039	—	1,039
Foreign currency translation adjustments, net of tax effect	—	—	—	—	28,100	28,100	—	28,100
Other comprehensive loss	—	—	—	—	(395)	(395)	—	(395)
Net income/(loss)	—	—	—	96,368	—	96,368	(293)	96,075
At December 31, 2023	59,659,191	\$ 59	\$ 167,465	\$ 903,517	\$ (34,845)	\$ 1,036,196	\$ 3,054	\$ 1,039,250
At March 31, 2023	59,659,191	\$ 59	\$ 164,162	\$ 647,064	\$ (34,000)	\$ 777,285	\$ (6,549)	\$ 770,736
Cumulative adjustment from adoption of ASC 326	—	—	—	(22,772)	—	(22,772)	—	(22,772)
Stock based compensation	—	—	3,303	—	—	3,303	—	3,303
Disposal of FF Ukraine	—	—	—	(6,549)	—	(6,549)	6,549	—
Purchase of Arbuz shares	—	—	—	5,457	—	5,457	3,640	9,097
Purchase of ReKassa shares	—	—	—	—	—	—	256	256
Foreign currency translation adjustments, net of tax effect	—	—	—	—	(3,593)	(3,593)	—	(3,593)
Other comprehensive income	—	—	—	—	2,748	2,748	—	2,748
Net income/(loss)	—	—	—	280,317	—	280,317	(842)	279,475
At December 31, 2023	59,659,191	\$ 59	\$ 167,465	\$ 903,517	\$ (34,845)	\$ 1,036,196	\$ 3,054	\$ 1,039,250

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 1 – DESCRIPTION OF BUSINESS
Overview

Freedom Holding Corp. (the "Company" or "FRHC" and, together with its subsidiaries, the "Group") 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 its own account, market making activities, investment research, investment counseling, investment banking services, retail and commercial banking, insurance products, payment services information processing services and lifestyle services. The Company 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. The Company is the holding company of subsidiaries incorporated in Kazakhstan, Cyprus, the United States (USA), the United Kingdom (UK), Armenia, the United Arab Emirates, Uzbekistan, Kyrgyzstan, Tajikistan, Azerbaijan, and Turkey, and the Group also has a presence in Austria, Belgium, Bulgaria, France, Germany, Greece, Italy, Lithuania, The Netherlands, Poland and Spain. The Company's 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"). The Company's common stock is traded on the Nasdaq Capital Market, the Kazakhstan Stock Exchange ("KASE"), and the Astana International Exchange ("AIX").

As of December 31, 2024, the Company owned, directly or indirectly, the following companies:

Name of subsidiary	Jurisdiction of Incorporation	Number of subsidiaries	Business Area
<i>Brokerage Segment</i>			
Freedom Finance JSC ("Freedom KZ")	Kazakhstan	3	Securities broker-dealer
Freedom Finance Global PLC ("Freedom Global")	Kazakhstan	—	Securities broker-dealer
Freedom Finance Europe Limited ("Freedom EU")	Cyprus	2	Securities broker-dealer
Freedom Finance Armenia LLC ("Freedom AR")	Armenia	—	Securities broker-dealer
Prime Executions, Inc. ("PrimeEx")	USA	—	Securities broker-dealer
Foreign Enterprise LLC Freedom Finance	Uzbekistan	—	Securities broker-dealer
Freedom Broker LLC	Kyrgyzstan	—	Securities broker-dealer
<i>Banking Segment</i>			
Freedom Bank Kazakhstan JSC ("Freedom Bank KZ")	Kazakhstan	2	Commercial bank
Freedom Bank Tajikistan CJSC ("Freedom Bank TJ")	Tajikistan	—	Commercial bank
<i>Insurance Segment</i>			
Freedom Finance Life JSC ("Freedom Life")	Kazakhstan	—	Life/health insurance
Freedom Finance Insurance JSC ("Freedom Insurance")	Kazakhstan	—	General insurance
<i>Other Segment</i>			
Ticketon Events LLP ("Ticketon")	Kazakhstan	3	Online ticket sales
Freedom Finance Special Purpose Company LTD ("Freedom SPC")	Kazakhstan	—	Issuance of debt securities
Freedom Finance Commercial LLP	Kazakhstan	—	Sales consulting
Freedom Technologies LLP ("Paybox")	Kazakhstan	5	Payment services
Aviata LLP ("Aviata")	Kazakhstan	—	Online travel ticket aggregator
Internet-Tourism LLP ("Internet Tourism")	Kazakhstan	—	Online travel ticket aggregator
Arbuz Group LLP ("Arbuz")	Kazakhstan	3	Online retail trade and e-commerce
Comrun LLP ("ReKassa")	Kazakhstan	—	Mobile and web application
Freedom Telecom Holding Limited ("Freedom Telecom")	Kazakhstan	5	Telecommunications
Freedom Kazakhstan PC Ltd	Kazakhstan	9	Holding company

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Freedom Advertising Ltd	Kazakhstan	—	Advertising
Freedom Shapagat Corporate Fund	Kazakhstan	—	Non-profit
FRHC Fractional SPC LTD	Kazakhstan	—	Issuance of debt securities
Freedom Holding Operations LLP	Kazakhstan	—	Human resources
Freedom Horizons LLP	Kazakhstan	—	Business consulting and services
CLUB T LLP ("CLUB T")	Kazakhstan	—	Restaurant and cafe operations
Freedom Finance Azerbaijan LLC	Azerbaijan	—	Financial educational center
Freedom Finance FZE.	UAE	—	Consulting
Freedom Management Ltd.	UAE	—	Consulting
Freedom Finance Turkey LLC	Turkey	—	Financial consulting
Freedom Finance Technologies Ltd	Cyprus	—	IT development
Freedom Prime UK Limited ("Prime UK")	UK	—	Management consulting
Freedom Structured Products PLC	Cyprus	—	Financial services
FFIN Securities, Inc.	USA	—	Dormant
Freedom U.S. Market LLC	USA	2	Management company
LD Micro ("LD Micro")	USA	—	Event platform
Freedom US Technologies LLC	USA	—	Technology services
Total subsidiaries		57	

Through its subsidiaries, the Company offers a diverse range of financial services, including banking, brokerage, and insurance, as well as lifestyle services such as online payments, travel, ticketing, e-commerce, and telecommunications and media businesses in Kazakhstan that are in a developmental stage. It operates as a professional participant in the financial markets, holding banking and insurance licenses, as well as licenses to provide various services across multiple stock exchanges, including the Kazakhstan Stock Exchange (KASE), the Astana International Exchange (AIX), the Republican Stock Exchange of Tashkent (UZSE), and the Uzbek Republican Currency Exchange (UZCE). Additionally, it is a member of the New York Stock Exchange (NYSE) and the Nasdaq Stock Exchange (Nasdaq). Freedom EU enhances the Company's offerings by providing clients with operational support and access to investment opportunities in the United States and European securities markets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Accounting principles

The Group's accounting policies and accompanying consolidated financial statements conform to accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of presentation and principles of consolidation

The consolidated financial statements present the consolidated accounts of FRHC and its consolidated subsidiaries. All inter-company balances and transactions have been eliminated from the consolidated financial statements.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, and related notes thereto, included in the Company's 2024 Annual Report on Form 10-K. Note 2 to the consolidated financial statements in the Company's 2024 Annual Report on Form 10-K contains a summary of all of the Company's significant accounting policies, except for the following amendments:

Non-Consolidation of Freedom Securities Trading Inc.

Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) ("FST Belize") is a company that is outside of the Group which has been solely owned by Mr. Turlov, our CEO and majority shareholder, since July 2014. The Company does not consolidate FST Belize under either of the primary consolidation methods - the variable interest entity ("VIE") accounting method or the voting interest method ("VOE") because (i) FST Belize is not a VIE due to the fact it has

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sufficient equity at risk to finance its activities without additional financial support and the control over its significant activities is held by its sole shareholder, Mr. Turlov, and (ii) Mr. Turlov has a controlling interest in FST Belize such that under the VOE model FRHC is not required to consolidate FST Belize. Other than Mr. Turlov, there are no other shareholders of FST Belize or parties with participating rights or the ability to remove Mr. Turlov from his ownership position in or to make all decisions in respect of FST Belize. While prior to the end of the Company's fiscal year ended March 31, 2024 we had an omnibus brokerage relationship with FST Belize, such relationship had been terminated as of March 31, 2024.

Deconsolidation of Freedom Finance Ukraine LLC

As at December 31, 2024, the Company owned a 9% interest in Freedom Finance Ukraine LLC ("Freedom UA"), a Kyiv, Ukraine-based broker-dealer. The remaining 91% interest in Freedom UA is controlled by Askar Tashtitov, the Company's president. The Company entered into a series of contractual arrangements with Freedom UA and Mr. Tashtitov, including a consulting services agreement, an operating agreement and an option agreement. Through March 31, 2023, the Company had consolidated Freedom UA into the financial statements of the Company. On October 19, 2022, Freedom UA was added to the Ukrainian government's sanctioned entities list, resulting in suspension of its brokerage license. Following the uncertainty surrounding the situation in Ukraine and based on the Company's management's belief that the Company does not maintain effective control over Freedom UA, the Company deconsolidated Freedom UA since April 1, 2023 (the date of loss of control).

Concentration of Revenue

Revenue from one customer of the Group's Brokerage segment represented the following amount of the Group's consolidated revenues:

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Single non-related party	\$ 79,875	\$ 86,286	\$ 243,159	\$ 191,242

Impairment of Goodwill

Goodwill is allocated to reporting units, which are identified as the operating segments or one level below operating segments that generate separate financial information, which is regularly reviewed by management. The assignment of goodwill to reporting units allows for the assessment of potential impairment at the appropriate level within the organization.

The Company has identified its reporting units based on its organizational and operational structure, as well as the level at which internal financial information is reviewed by management to make strategic decisions. Four major reporting units have been established: brokerage, banking, insurance, and other. The management team responsible for each business reviews financial information related to this reporting unit, including revenue, expenses, and market trends.

Goodwill has been allocated to each reporting unit based on its relative fair value at the time of acquisition or significant triggering events. The fair value allocation of goodwill to reporting units is periodically reassessed to ensure alignment with the Group's evolving organizational structure and operational dynamics.

Further details regarding the measurement of goodwill impairment and the results of impairment tests for each reporting unit are provided below.

The Company discloses information about its reporting units, the carrying amounts of goodwill allocated to each reporting unit, and the recognized impairment losses. The allocation of goodwill to reporting units ensures a focused evaluation of each unit's financial performance and facilitates the identification of potential impairment, enhancing the transparency and reliability of the Company's financial reporting.

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As of December 31, 2024 and March 31, 2024, goodwill recorded in the Company's Condensed Consolidated Balance Sheets totaled \$ 48,217 and \$52,648, respectively. The Company performs an impairment review at least annually unless indicators of impairment exist in interim periods. The entity compares the fair value of a reporting unit with its carrying amount. The goodwill impairment charge is recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If the fair value exceeds the carrying amount, no impairment is recorded.

The amount of goodwill at December 31, 2024 decreased compared to March 31, 2024 as a result of foreign currency translation difference. The effect was partially offset by goodwill increase due to the acquisition of a 100% interest in EliteCom LLP by Freedom Telecom Holding, which occurred after March 31, 2024. See Note 22 "Acquisitions of subsidiaries" to the condensed consolidated financial statements included in this quarterly report on Form 10-Q.

The changes in the carrying amount of goodwill for three months ended December 31, 2024 and 2023, were as follows:

	Brokerage	Bank	Insurance	Other	Total
Goodwill, gross					
Balance as of March 31, 2023	\$ 2,677	\$ 2,652	\$ 980	\$ 8,715	\$ 15,024
Write-off due to deconsolidation of Freedom UA	—	—	—	(832)	(832)
Foreign currency translation difference	(7)	96	—	—	89
Acquired	—	—	—	37,957	37,957
Balance as of December 31, 2023	\$ 2,670	\$ 2,748	\$ 980	\$ 45,840	\$ 52,238
Balance as of March 31, 2024					
Forex	(157)	(14)	(155)	(5,541)	(5,867)
Acquired	—	—	—	1,436	1,436
Balance as of December 31, 2024	\$ 2,531	\$ 2,732	\$ 885	\$ 42,069	\$ 48,217
Accumulated impairment					
Balance as of March 31, 2023	\$ —	\$ —	\$ —	\$ 832	\$ 832
Impairment expense	—	—	—	—	—
Write-off due to deconsolidation of Freedom UA	—	—	—	(832)	(832)
Balance as of December 31, 2023	\$ —	\$ —	\$ —	\$ —	\$ —
Balance as of March 31, 2024					
Impairment expense	—	—	—	—	—
Balance as of December 31, 2024	\$ —	\$ —	\$ —	\$ —	\$ —
Goodwill, net of impairment					
Balance as of December 31, 2023	\$ 2,670	\$ 2,748	\$ 980	\$ 45,840	\$ 52,238
Balance as of March 31, 2024	\$ 2,688	\$ 2,746	\$ 1,040	\$ 46,174	\$ 52,648
Balance as of December 31, 2024	\$ 2,531	\$ 2,732	\$ 885	\$ 42,069	\$ 48,217

Recent accounting pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, as clarified and amended by (i) ASU 2019-09, Financial Services - Insurance (Topic 944): Effective Date, and (ii) ASU 2020-11, Financial Services - Insurance (Topic 944): Effective Date and Early Application (collectively referred

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to herein as ASU 2018-12). ASU 2018-12 changed existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts. ASU 2018-12 includes: (1) a requirement to review and, if there is a change, update cash flow assumptions used to measure the liability for future policy benefits (LFPB) at least annually, and to update the discount rate assumption quarterly, (2) a requirement to account for market risk benefits (MRBs) at fair value, (3) simplified amortization for deferred policy acquisition costs (DAC), and (4) enhanced financial statement presentation and disclosures. For the Company, the Update is effective for fiscal years beginning after December 15, 2024, or interim periods after December 15, 2025. The Company will adopt ASU 2018-12 effective April 1, 2025 using the modified retrospective transition method where permitted. ASU 2018-12 will impact the accounting and disclosure requirements for all long-duration contracts issued by the Company. The Company expects the standard to have an immaterial financial impact on its consolidated financial statements and related disclosures.

In August 2023, the Financial Accounting Standards Board issued ASU 2023-05, Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which clarifies the business combination accounting for joint venture formations. The amendments in ASU 2023-05 seek to reduce diversity in practice that has resulted from a lack of authoritative guidance regarding the accounting for the formation of joint ventures in separate financial statements. The amendments also seek to clarify the initial measurement of joint venture net assets, including businesses contributed to a joint venture. The guidance is applicable to all entities involved in the formation of a joint venture. The amendments are effective for all joint venture formations with a formation date on or after January 1, 2025. Early adoption and retrospective application of the amendments are permitted. The Company is currently evaluating the impact that ASU 2023-05 will have on its consolidated financial statements and related disclosures.

In October 2023, the FASB issued Accounting Standards Update No. 2023-06 ("ASU 2023-06"), Disclosure Improvements - Codification Amendment in Response to the SEC's Disclosure Update and Simplification Initiative. ASU 2023-06 modified the disclosure and presentation requirements of a variety of codification topics by aligning them with the SEC's regulations. The amendments to the various topics should be applied prospectively, and the effective date will be determined for each individual disclosure based on the effective date of the SEC's removal of the related disclosure. If the SEC has not removed the applicable requirements from Regulation S-X or Regulation S-K by June 30, 2027, then ASU 2023-06 will not become effective. Early adoption is prohibited. While the Company is currently evaluating the effect that implementation of this update will have on its consolidated financial statements, no material impact is anticipated.

In November 2023, the FASB issued Accounting Standards Update 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances reporting requirements under Topic 280. The enhanced disclosure requirements include title and position of the Chief Operating Decision Maker (CODM), significant segment expenses provided to the CODM, extending certain annual disclosures to interim periods, clarifying that single reportable segment entities must apply ASC 280 in its entirety, and permitting more than one measure of segment profit or loss to be reported under certain circumstances. This change is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. This change will apply retrospectively to all periods presented. The Company is currently evaluating the impact that ASU No 2023-07 will have on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. The amendments in ASU No. 2023-08 are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. ASU No. 2023-08 requires a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which an entity adopts the amendments. The Company is currently evaluating the impact that ASU No 2023-08 will have on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which would require additional transparency for income tax disclosures, including the income tax rate reconciliation table and cash taxes paid both in the United States and foreign jurisdictions. This standard is effective for annual periods

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beginning after December 15, 2024. The Company is currently evaluating the impact that ASU No 2023-09 will have on its consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-01, Compensation - Stock Compensation (Topic 718), Scope Application of Profits Interest and Similar Awards. This standard provides clarity regarding whether profits interest and similar awards are within the scope of Topic 718 of the Accounting Standards Codification. This standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that ASU No 2024-01 will have on its consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU No. 2024-02, "Codification Improvements - Amendments to Remove References to the Concepts Statements." ASU 2024-02 removes references to various FASB Concepts Statements within the Codification. The guidance in ASU No. 2024-02 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, and can be applied either prospectively to all new transactions recognized on or after the date that the entity first applies the amendments or retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied. Early adoption is permitted. The Company is currently evaluating the impact that ASU No 2024-02 will have on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures" (Subtopic 220-40). The amendments in this Update require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments in this Update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this Update should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact that ASU No 2024-03 will have on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-04, "Debt-Debt with Conversion and Other Options" (Subtopic 470-20). The amendments in this Update clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. The amendments in this Update permit an entity to apply the new guidance on either a prospective or a retrospective basis. The Company is currently evaluating the impact that ASU No 2024-04 will have on its consolidated financial statements and related disclosures.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, 2024, and March 31, 2024, cash and cash equivalents consisted of the following:

	December 31, 2024	March 31, 2024
Short term deposits in commercial banks	\$ 274,776	\$ 127,051
Short term deposits in National Bank (Kazakhstan)	172,561	196,942
Securities purchased under reverse repurchase agreements	51,685	134,961
Petty cash in bank vault and on hand	42,777	22,613
Short term deposits on brokerage accounts	12,156	2,917
Short term deposits in stock exchanges	9,301	47,830
Short term deposits in National Bank (Tajikistan)	8,367	—
Overnight deposits	4,024	3,557
Cash in transit	2,208	9,633
Bank deposits	275	—
Short term deposits in the Central Depository (Kazakhstan)	152	42
Allowance for cash and cash equivalents	(342)	(462)
Total cash and cash equivalents	\$ 577,940	\$ 545,084

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As of December 31, 2024, and March 31, 2024, total cash and cash equivalents included short-term collateralized securities received under reverse repurchase agreements which the Group concludes mainly on the KASE. The KASE, in turn, guarantees payments to the counterparty. The terms of the short-term collateralized securities received under reverse repurchase agreements as of December 31, 2024, and March 31, 2024 are presented below:

	December 31, 2024		
	Interest rates and remaining contractual maturity of the agreements		
	Average interest rate	Up to 30 days	Total
Securities purchased under reverse repurchase agreements			
Corporate equity	13.88 %	38,605	38,605
Corporate debt	8.04 %	6,421	6,421
Non-US sovereign debt	4.17 %	2,674	\$ 2,674
Exchange Traded Notes	7.76 %	2,551	2,551
US sovereign debt	3.25 %	1,434	1,434
Total		\$ 51,685	\$ 51,685

	March 31, 2024		
	Interest rates and remaining contractual maturity of the agreements		
	Average interest rate	Up to 30 days	Total
Securities purchased under reverse repurchase agreements			
Corporate equity	14.57 %	\$ 96,647	\$ 96,647
US sovereign debt	4.77 %	16,885	16,885
Non-US sovereign debt	4.45 %	12,468	12,468
Corporate debt	5.31 %	8,961	8,961
Total		\$ 134,961	\$ 134,961

The securities received by the Group as collateral under reverse repurchase agreements are liquid trading securities with market quotes and significant trading volume. The fair value of collateral received by the Group under reverse repurchase agreements as of December 31, 2024 and March 31, 2024, was \$51,963 and \$133,380, respectively.

As of December 31, 2024 and March 31, 2024, securities purchased under reverse repurchase agreements included accrued interest in the amount of \$18 and \$106, with a weighted average maturity of 6 days and 3 days, respectively. All securities reverse repurchase agreement transactions were executed on the KASE.

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NOTE 4 – RESTRICTED CASH

As of December 31, 2024, and March 31, 2024, restricted cash consisted of the following:

	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Brokerage customers' cash	\$ 648,970	\$ 366,260
Guaranty deposits	93,796	97,052
Restricted bank accounts	7,836	8,079
Due from banks	6,421	6,374
Deferred distribution payment	23	23
Allowance for restricted cash	(14,893)	(15,151)
Total restricted cash	\$ 742,153	\$ 462,637

As of December 31, 2024, and March 31, 2024, part of the Group's restricted cash was segregated in a special custody account for the exclusive benefit of the relevant brokerage customers.

NOTE 5 – TRADING AND AVAILABLE-FOR-SALE SECURITIES AT FAIR VALUE

As of December 31, 2024, and March 31, 2024, trading and available-for-sale securities consisted of the following:

	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Non-U.S. sovereign debt	\$ 2,420,650	\$ 2,409,126
Corporate debt	793,240	1,108,870
Corporate equity	118,823	126,103
U.S. sovereign debt	73,363	43,173
Exchange traded notes	9,441	1,348
Total trading securities	\$ 3,415,517	\$ 3,688,620

	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Non-U.S. sovereign debt	\$ 217,102	\$ 27,016
Corporate debt	180,272	173,568
U.S. sovereign debt	21,240	16,037
Total available-for-sale securities, at fair value	\$ 418,614	\$ 216,621

The following tables present maturity analysis for available-for-sale securities as of December 31, 2024, and March 31, 2024:

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	December 31, 2024				
	Remaining contractual maturity of the agreements				Total
	Up to 1 year	1-5 years	5-10 years	More than 10 years	
Non-US sovereign debt	\$ 62,783	\$ 97,050	\$ 35,294	\$ 21,975	\$ 217,102
Corporate debt	73,860	60,386	37,952	8,074	180,272
US sovereign debt	—	20,082	—	1,158	21,240
Total available-for-sale securities, at fair value	\$ 136,643	\$ 177,518	\$ 73,246	\$ 31,207	\$ 418,614

	March 31, 2024				
	Remaining contractual maturity of the agreements				Total
	Up to 1 year	1-5 years	5-10 years	More than 10 years	
Corporate debt	\$ 65,415	\$ 44,374	\$ 59,553	\$ 4,226	\$ 173,568
Non-US sovereign debt	7,839	7,310	5,797	6,070	27,016
US sovereign debt	—	5,059	9,753	1,225	16,037
Total available-for-sale securities, at fair value	\$ 73,254	\$ 56,743	\$ 75,103	\$ 11,521	\$ 216,621

As of December 31, 2024, the Group held debt securities of two issuers each of which individually exceeded 10% of the Group's total trading and available-for-sale securities – the Ministry of Finance of the Republic of Kazakhstan (Fitch: BBB credit rating) in the amount of \$2,609,589 and the Kazakhstan Sustainability Fund JSC (Fitch: BBB credit rating) in the amount of \$544,675. As of March 31, 2024, the Group held debt securities of two issuers each of which individually exceeded 10% of the Group's total trading securities and available-for-sale securities - the Ministry of Finance of the Republic of Kazakhstan (Fitch: BBB credit rating) in the amount of \$2,420,855 and the Kazakhstan Sustainability Fund JSC (Fitch: BBB credit rating) in the amount of \$727,440. The debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Kazakhstan Sustainability Fund JSC are categorized as non-US sovereign debt and corporate debt, respectively.

As of the December 31, 2024 and March 31, 2024, the Group had \$456 and \$413 that was recognized as other-than-temporary impairment in accumulated other comprehensive loss.

The fair value of securities is determined using observable market data based on recent trading activity. Where observable market data is unavailable due to a lack of trading activity, the Group utilizes internally developed models to estimate fair value and independent third parties to validate assumptions, when appropriate. Estimating fair value requires significant management judgment, including benchmarking to similar instruments with observable market data and applying appropriate discounts that reflect differences between the securities that the Group is valuing and the selected benchmark. Depending on the type of securities owned by the Group, other valuation methodologies may be required.

Measurement of fair value is classified within a hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The valuation hierarchy contains three levels:

- Level 1 - Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets.

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- Level 2 - Valuation inputs are quoted market prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets, and other observable inputs directly or indirectly related to the asset or liability being measured.
- Level 3 - Valuation inputs are unobservable and significant to the fair value measurement.

The following tables present securities assets in the Condensed Consolidated Balance Sheets or disclosed in the Notes to the condensed consolidated financial statements at fair value on a recurring basis as of December 31, 2024, and March 31, 2024:

		Fair Value Measurements as of December 31, 2024 using			
	Weighted Average Interest Rate	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Units (Level 3)
Non-U.S. sovereign debt	10.81 %	\$ 2,420,650	\$ 1,528,011	\$ 892,639	\$ —
Corporate debt	14.23 %	793,240	473,308	319,074	858
Corporate equity		118,823	96,160	4,121	18,542
U.S. sovereign debt	4.35 %	73,363	73,363	—	—
Exchange traded notes		9,441	7,050	2,391	—
Total trading securities		\$ 3,415,517	\$ 2,177,892	\$ 1,218,225	\$ 19,400
Non-U.S. sovereign debt	8.86 %	\$ 217,102	\$ 106,305	\$ 110,797	\$ —
Corporate debt	14.07 %	180,272	91,601	88,671	—
U.S. sovereign debt	3.41 %	21,240	21,240	—	—
Total available-for-sale securities, at fair value		\$ 418,614	\$ 219,146	\$ 199,468	\$ —

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	Weighted Average Interest Rate	Total	Fair Value Measurements as of March 31, 2024 using		
			Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Units
			(Level 1)	(Level 2)	(Level 3)
Non-U.S. sovereign debt	11.61 %	\$ 2,409,126	\$ 1,592,380	\$ 816,746	\$ —
Corporate debt	14.83 %	1,108,870	171,218	937,360	292
Corporate equity		126,103	102,134	3,819	20,150
U.S. sovereign debt	4.98 %	43,173	43,173	—	—
Exchange traded notes		1,348	1,045	303	—
Total trading securities		\$ 3,688,620	\$ 1,909,950	\$ 1,758,228	\$ 20,442
Corporate debt	15.53 %	\$ 173,568	\$ 47,135	\$ 126,433	\$ —
Non-U.S. sovereign debt	10.48 %	27,016	12,378	14,638	—
U.S. sovereign debt	3.54 %	16,037	16,037	—	—
Total available-for-sale securities, at fair value		\$ 216,621	\$ 75,550	\$ 141,071	\$ —

The tables below present the valuation techniques and significant Level 3 inputs used in the valuation as of December 31, 2024, and March 31, 2024. The tables are not intended to be all inclusive, but instead capture the significant unobservable inputs relevant to determination of fair value.

Type	Valuation Technique	FV as of December 31, 2024	Significant Unobservable Inputs	%
Corporate debt	DCF	\$ 858	Discount rate	74.0%
			Estimated number of years	3 months
Corporate equity	DCF	18,420	Discount rate	21.5%
			Estimated number of years	3 years
			Termination multiplier	20x
Corporate equity	DCF	122	Discount rate	58.8%
			Estimated number of years	9 years
Total		\$ 19,400		

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Type	Valuation Technique	FV as of March 31, 2024	Significant Unobservable Inputs	%
Corporate debt	DCF	\$ 292	Discount rate	74.0%
			Estimated number of years	3 months
Corporate equity	DCF	20,007	Discount rate	13.0%
			Estimated number of years	4 years, 6 months
			Termination multiplier	27x
Corporate equity	DCF	143	Discount rate	58.8%
			Estimated number of years	9 years
Total		\$ 20,442		

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the nine months ended December 31, 2024, and the year ended March 31, 2024:

	Trading securities
Balance as of March 31, 2023	\$ 5,138
Reclassification to Level 2	\$ (32)
Deconsolidation of Freedom UA securities	(3,927)
Sale of investments that use Level 3 inputs	(15,856)
Purchase of investments that use Level 3 inputs	35,807
Revaluation of investments that use Level 3 inputs	(132)
Reclassification to investment in associate	(556)
Balance as of March 31, 2024	\$ 20,442
Reclassification to Level 3	—
Sale of investments that use Level 3 inputs	—
Purchase of investments that use Level 3 inputs	—
Revaluation of investments that use Level 3 inputs	(1,042)
Balance as of December 31, 2024	\$ 19,400

The table below presents the amortized cost, unrealized gains and losses accumulated in other comprehensive income, and fair value of available-for-sale securities as of December 31, 2024, and March 31, 2024:

December 31, 2024						
	Assets measured at amortized cost	Accumulated impairment loss	Unrealized gain accumulated in other comprehensive (loss)/income	Assets measured at fair value	Maturity Date	
Non-U.S. sovereign debt	\$ 214,637	\$ (401)	\$ 2,866	\$ 217,102	2025-indefinite	
Corporate debt	180,438	(55)	(111)	180,272	2025-2039	
U.S. sovereign debt	21,950	—	(710)	21,240	2027-2044	
Total available-for-sale securities, at fair value	\$ 417,025	\$ (456)	2,045	\$ 418,614		

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	March 31, 2024				
	Assets measured at amortized cost	Accumulated impairment loss	Unrealized loss accumulated in other comprehensive income/(loss)	Assets measured at fair value	Maturity Date
Corporate debt	\$ 172,689	\$ (61)	\$ 940	\$ 173,568	2024-2039
Non-U.S. sovereign debt	29,121	(352)	(1,753)	27,016	2024-indefinite
U.S. sovereign debt	16,767	—	(730)	16,037	2027-2044
Total available-for-sale securities, at fair value	\$ 218,577	\$ (413)	\$ (1,543)	\$ 216,621	

NOTE 6 – MARGIN LENDING, BROKERAGE AND OTHER RECEIVABLES, NET

Margin lending, brokerage and other receivables as of December 31, 2024, and March 31, 2024, consisted of:

	December 31, 2024	March 31, 2024
Margin lending receivables	\$ 2,020,426	\$ 1,635,377
Receivables from telecommunication services	6,749	—
Bank commissions receivable	6,229	11,574
Bond coupon receivable and dividends accrued	4,765	5,429
Receivables from brokerage clients	2,905	2,603
Other receivables	10,956	17,282
Allowance for receivables	(14,357)	(11,990)
Total margin lending, brokerage and other receivables, net	\$ 2,037,673	\$ 1,660,275

Margin lending receivables are amounts owed to the Group from customers as a result of borrowings by such customers against the value of qualifying securities, primarily for the purpose of purchasing additional securities. Amounts may fluctuate from date to date as overall client balances change as a result of market levels, client positioning and leverage. Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and the Group's right to call for margin when collateral values decline.

Collateral for margin lending receivables includes cash balances in clients' brokerage accounts and securities, adjusted for clients' off-balance sheet short positions. As of December 31, 2024, and March 31, 2024, the fair value of collateral held by the Group under margin loans was \$4,478,894 and \$2,824,498, respectively.

As of December 31, 2024, and March 31, 2024, the Company had three non-related party customers and one non-related party customer, respectively, whose individual balances exceeded 10% of the total margin lending, brokerage, and other receivables balance, amounted to \$1,433,546 and \$399,196, respectively. The collateral held from these non-related party customers was valued at \$2,018,735 and \$460,771 as of December 31, 2024, and March 31, 2024, respectively.

For both individual and institutional brokerage clients, the Group may enter into arrangements for securities financing transactions in respect of financial instruments held by the Group on behalf of the client or may use such financial instruments for the Group's own account or the account of another client. The Group maintains 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. As noted above, the Group 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 financing of other clients of the Group.

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(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

As of December 31, 2024, and March 31, 2024, using historical and statistical data, the Group had allowances for brokerage receivables in the amounts of \$14,357 and \$11,990, respectively.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 7 – LOANS ISSUED

Loans issued as of December 31, 2024, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	\$ 809,608	January 2025 - December 2049	11.1%	\$ 809,608	KZT
Uncollateralized bank customer loans	223,646	January 2025 - December 2044	27.7%	—	KZT
Collateralized bank customer loans	170,574	January 2025 - July 2043	16.0%	125,656	KZT
Car loans	164,251	January 2025 - April 2032	24.1%	163,375	KZT
Right of claim for purchased retail loans	135,242	January 2025 - February 2030	15.0%	135,242	KZT
Subordinated loan	6,163	December 2025	3.0%	—	USD
Other	1,372	January 2025 - September 2029	18.0%/16.5%	27	KZT
Allowance for loans issued	(56,597)				
Total loans issued	\$ 1,454,259				

The Group provides mortgage loans to borrowers on behalf of the JSC Kazakhstan Sustainability Fund (the "Program Operator") related to the state mortgage program "7-20-25" and transfers the rights to claim on the mortgage loans to the Program Operator. The proceeds received from these transfers are presented within funds received under state program for financing of mortgage loans in the Condensed Consolidated Statements of Cash Flows. Under this program, borrowers can receive a mortgage at an interest rate of 7% for 20 years, and the interest payments received by the Group are recognized as interest income in the Company's Consolidated Statements of Operations and Statements of Other Comprehensive Income. In accordance with the program and trust management agreement for the program, the Group services the transferred loans and remits all repayments of principal it receives plus 4% of the 7% interest received to the Program Operator. The interest paid to the Program Operator is recognized as interest expense in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income. The remaining 3% of the 7% interest is retained by Group. Under the program and trust management agreement, the Group is required to repurchase the rights to make claims on the transferred loans when either loan principal repayments or interest payments are overdue 90 days or more. The repurchase of overdue loans is performed at the loans' nominal value and is presented within repurchase of mortgage loans under the State Program in the Condensed Consolidated Statements of Cash Flows.

Since the Group transfers the rights to make claims on the loans with recourse for loans that are more than 90 days past due, retains part of the interest received on the loans and agrees to service the loans after the sale of the loans to the Program Operator, the Company has determined that the Group retains control over the loans transferred and continues recognizing the loans, which are accounted for as secured borrowings of the Group in accordance with ASC 860, Transfers and Servicing. As the Company continues to recognize the loans as assets, it also recognizes the associated liability equal to the proceeds received from the Program Operator, which is presented separately as liability arising from continuing involvement in the Condensed Consolidated Balance Sheets. This liability accrues 4% interest annually as described above. As of December 31, 2024 and March 31, 2024, the corresponding liability amounted to \$472,867 and \$521,885, respectively.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

As of December 31, 2024 and March 31, 2024, mortgage loans include loans under the state mortgage program "7-20-25" with an aggregate principal amount of \$484,237 and \$532,389, respectively, were presented within loans issued in the Condensed Consolidated Balance Sheets.

The Group has an agreement with FFIN Credit, a company established and controlled by FRHC's controlling shareholder, chairman and chief executive officer, Mr. Timur Turlov, to purchase uncollateralized retail loans from FFIN Credit. FFIN Credit is a non-bank credit institution that issues loans in Kazakhstan under simplified lending procedures. FFIN Credit was created as a pilot project to test and improve the scoring models used for qualifying and issuing loans. The principal operation of FFIN Credit is to provide loans to customers online using biometric identification and its proprietary scoring process. After completion of the pilot project, it is anticipated that FFIN Credit will be sold by Mr. Turlov to the Company. Freedom Bank KZ has legal ownership over the loans purchased from FFIN Credit. However, in accordance with U.S. GAAP, the Group does not recognize those loans, since effective control over the transferred loans are maintained by FFIN Credit. Instead, the Group recognizes the loans receivable from FFIN Credit as right of claim for purchased retail loans on the Consolidated Balance Sheets within loans issued. As of December 31, 2024 and March 31, 2024, right of claims for purchased retail loans amounted to \$135,242 and \$146,152, respectively.

The total accrued interest for loans issued amounted to \$ 11,874 as of December 31, 2024 and \$8,327 as of March 31, 2024.

Loans issued as of March 31, 2024, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	\$ 741,312	April, 2024 - March, 2049	10.3%	\$ 740,462	KZT
Car loans	262,708	April, 2024 - March, 2031	23.9%	259,755	KZT
Uncollateralized bank customer loans	245,188	April, 2024 - March, 2044	27.4%	—	KZT
Right of claim for purchased retail loans	146,152	April, 2024 - March, 2029	15.0%	146,152	KZT
Collateralized bank customer loans	22,299	June, 2024 - July, 2043	19.1%	22,270	KZT
Subordinated loan	5,037	December, 2025	3.0%	—	USD
Other	2,638	April, 2024 - January, 2029	18.6%/15.0%/2.5%	18	KZT/USD/EUR
Allowance for loans issued	(43,619)				
Total loans issued	\$ 1,381,715				

Credit quality indicators

Freedom Bank KZ uses a loan portfolio quality classification system that indicates signs of a significant increase in credit risk and contractual impairment, depending on the analysis of reasonable and supportable information available at the reporting date. The loan portfolio is classified into "not credit impaired", "with significant increase in credit risk" and "credit impaired" agreements.

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Loans “not credit impaired” under the agreement are serviced as usual, there are no primary signs of an increase in credit risk. Agreements classified as “with significant increase in credit risk” represent loans for which there is an increase in the credit risk expected over the life of the agreement compared to the initial risk at the date of recognition of the loan. In practice, the sign of such classification is the presence of overdue debt on principal and interest for a period of more than 30 days or the absolute probability of default threshold (PD) exceeding 20%. Agreements classified as “credit impaired” represent loans for which at the reporting date any of the following conditions is met: (i) the individual borrower has been in default for 90 or more days or the borrowers being legal entities have been in default for 60 or more days, (ii) the borrower for the last 6 months (for individuals) and 12 months (for legal entities) restructured the contract due to the deterioration of the financial condition, (iii) the borrower is recognized as credit impaired, a sign of default or a sign of bankruptcy is present, (iv) the deterioration of the financial performance of the borrower, or (v) the presence of other information indicating the existence of a high credit risk.

The table below presents the Group's loan portfolio by credit quality classification and origination year as of December 31, 2024. Current vintage disclosure is the requirement due to first adoption of ASC 326.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Term Loans by Origination Fiscal Year							
	2025	2024	2023	2022	2021	Prior	Revolving loans	Total
Mortgage loans	\$ 228,661	\$ 185,989	\$ 364,422	\$ 30,536	\$ —	\$ —	\$ —	\$ 809,608
that are not credit impaired	228,546	184,058	362,030	29,928	—	—	—	804,562
with significant increase in credit risk	115	897	1,200	276	—	—	—	2,488
that are credit impaired	—	1,034	1,192	332	—	—	—	2,558
Car loans	2,778	123,984	37,489	—	—	—	—	164,251
that are not credit impaired	2,778	119,315	29,947	—	—	—	—	152,040
with significant increase in credit risk	—	1,271	569	—	—	—	—	1,840
that are credit impaired	—	3,398	6,973	—	—	—	—	10,371
Uncollateralized bank customer loans	77,127	126,817	19,702	—	—	—	—	223,646
that are not credit impaired	76,217	113,674	17,277	—	—	—	—	207,168
with significant increase in credit risk	488	4,098	666	—	—	—	—	5,252
that are credit impaired	422	9,045	1,759	—	—	—	—	11,226
Right of claim for purchased retail loans	92,412	40,147	2,667	16	—	—	—	135,242
that are not credit impaired	92,412	40,147	2,667	16	—	—	—	135,242
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	—	—	—	—	—	—	—	—
Collateralized bank customer loans	161,626	8,793	155	—	—	—	—	170,574
that are not credit impaired	161,591	8,627	155	—	—	—	—	170,373
with significant increase in credit risk	35	47	—	—	—	—	—	82
that are credit impaired	—	119	—	—	—	—	—	119
Subordinated loan	—	—	6,163	—	—	—	—	6,163
that are not credit impaired	—	—	6,163	—	—	—	—	6,163
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	—	—	—	—	—	—	—	—
Other	—	1,193	129	50	—	—	—	1,372
that are not credit impaired	—	1,185	129	50	—	—	—	1,364
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	—	8	—	—	—	—	—	8
Total	\$ 562,604	\$ 486,923	\$ 430,727	\$ 30,602	\$ —	\$ —	\$ —	\$ 1,510,856

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

The table below presents the Group's loan portfolio by credit quality classification as of March 31, 2024.

	Term Loans by Origination Fiscal Year						Revolving loans	Total
	2024	2023	2022	2021	2020	Prior		
Mortgage loans	\$ 241,848	\$ 458,401	\$ 41,063	\$ —	\$ —	\$ —	\$ —	\$ 741,312
that are not credit impaired	240,974	454,933	40,784	—	—	—	—	736,691
with significant increase in credit risk	676	2,415	111	—	—	—	—	3,202
that are credit impaired	198	1,053	168	—	—	—	—	1,419
Car loans	196,305	66,403	—	—	—	—	—	262,708
that are not credit impaired	193,302	55,427	—	—	—	—	—	248,729
with significant increase in credit risk	1,590	2,232	—	—	—	—	—	3,822
that are credit impaired	1,413	8,744	—	—	—	—	—	10,157
Uncollateralized bank customer loans	210,612	34,568	8	—	—	—	—	245,188
that are not credit impaired	200,211	30,337	—	—	—	—	—	230,548
with significant increase in credit risk	4,715	1,072	—	—	—	—	—	5,787
that are credit impaired	5,686	3,159	8	—	—	—	—	8,853
Right of claim for purchased retail loans	130,291	15,694	167	—	—	—	—	146,152
that are not credit impaired	130,291	15,694	167	—	—	—	—	146,152
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	—	—	—	—	—	—	—	—
Collateralized bank customer loans	21,972	327	—	—	—	—	—	22,299
that are not credit impaired	21,796	327	—	—	—	—	—	22,123
with significant increase in credit risk	89	—	—	—	—	—	—	89
that are credit impaired	87	—	—	—	—	—	—	87
Subordinated loan	—	5,037	—	—	—	—	—	5,037
that are not credit impaired	—	5,037	—	—	—	—	—	5,037
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	—	—	—	—	—	—	—	—
Other	2,404	165	69	—	—	—	—	2,638
that are not credit impaired	2,395	165	69	—	—	—	—	2,629
with significant increase in credit risk	—	—	—	—	—	—	—	—
that are credit impaired	9	—	—	—	—	—	—	9
Total	\$ 803,432	\$ 580,595	\$ 41,307	\$ —	\$ —	\$ —	\$ —	\$ 1,425,334

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Aging analysis of past due loans as of December 31, 2024 and March 31, 2024, is as follows:

	December 31, 2024				
	Loans 30-59 Days past due	Loans 60-89 days past due	Loans 90 days or more past due and still accruing	Current loans	Total
Mortgage loans	\$ 1,515	\$ 973	\$ 2,558	\$ 804,562	\$ 809,608
Car loans	1,151	689	10,371	152,040	164,251
Uncollateralized bank customer loans	2,802	2,450	11,226	207,168	223,646
Right of claim for purchased retail loans	—	—	—	135,242	135,242
Collateralized bank customer loans	50	32	119	170,373	170,574
Subordinated loan	—	—	—	6,163	6,163
Other	—	—	8	1,364	1,372
Total	\$ 5,518	\$ 4,144	\$ 24,282	\$ 1,476,912	\$ 1,510,856

	March 31, 2024				
	Loans 30-59 Days past due	Loans 60-89 days past due	Loans 90 days or more past due and still accruing	Current loans	Total
Mortgage loans	\$ 2,133	\$ 1,069	\$ 1,419	\$ 736,691	\$ 741,312
Car loans	2,167	1,655	10,157	248,729	262,708
Uncollateralized bank customer loans	3,576	2,211	8,853	230,548	245,188
Right of claim for purchased retail loans	—	—	—	146,152	146,152
Collateralized bank customer loans	—	89	87	22,123	22,299
Subordinated loan	—	—	—	5,037	5,037
Other	—	—	9	2,629	2,638
Total	\$ 7,876	\$ 5,024	\$ 20,525	\$ 1,391,909	\$ 1,425,334

The activity in the allowance for credit losses for the three months ended December 31, 2024 and 2023 is summarized in the following tables.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Allowance for credit losses						
	Mortgage loan	Uncollateralized bank customer loans	Collateralized bank customer loans	Car loans	Right of claim for purchased retail loans	Other	Total
March 31, 2024	\$ (3,033)	\$ (19,636)	\$ (80)	\$ (14,262)	\$ (6,577)	\$ (31)	\$ (43,619)
<i>Charges</i>	(6,258)	(28,099)	(3,437)	(4,086)	(9,335)	(22)	(51,237)
<i>Recoveries</i>	1,089	5,257	53	5,506	5,216	—	17,121
<i>Write off</i>	—	12,838	4	2,713	—	32	15,587
<i>Forex</i>	560	2,852	153	1,927	59	—	5,551
December 31, 2024	\$ (7,642)	\$ (26,788)	\$ (3,307)	\$ (8,202)	\$ (10,637)	\$ (21)	\$ (56,597)

	Allowance for credit losses						
	Mortgage loan	Uncollateralized bank customer loans	Collateralized bank customer loans	Car loans	Right of claim for purchased retail loans	Other	Total
March 31, 2023	\$ (554)	\$ (233)	\$ —	\$ (758)	\$ (1,247)	\$ —	\$ (2,792)
Adjustment to allowance for adoption of ASU 2016-13	(2,216)	(7,436)	(35)	(6,462)	(9,046)	—	(25,195)
<i>Charges</i>	(1,760)	(16,846)	(84)	(13,013)	(10,493)	(11,008)	(53,204)
<i>Recoveries</i>	1,782	9,826	58	7,096	15,617	—	34,379
<i>Forex</i>	17	16	1	17	87	—	138
December 31, 2023	\$ (2,731)	\$ (14,673)	\$ (60)	\$ (13,120)	\$ (5,082)	\$ (11,008)	\$ (46,674)

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 8 – PROVISION FOR INCOME TAXES

The Group is subject to taxation in Kazakhstan, Kyrgyzstan, Cyprus, Uzbekistan, Germany, and the United States.

The tax rates used for deferred tax assets and liabilities as of December 31, 2024, and March 31, 2024, were 21% for the United States, 20% for Kazakhstan and Azerbaijan, 10% for Kyrgyzstan, 15% for Germany, 12.5% for Cyprus, 25% for United Kingdom, 18% for Armenia and 15% for Uzbekistan.

During the nine months ended December 31, 2024, and 2023, the effective tax rate was equal to 15.5% and 15.5%, respectively.

NOTE 9 – SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

As of December 31, 2024, and March 31, 2024, trading securities included collateralized securities subject to repurchase agreements as described in the following table:

	December 31, 2024			
	Interest rates and remaining contractual maturity of the agreements			
	Average interest rate	Up to 30 days	30-90 days	Total
Securities sold under repurchase agreements				
Non-US sovereign debt	14.89 %	\$ 1,616,269	\$ 12,477	\$ 1,628,746
Corporate debt	14.90 %	539,911	31,046	570,957
Total securities sold under repurchase agreements		\$ 2,156,180	\$ 43,523	\$ 2,199,703

	March 31, 2024			
	Interest rate and remaining contractual maturity of the agreements			
	Average interest rate	Up to 30 days	30-90 days	Total
Securities sold under repurchase agreements				
Non-US sovereign debt	13.78 %	\$ 1,545,080	\$ 259,948	\$ 1,805,028
Corporate debt	13.84 %	923,752	14,644	938,396
US sovereign debt	3.06 %	13,172	—	13,172
Total securities sold under repurchase agreements		\$ 2,482,004	\$ 274,592	\$ 2,756,596

The fair value of collateral pledged under repurchase agreements as of December 31, 2024, and March 31, 2024, was \$ 2,202,919 and \$2,753,601, respectively.

Securities pledged as collateral by the Group under repurchase agreements are liquid trading securities with market quotes and significant trading volume.

As of December 31, 2024 and March 31, 2024, securities repurchase agreement obligations included accrued interest in the amount of \$ 5,456 and \$11,684, with a weighted average maturity of 9 days and 12 days, respectively. All securities repurchase agreements transactions were executed through the KASE.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 10 – CUSTOMER LIABILITIES

The Group recognizes customer liabilities associated with deposit funds of its brokerage and bank customers. As of December 31, 2024, and March 31, 2024, customer liabilities consisted of:

	December 31, 2024		March 31, 2024	
	Amount	Interest	Amount	Interest
Interest bearing deposits:				
Term deposits	\$ 1,554,503	0.05% - 18.1%	\$ 1,221,072	0.04% - 17.3%
Total Interest bearing deposits	\$ 1,554,503		\$ 1,221,072	
Non-interest-bearing deposits:				
Brokerage customers	\$ 1,804,039		\$ 742,902	
Current customer accounts	424,749		309,856	
Total non-interest-bearing accounts	\$ 2,228,788		\$ 1,052,758	
Total customer liabilities	\$ 3,783,291		\$ 2,273,830	

In accordance with Kazakhstan law requirements, commercial banks conclude agreements with JSC Kazakhstan Deposit Insurance Fund ("KDIF"), under which banks are required to pay commissions to KDIF on a periodic basis, the amount of which depends on the term deposits and demand deposits received by banks from their customers. Under the agreement, KDIF insures the term deposits and demand deposits up to \$38 for each customer. As at December 31, 2024, and March 31, 2024, respectively, the Group had total amounts in excess of insured bank term deposits of \$630,771 and \$600,972 for all customers.

NOTE 11 – MARGIN LENDING AND TRADE PAYABLES

As of December 31, 2024, and March 31, 2024, margin lending and trade payables of the Group comprised the following:

	December 31, 2024	March 31, 2024
Margin lending payables	\$ 290,387	\$ 839,454
Payables to suppliers of goods and services	13,081	10,525
Payables to brokers	5,623	157
Payables to merchants	5,256	13,475
Trade payable for securities purchased	425	485
Other	4,271	3,784
Total margin lending and trade payables	\$ 319,043	\$ 867,880

The fair value of collateral held by the Group under margin loans as of December 31, 2024, and March 31, 2024 was \$ 1,660,840 and \$2,400,361, respectively.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 12 – DEBT SECURITIES ISSUED

As of December 31, 2024, and March 31, 2024, outstanding debt securities issued by the Group included the following:

Debt securities issued by:	Principal Amount		Interest rate	Issue date	Maturity date
	as of December 31, 2024	as of March 31, 2024			
Freedom SPC bonds due 2026	\$ 201,535	\$ —	10.5%	September, 2024	September, 2026
			1-2 years: 12%		
Freedom SPC bonds due 2028	200,325	200,386	3-5 years: EFFR + 6.5%	December, 2023	December, 2028
Freedom SPC bonds due 2026	64,738	64,546	5.5%	October, 2021	October, 2026
Accrued interest	2,237	2,319			
Total debt securities issued	\$ 468,835	\$ 267,251			

As of December 31, 2024 the carrying value of the Group's debt securities issued by Freedom SPC bonds due 2026 were \$201,535 and \$64,738 for September and October, respectively. The carrying value of Freedom SPC bonds due 2028 was \$200,325. The Freedom SPC bonds are denominated in U.S. dollars and were issued under Astana International Financial Centre ("AIFC") law and trade on the AIX. The Company is a guarantor of the Freedom SPC bonds.

The Freedom SPC bonds due 2026 bear interest at an annual rate of 5.5% and mature in October 2026. Interest is paid semi-annually in April and October.

For the first two years of Freedom SPC bonds due 2028, the annual interest rate is 12% and for subsequent years the interest rate will be fixed and set as the sum of Effective Federal Funds Rate (EFFR) as of December 10, 2025 and a margin of 6.5%. Interest is paid on a monthly basis. The bondholders have a right of early redemption after two years following the issue date at nominal value plus accrued interest. After two years following the issue date, the issuer has the option to redeem the bonds in full or in part at nominal value plus accrued interest.

During the quarter ended December 31, 2024, the Company issued additional bonds with the aggregate principal amount of \$200,000 with an annual interest rate of 10.5% and maturity date in September 2026. Interest is paid on a quarterly basis.

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs.

The Group has no financial covenants to comply with under the terms of its debt securities.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 13 – INSURANCE CONTRACTS ASSETS AND LIABILITIES FROM INSURANCE ACTIVITIES

As of December 31, 2024, and March 31, 2024, assets from the Group's insurance activity comprised the following:

	December 31, 2024	March 31, 2024
Assets:		
Amounts due from policyholders	\$ 10,333	\$ 10,260
Amounts due from reinsured	4,064	2,274
Advances received from agent	3,745	3,231
Claims receivable from reinsurance	2,055	1,400
Allowance for estimated uncollectible reinsurance	(1,673)	(1,045)
Insurance and reinsurance receivables	18,524	16,120
Unearned premium reserve, reinsurers' share	3,494	4,770
Reserves for claims and claims' adjustment expenses, reinsurers' share	4,500	4,032
Total assets from insurance activity	\$ 26,518	\$ 24,922

As of December 31, 2024, and March 31, 2024, liabilities from the Group's insurance activity comprised the following:

	December 31, 2024	March 31, 2024
Liabilities:		
Amounts payable to reinsured	\$ 7,317	\$ 2,771
Amounts payable to insurers	6,597	4,294
Amounts payable to agents and brokers	3,294	6,334
Insurance and reinsurance payables:	17,208	13,399
Unearned premium reserve	64,824	60,088
Reserves for claims and claims' adjustment expenses	325,845	223,693
Total liabilities from insurance activity	\$ 407,877	\$ 297,180

As of December 31, 2024, and March 31, 2024, liabilities from insurance activity increased mainly due to the increase of reserves for claims and claims' adjustment expenses and the increase of unearned premium reserve as a result of the expansion of operations.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

NOTE 14 – FEE AND COMMISSION INCOME

Fee and commission income is recognized when, or as, the Group satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Group determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Group's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. The amount of revenue recognized reflects the consideration the Group expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Group considers multiple factors, including the effects of variable consideration, if any.

The Group's revenues from contracts with customers are recognized when the Group's performance obligations are satisfied at an amount that reflects the consideration expected to be received in exchange for such services. The majority of the Group's performance obligations are satisfied at a point in time and are typically collected from customers by debiting their brokerage account with the Group.

Brokerage Services

The Group earns commission revenue by executing, settling and clearing transactions with clients primarily in exchange-traded and over-the-counter financial instruments related to corporate equity and debt securities, money market instruments and exchange-traded options and futures contracts. Trade execution and clearing services, when provided together, represent a single performance obligation, as the services are not separately identifiable in the context of the contract. Commission revenue associated with combined trade execution and clearing services, as well as trade execution services on a standalone basis, are recognized at a point in time on trade date when the performance obligation is satisfied.

Banking Services

The Group earns revenue from two primary streams related to commissions from bank services:

- The Group earns banking commissions by executing client orders for money transfer, purchase and sale of foreign currency, and other banking services. A substantial portion of the Group's revenue is derived from commissions from private clients through accounts with transaction-based pricing. Commission revenue is collected and recognized by the Company at a point in time at the execution of the order.
- Interchange — The Group acts as an agent between customers and international payment systems, such as VISA and MasterCard. When using third-party payment platforms or networks, the Group is an agent for the payment processing services to retail customers and, therefore, revenue is recognized on a net basis, as the Group is not primarily responsible for fulfilling the payment processing on third parties' payment platforms/networks and has no discretion in establishing the selling price of the payment processing service to the retail customer on third party payment platforms/networks. Fees from customers using third-party payment platform are earned for processing debit card transactions.

Payment Processing

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

The Group earns revenue from two primary streams related to payment processing:

- Commissions from payment processing services, which include activities such as authorization, clearing, and settlement of electronic payments. The Company recognizes revenue at the time when the payment card transaction is completed. Commission rates are based on the amounts of transactions. Fees are typically billed and paid monthly.
- Provision of IT infrastructure to merchants to facilitate payments. The Company recognizes revenue at the time when the performance obligation is satisfied which is as soon as payments are facilitated. These services are typically provided under a commission rate from amounts of facilitated payments. Fees are typically billed and paid monthly.

Underwriting and Market-Making Services

The Group earns underwriting revenues by providing capital raising solutions for corporate clients through initial public offerings, follow-on offerings, equity-linked offerings, private investments in public entities, and private placements. Underwriting revenues are recognized at a point in time on the relevant placement date, as the client obtains the control and benefit of the capital markets offering at that point. These revenues are generally received within 90 days after the placement date. Transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are included in underwriting revenues. These costs are deferred and recognized in the same period as the related investment banking transaction revenue. However, if the transaction is abandoned and does not close, the accounting treatment for the transaction-related costs may differ. In such cases, the accounting principles typically require the immediate recognition of the transaction-related expenses as an expense in the period in which the decision to abandon the transaction is made. This ensures that the costs associated with the abandoned transaction are recognized and reflected accurately in the financial statements of the entity.

Receivables and Contract Balances

Receivables arise when the Group has an unconditional right to receive payment under a contract with a customer and are derecognized when the payment is received. Margin lending, brokerage and other receivables are disclosed in Note 6 *"Margin Lending, Brokerage and Other Receivables, Net"* in the notes to condensed consolidated financial statements.

Contract assets arise when the revenue associated with the contract is recognized before the Group's unconditional right to receive payment under a contract with a customer (i.e., unbilled receivable) and are derecognized when either it becomes a receivable or the cash is received. As of December 31, 2024 and March 31, 2024, the Group's contract asset balances were not material.

Contract liabilities arise when customers remit contractual cash payments in advance of the Group satisfying its performance obligations under the contract and are derecognized when the revenue associated with the contract is recognized either when a milestone is met triggering the contractual right to bill the customer or when the performance obligation is satisfied. As of December 31, 2024 and March 31, 2024, contract liability balances were not material.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

During the three months and the nine months ended December 31, 2024, and December 31, 2023, fee and commission income comprised:

Three months ended December 31, 2024					
	Brokerage	Banking	Insurance	Other	Total
Brokerage services	\$ 118,841	\$ —	\$ —		\$ 118,841
Bank services	—	8,360	—		8,360
Commission income from payment processing	—	—	—	7,137	7,137
Underwriting and market-making services	1,549	—	—		1,549
Other fee and commission income	310	238	—	7,001	7,549
Total fee and commission income	\$ 120,700	\$ 8,598	\$ —	\$ 14,138	\$ 143,436

Three months ended December 31, 2023					
	Brokerage	Banking	Insurance	Other	Total
Brokerage service	\$ 99,813	\$ —	\$ —	\$ —	\$ 99,813
Commission income from payment processing	—	—	—	8,977	8,977
Underwriting and market-making services	3,344	—	—	—	3,344
Bank services	—	1,331	—	—	1,331
Other fee and commission income	249	171	38	6,236	6,694
Total fee and commission income	\$ 103,406	\$ 1,502	\$ 38	\$ 15,213	\$ 120,159

Nine months ended December 31, 2024					
	Brokerage	Banking	Insurance	Other	Total
Brokerage services	\$ 319,386	\$ —	\$ —	\$ —	\$ 319,386
Commission income from payment processing	—	—	—	21,670	21,670
Bank services	—	12,748	—	—	12,748
Underwriting and market-making services	7,465	—	—	—	7,465
Other fee and commission income	432	844	147	17,284	18,707
Total fee and commission income	\$ 327,283	\$ 13,592	\$ 147	\$ 38,954	\$ 379,976

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Nine months ended December 31, 2023				
	Brokerage	Banking	Insurance	Other	Total
Brokerage services	\$ 239,608	\$ —	\$ —	\$ —	\$ 239,608
Commission income from payment processing	—	—	—	37,318	37,318
Bank services	—	23,480	—	—	23,480
Underwriting and market-making services	15,085	—	—	—	15,085
Other fee and commission income	359	714	82	13,919	15,074
Total fee and commission income	\$ 255,052	\$ 24,194	\$ 82	\$ 51,237	\$ 330,565

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

NOTE 15 – NET GAIN ON TRADING SECURITIES

During the three months and the nine months ended December 31, 2024, and December 31, 2023, net gain on trading securities was comprised of:

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023
Net unrealized gain/(loss) recognized during the reporting period on trading securities still held at the reporting date	\$ 74,551	\$ (14,442)
Net gain recognized during the period on trading securities sold during the period	15,013	9,353
Net gain/(loss) recognized during the period on trading securities	\$ 89,564	\$ (5,089)

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Net unrealized gain recognized during the reporting period on trading securities still held at the reporting date	\$ 75,525	\$ 16,222
Net gain recognized during the period on trading securities sold during the period	\$ 30,254	\$ 61,276
Net gain recognized during the period on trading securities	\$ 105,779	\$ 77,498

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 16 - NET INTEREST INCOME/EXPENSE

Net interest income/expense for the three months ended December 31, 2024, and December 31, 2023 included the following:

	Three months ended December 31, 2024	Three months ended December 31, 2023
Interest income:		
Interest income on trading securities	95,666	\$ 112,860
Interest income on margin loans to customers	61,295	51,553
Interest income on loans to customers	51,089	49,529
Interest income on securities available-for-sale	11,027	7,478
Interest income on reverse repurchase agreements and amounts due from banks	5,611	5,025
Total interest income	\$ 224,688	\$ 226,445
Interest expense:		
Interest expense on securities repurchase agreement obligations	\$ 88,526	\$ 110,778
Interest expense on customer accounts and deposits	27,288	15,653
Interest expense on debt securities issued	9,974	1,491
Interest expense on margin lending payable	4,818	3,211
Interest expense on loans received	530	36
Other interest expense	—	54
Total interest expense	\$ 131,136	\$ 131,223
Net interest income	\$ 93,552	\$ 95,222

Net interest income/expense for the nine months ended December 31, 2024, and December 31, 2023 includes:

	Nine months ended December 31, 2024	Nine months ended December 31, 2023
Interest income:		
Interest income on trading securities	\$ 307,786	\$ 313,739
Interest income on margin loans to customers	153,279	111,306
Interest income on loans to customers	152,849	123,730
Interest income on securities available-for-sale	28,430	25,476
Interest income on reverse repurchase agreements and amounts due from banks	18,672	12,012
Other interest income	—	2,594
Total interest income	\$ 661,016	\$ 588,857
Interest expense:		
Interest expense on securities repurchase agreement obligations	\$ 267,049	\$ 303,242
Interest expense on customer accounts and deposits	74,111	49,120
Interest expense on margin lending payable	35,357	9,671
Interest expense on debt securities issued	23,912	3,387
Interest expense on loans received	1,042	89
Other interest expense	48	141
Total interest expense	\$ 401,519	\$ 365,650
Net interest income	\$ 259,497	\$ 223,207

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

NOTE 17 - NET GAIN/(LOSS) ON DERIVATIVES

	Three months ended December 31, 2024	Three months ended December 31, 2023
Net realized gain/(loss) on derivatives	\$ 11,740	\$ (43,019)
Net unrealized gain on derivatives	149	451
Total net gain/(loss) on derivatives	\$ 11,889	\$ (42,568)
	Nine months ended December 31, 2024	Nine months ended December 31, 2023
Net realized gain/(loss) on derivatives	\$ 26,490	\$ (72,681)
Net unrealized gain on derivatives	4,201	886
Total net gain/(loss) on derivatives	\$ 30,691	\$ (71,795)

NOTE 18 – RELATED PARTY TRANSACTIONS

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Related party transactions as of December 31, 2024 and March 31, 2024, consisted of the following:

	December 31, 2024		March 31, 2024	
	<i>Related party balances</i>	<i>Total category as per financial statements captions</i>	<i>Related party balances</i>	<i>Total category as per financial statements captions</i>
ASSETS				
Cash and cash equivalents	\$ 50	\$ 577,940	\$ 203	\$ 545,084
<i>Companies controlled by management</i>	50		203	
Restricted cash	\$ 3,198	\$ 742,153	\$ —	\$ 462,637
<i>Management</i>	1,924		—	
<i>Companies controlled by management</i>	1,234		—	
<i>Other</i>	40		—	
Trading securities	\$ 1,128	\$ 3,415,517	\$ 1,326	\$ 3,688,620
<i>Companies controlled by management</i>	1,128		1,326	
Margin lending, brokerage and other receivables, net	\$ 22,391	\$ 2,037,673	\$ 22,039	\$ 1,660,275
<i>Management</i>	9,508		8,849	
<i>Companies controlled by management</i>	12,883		13,190	
Loans issued	\$ 139,514	\$ 1,454,259	\$ 147,440	\$ 1,381,715
<i>Management</i>	335		117	
<i>Companies controlled by management</i>	139,179		147,323	
Other assets, net	\$ 16,294	\$ 171,040	\$ 5,257	\$ 102,414
<i>Companies controlled by management</i>	16,294		5,257	
LIABILITIES				
Customer liabilities	\$ 51,017	\$ 3,783,291	\$ 44,127	\$ 2,273,830
<i>Management</i>	7,566		12,604	
<i>Companies controlled by management</i>	42,330		31,253	
<i>Other</i>	1,121		270	
Other liabilities	\$ 157	\$ 132,007	\$ 9,854	\$ 81,560
<i>Management</i>	104		7,947	
<i>Companies controlled by management</i>	52		1,907	
<i>Other</i>	1		—	

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Three Months Ended December 31, 2024		Three Months Ended December 31, 2023	
	<i>Related party amounts</i>	<i>Total category as per financial statements captions</i>	<i>Related party amounts</i>	<i>Total category as per financial statements captions</i>
Revenue:				
Fee and commission income	\$ 556	\$ 143,436	\$ 30,112	\$ 120,159
<i>Management</i>	197		226	
<i>Companies controlled by management</i>	357		29,878	
<i>Other</i>	2		8	
Interest income	\$ 380	\$ 224,688	\$ 7,566	\$ 226,445
<i>Management</i>	224		208	
<i>Companies controlled by management</i>	156		7,358	
Expense:				
General and administrative expense	\$ 7,892	\$ 73,437	\$ 1,502	\$ 32,106
<i>Management</i>	34		226	
<i>Companies controlled by management</i>	7,858		1,041	
<i>Other</i>	—		235	

	Nine Months Ended December 31, 2024		Nine Months Ended December 31, 2023	
	<i>Related party amounts</i>	<i>Total category as per financial statements captions</i>	<i>Related party amounts</i>	<i>Total category as per financial statements captions</i>
Revenue:				
Fee and commission income	2,259	379,976	66,029	330,565
<i>Management</i>	706		691	
<i>Companies controlled by management</i>	1,545		65,322	
<i>Other</i>	8		16	
Interest income	1,023	661,016	22,650	588,857
<i>Management</i>	643		512	
<i>Companies controlled by management</i>	380		22,137	
Expense:				
General and administrative expense	16,864	171,782	9,063	86,211
<i>Management</i>	311		397	
<i>Companies controlled by management</i>	16,553		8,346	
<i>Other</i>	—		320	

FREEDOM HOLDING CORP.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****(All amounts in thousands of United States dollars, except share data, unless otherwise stated)**

During the three and nine months ended December 31, 2023, the Group engaged in various related party transactions, a substantial amount of which were conducted with FST Belize, a Belize company which is wholly owned by the Company's chief executive officer, chairman and majority shareholder, Mr. Timur Turlov, and is not part of the Group. During such periods, FST Belize had its own brokerage customers, which included individuals and a market-maker institution and conducted business with the Group through a client omnibus account at Freedom EU. The Group terminated these arrangements with FST Belize before the end of fiscal 2024, leading to a decrease in related party transactions during three and nine months ended December 31, 2024 as compared to the corresponding periods in 2023.

As of March 31, 2024, the Group's margin lending receivables from Fresh Start Trading Ltd, amounted to \$ 12,890. Fresh Start Trading Ltd is a Cyprus-based company that was controlled by an individual who served on Freedom EU's management until November 5, 2024. From November 5, 2024, Fresh Start Trading Ltd. is no longer controlled by a Company's related party. Fresh Start Trading Ltd was mainly involved in foreign currency trading activity. Margin lending receivables from Fresh Start Trading Ltd were mainly denominated in Euros, and they were fully collateralized by cash denominated in U.S. dollars.

During the three and nine months ended December 31, 2024, the Group incurred general and administrative expenses relating to the Kazakhstan Chess Federation in the amount of \$3,401 and \$9,753, respectively. Kazakhstan Chess Federation is a Kazakhstan-based company in which Mr. Timur Turlov holds a management position. The Group continues to support the development of chess as a sport in Kazakhstan. During the three and nine months ended December 31, 2024, the Group has made financial contributions to the Kazakhstan Chess Federation to support the preparation and holding of championships, tournaments, training camps and other events.

As of December 31, 2024 and March 31, 2024, 18% and 7% respectively, of the Group's total related party customer liabilities were bank deposits from Turlov Family Office Securites LTD held by Freedom Bank KZ. Turlov Family Office Securities LTD is a private securities brokerage company that is wholly owned by Mr. Timur Turlov. As of March 31, 2024, 24% of the Group's total related party customer liabilities were deposits of Fresh Start Trading Ltd held by Freedom EU related to brokerage services provided by our subsidiary Freedom EU to Fresh Start Trading Ltd.

As of December 31, 2024 and March 31, 2024, 58% of the Group's total related party other assets were prepayment on the potential acquisition of A-Telecom as part of our strategy to enter the telecommunications market in Kazakhstan and build a digital fintech ecosystem.

As of December 31, 2024, and March 31, 2024, the Group had loans issued which included uncollateralized bank customer loans purchased from FFIN Credit, a company outside of the Group which is controlled by Timur Turlov.

NOTE 19 – STOCKHOLDERS' EQUITY

During the three months ended December 31, 2024, the Company awarded stock grants totaling 48,600 shares, 750 of which were vested on the date of the award.

The table below presents Stock Incentive Plan awards granted on the dates indicated.

Stock awards granted on:	Units
October 1, 2024	47,850
October 1, 2024 immediate stock awards	750

NOTE 20 – STOCK BASED COMPENSATION

The compensation expense related to restricted and non-restricted stock grants was \$ 13,417 during the three months ended December 31, 2024, and \$1,039 during the three months ended December 31, 2023. As of December 31, 2024 there was \$ 39,914 of total unrecognized compensation cost related to non-vested shares of common stock granted. The cost is expected to be recognized over a weighted average period of 3.93 years. The compensation expense related to stock awards, which vested on the date of the award was \$72 and \$0 during the three months ended December 31, 2024 and December 31, 2023, respectively.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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The Company has determined the fair value of shares awarded during the three months ended December 31, 2024, using the Monte Carlo valuation model based on the following key assumptions:

Stock awards granted	Term (years)	Volatility	Risk-free rate
October 1, 2024	4.32	37.03 %	3.51 %

The table below summarizes the activity for the Company's stock awards during the nine months ended December 31, 2024:

	Shares	Weighted Average Fair Value
Outstanding, at March 31, 2024	983,205	57,598
Granted	392,226	29,490
Vested	(192,345)	(10,006)
Forfeited/cancelled/expired	(16,245)	(794)
Outstanding, at December 31, 2024	1,166,841	76,288

NOTE 21 – LEASES

At December 31, 2024, the Group was party to a number of noncancellable leases, predominantly operating leases of office space, which expire at various dates through 2034. The Group's primary involvement with leases is in the capacity as a lessee where a Group company leases premises to support the Group's business.

The Group determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. Operating lease liabilities and right-of-use (ROU) assets are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The future lease payments are discounted at a rate that estimates the Company's collateralized borrowing rate for financing instruments of a similar term and are included in accounts payable and other liabilities. The operating lease ROU asset, included in premises and equipment, also includes any lease prepayments made, plus initial direct costs incurred, less any lease incentives received. The Company recognizes fixed lease costs on a straight-line basis throughout the lease term in the Consolidated Statement of Income. Certain of these leases also have extension or termination options,

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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and the Company assesses the likelihood of exercising such options. If it is reasonably certain that the Group will exercise the options to extend, then we include the impact in the measurement of our ROU assets and lease liabilities.

When readily determinable, the Company uses the rate implicit in the lease to discount lease payments to present value; however, the rate implicit on most of the Group's leases are not readily determinable. Therefore, the Company must discount lease payments based on an estimate of its incremental borrowing rate.

The table below presents the lease related assets and liabilities recorded on the Company's Condensed Consolidated Balance Sheets as of December 31, 2024:

	<u>Classification on Balance Sheet</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Assets			
Operating lease assets	Right-of-use asset	\$ 39,242	\$ 36,324
Total lease assets		\$ 39,242	\$ 36,324
Liabilities			
Operating lease liability	Lease liability	\$ 40,401	\$ 35,794
Total lease liability		\$ 40,401	\$ 35,794

The following table presents as of December 31, 2024, the maturities of the lease liabilities:

Leases maturing during the period ending March 31,		
2025	\$	4,874
2026		14,825
2027		13,217
2028		9,121
2029		3,986
Thereafter		4,267
Total payments		50,290
Less: amounts representing interest		(9,889)
Lease liability, net	\$	40,401
Weighted average remaining lease term (in months)		33
Weighted average discount rate		15 %

Lease commitments for short-term operating leases as of December 31, 2024 and December 31, 2023 was approximately \$ 862 and \$576, respectively. The Group's rent expense for office space was \$2,365 and \$6,858 for the three and nine months ended December 31, 2024 and \$ 725 and \$2,344 for the three and nine months ended December 31, 2023, respectively.

The Group has leases that involve variable payments tied to an index, which are considered in the measurement of operating lease ROU assets and operating lease liabilities.

FREEDOM HOLDING CORP.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****(All amounts in thousands of United States dollars, except share data, unless otherwise stated)****NOTE 22 – ACQUISITIONS OF SUBSIDIARIES***Acquisition of SilkNetCom*

On September 17, 2024, the Company completed the acquisition of SilkNetCom LLP by purchasing 100% of its participating interest. SilkNetCom LLP specializes in the field of provider services, IT and construction of telecommunications networks in private and public sectors.

The purpose of the acquisition of SilkNetCom LLP was to use the acquired assets and licenses to develop our telecommunications business.

As of September 17, 2024, the date of the acquisition of SilkNetCom LLP, the fair value of the net assets of SilkNetCom LLP was \$ 23,672. The total purchase price was allocated as follows:

	As of September 17, 2024
ASSETS	
Cash and cash equivalents	54
Margin lending, brokerage and other receivables, net	7,417
Fixed assets, net	41,770
Other assets, net	270
TOTAL ASSETS	49,511
LIABILITIES	
Margin lending and trade payables	3,519
Current income tax liability	5
Other liabilities	22,315
TOTAL LIABILITIES	25,839
Net assets acquired	23,672
Goodwill	208
Total purchase price	23,880

Acquisition of EliteCom

On October 17, 2024, the Company completed the acquisition of EliteCom LLP by purchasing 100% of its participating interest. EliteCom LLP provides telecommunications services, including Internet access, telephone services and cable television for individuals (B2C), provision of Internet access services for legal entities (B2B).

The purpose of the acquisition of EliteCom LLP was to use the acquired assets and licenses to develop our telecommunications business.

As of October 17, 2024, the date of the acquisition of EliteCom LLP, the fair value of the net assets of EliteCom LLP was \$ 1,721. The total purchase price was allocated as follows:

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	As of October 17, 2024
ASSETS	
Cash and cash equivalents	38
Margin lending, brokerage and other receivables, net	84
Fixed assets, net	1,890
Intangible assets	674
Other assets, net	84
TOTAL ASSETS	2,770
LIABILITIES	
Margin lending and trade payables	24
Current income tax liability	30
Other liabilities	995
TOTAL LIABILITIES	1,049
Net assets acquired	1,721
Goodwill	1,298
Total purchase price	3,019

NOTE 23 – COMMITMENTS AND CONTINGENT LIABILITIES
Legal, regulatory and governmental matters

The Group is involved in various claims and legal proceedings that arise in the normal course of business. The Company recognizes a liability when a loss is considered probable and the amount can be reasonably estimated. If a material loss contingency is reasonably possible but not probable, the Company does not record a liability but discloses the nature and amount of the claim, as well as an estimate of the potential loss, if such an estimate can be determined. Legal fees are recorded as expenses when incurred. While the Company does not anticipate that the resolution of any current claims or proceedings will significantly impact its financial position, an adverse outcome in some or all of these cases could materially affect the Company's results of operations or cash flows for specific periods. This assessment is based on the Company's current understanding of relevant facts and circumstances, and the Company's perspective on these matters may evolve with future developments.

The Company accounts for potential losses related to litigation in accordance with FASB ASC Topic 450, "Contingencies." As of December 31, 2024 and March 31, 2024, accruals for potential losses related to legal, regulatory and governmental actions and proceedings were not material.

Off-balance sheet financial instruments

Freedom Bank KZ is a party to certain off-balance sheet financial instruments. These financial instruments include guarantees and unused commitments under existing lines of credit. These commitments expose the Company to varying degrees of credit and market risk which are essentially the same as those involved in extending loans to customers, and are subject to the same credit policies used in underwriting loans. Collateral may be obtained based on Freedom Bank KZ's

FREEDOM HOLDING CORP.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****(All amounts in thousands of United States dollars, except share data, unless otherwise stated)**

credit evaluation of the counterparty. The Company's maximum exposure to credit loss is represented by the contractual amount of these commitments.

Unused commitments under lines of credit

Unused commitments under lines of credit include commercial, commercial real estate, home equity and consumer lines of credit to existing customers. These commitments may mature without being fully funded.

Unused commitments under guarantees

Unused commitments under guarantees are conditional commitments issued by Freedom Bank KZ to provide bank guarantees to customers. These commitments may mature without being fully funded.

Bank guarantees

Bank guarantees are conditional commitments issued by Freedom Bank KZ to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support trade transactions or guarantee arrangements. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loan facilities to customers. A significant portion of the issued guarantees are collateralized. Total lending related commitments outstanding as of December 31, 2024, and March 31, 2024, were as follows:

	As of December 31, 2024	As of March 31, 2024
Unused commitments under lines of credits and guarantees	\$ 176,090	\$ 207,519
Bank guarantees	14,608	9,012
Total	\$ 190,698	\$ 216,531

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 24 – SEGMENT REPORTING

The following tables summarize the Company's Statement of Operations by its reportable segments for the periods presented. There are no revenues from transactions between the segments and intercompany balances have been eliminated in disclosures.

STATEMENT OF OPERATIONS	Three months ended December 31, 2024				
	Brokerage	Banking	Insurance	Other	Total
Fee and commission income	\$ 120,700	\$ 8,598	\$ —	\$ 14,138	\$ 143,436
Net gain/(loss) on trading securities	20,905	66,773	3,319	(1,433)	89,564
Interest income	72,828	135,222	15,378	1,260	224,688
Insurance underwriting income	—	—	177,472	—	177,472
Net (loss)/gain on foreign exchange operations	(2,621)	(14,621)	2,301	18,886	3,945
Net gain on derivatives	1,078	10,770	—	41	11,889
Other income/(expense), net	441	(372)	(639)	4,766	4,196
TOTAL REVENUE, NET	213,331	206,370	197,831	37,658	655,190
Fee and commission expense	11,583	4,099	74,840	3,405	93,927
Interest expense	15,774	101,864	2,963	10,535	131,136
Insurance claims incurred, net of reinsurance	—	—	104,511	—	104,511
Payroll and bonuses	26,368	16,916	9,650	24,461	77,395
Professional services	1,635	412	595	8,313	10,955
Stock compensation expense	8,328	2,174	1,549	1,366	13,417
Advertising expense	14,803	1,239	77	5,353	21,472
General and administrative expense	10,048	11,237	4,374	47,778	73,437
Provision for allowance expected credit losses	1,391	27,754	1,103	364	30,612
TOTAL EXPENSE	89,930	165,695	199,662	101,575	556,862
INCOME BEFORE INCOME TAX	\$ 123,401	\$ 40,675	\$ (1,831)	\$ (63,917)	\$ 98,328
Income tax (expense)/benefit	(21,105)	(6,223)	(3,360)	10,497	(20,191)
NET INCOME/ (LOSS)	\$ 102,296	\$ 34,452	\$ (5,191)	\$ (53,420)	\$ 78,137

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

STATEMENT OF OPERATIONS	Nine months ended December 31, 2024				
	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	—	—	467,224	—	467,224
Net gain/(loss) on foreign exchange operations	9,722	(35,882)	3,696	40,977	18,513
Net gain on derivative	2,409	28,241	—	41	30,691
Other income/(expense), net	3,291	243	(193)	20,265	23,606
TOTAL REVENUE, NET	563,044	499,081	523,269	101,411	1,686,805
Fee and commission expense	25,224	9,950	213,888	15,849	264,911
Interest expense	69,067	298,205	8,796	25,451	401,519
Insurance claims incurred, net of reinsurance	—	—	218,504	—	218,504
Payroll and bonuses	67,534	46,757	24,266	62,572	201,129
Professional services	5,891	576	1,302	18,699	26,468
Stock compensation expense	19,925	6,305	4,353	5,505	36,088
Advertising expense	41,449	3,132	541	13,600	58,722
General and administrative expense	28,956	36,101	17,173	89,552	171,782
Provision/(Recovery of) for allowance for expected credit losses	1,484	36,775	1,500	(490)	39,269
TOTAL EXPENSE	259,530	437,801	490,323	230,738	1,418,392
INCOME BEFORE INCOME TAX	\$ 303,514	\$ 61,280	\$ 32,946	\$ (129,327)	\$ 268,413
Income tax (expense)/benefit	(45,940)	(9,641)	(9,544)	23,596	(41,529)
NET INCOME	\$ 257,574	\$ 51,639	\$ 23,402	\$ (105,731)	\$ 226,884

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

STATEMENTS OF OPERATIONS	Three months ended December 31, 2023				
	Brokerage	Banking	Insurance	Other	Total
Fee and commission income	\$ 103,406	\$ 1,502	\$ 38	\$ 15,213	\$ 120,159
Net (loss)/gain on trading securities	(722)	(5,630)	329	934	(5,089)
Interest income	66,169	144,070	14,700	1,506	226,445
Insurance underwriting income	—	—	79,017	—	79,017
Net (loss)/gain on foreign exchange operations	(3,388)	41,648	27	538	38,825
Net loss on derivative	(1,257)	(41,311)	—	—	(42,568)
Other income/(expense), net	1,049	42	1,827	(1,073)	1,845
TOTAL REVENUE, NET	165,257	140,321	95,938	17,118	418,634
Fee and commission expense	6,482	3,851	29,328	3,157	42,818
Interest expense	19,718	102,753	6,925	1,827	131,223
Insurance claims incurred, net of reinsurance	—	—	40,989	—	40,989
Payroll and bonuses	23,607	6,472	4,538	10,466	45,083
Professional services	1,424	102	227	4,464	6,217
Stock compensation expense	693	48	29	269	1,039
Advertising expense	7,274	1,078	230	2,484	11,066
General and administrative expense	9,962	7,159	1,166	13,819	32,106
Provision/(Recovery of) for allowance for expected credit losses	4,200	(7,547)	(633)	454	(3,526)
TOTAL EXPENSE	73,360	113,916	82,799	36,940	307,015
INCOME BEFORE INCOME TAX	\$ 91,897	\$ 26,405	\$ 13,139	\$ (19,822)	\$ 111,619
Income tax expense	(9,603)	—	(8)	(5,933)	(15,544)
NET INCOME	\$ 82,294	\$ 26,405	\$ 13,131	\$ (25,755)	\$ 96,075

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

STATEMENTS OF OPERATIONS	Nine months ended December 31, 2023				
	Brokerage	Banking	Insurance	Other	Total
Fee and commission income	\$ 255,052	\$ 24,194	\$ 82	\$ 51,237	\$ 330,565
Net gain/(loss) on trading securities	25,555	39,360	13,146	(563)	77,498
Interest income	158,284	376,464	49,399	4,710	588,857
Insurance underwriting income	—	—	181,882	—	181,882
Net gain/(loss) on foreign exchange operations	1,732	54,098	(641)	(759)	54,430
Net (loss)/gain on derivative	(960)	(71,406)	—	571	(71,795)
Other income, net	2,913	14	3,042	3,019	8,988
TOTAL REVENUE, NET	442,576	422,724	246,910	58,215	1,170,425
Fee and commission expense	18,782	12,972	65,182	6,180	103,116
Interest expense	69,271	265,163	25,386	5,830	365,650
Insurance claims incurred, net of reinsurance	—	—	96,491	—	96,491
Payroll and bonuses	49,797	28,987	11,433	26,494	116,711
Professional services	5,376	392	401	18,624	24,793
Stock compensation expense	2,141	162	97	903	3,303
Advertising expense	18,130	3,834	611	5,230	27,805
General and administrative expense	31,688	20,332	3,738	30,453	86,211
Provision for allowance for expected credit losses	3,568	9,206	679	2,009	15,462
TOTAL EXPENSE	198,753	341,048	204,018	95,723	839,542
INCOME BEFORE INCOME TAX	\$ 243,823	\$ 81,676	\$ 42,892	\$ (37,508)	\$ 330,883
Income tax (expense)/benefit	(20,074)	—	22	(31,356)	(51,408)
NET INCOME	\$ 223,749	\$ 81,676	\$ 42,914	\$ (68,864)	\$ 279,475

The following tables summarize the Company's total assets and total liabilities by its business segments as of the dates presented. Intercompany balances have been eliminated for separate disclosure.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

December 31, 2024					
	Brokerage	Banking	Insurance	Other	Total
Total assets	\$ 3,232,400	\$ 4,863,748	\$ 664,321	\$ 374,576	\$ 9,135,045
Total liabilities	2,443,186	4,314,126	512,685	602,303	7,872,300
Net assets	<u>\$ 789,214</u>	<u>\$ 549,622</u>	<u>\$ 151,636</u>	<u>\$ (227,727)</u>	<u>\$ 1,262,745</u>
March 31, 2024					
	Brokerage	Banking	Insurance	Other	Total
Total assets	\$ 2,586,803	\$ 4,939,626	\$ 529,517	\$ 245,984	\$ 8,301,930
Total liabilities	1,973,887	4,389,745	402,865	368,475	7,134,972
Net assets	<u>\$ 612,916</u>	<u>\$ 549,881</u>	<u>\$ 126,652</u>	<u>\$ (122,491)</u>	<u>\$ 1,166,958</u>

FRHC's chief operating decision maker (CODM) is Chief Executive Officer, Chief Financial Officer and President, which, acting collectively, manages the Company, including allocating resources and measuring performance. Company's CODM uses both GAAP total revenue and net income in assessing each segment's performance and determining how to allocate resources among segments.

Brokerage

Companies in the Brokerage segment offer securities brokerage, securities dealing for customers and for the Group's own account, market making activities, investment research, investment counseling, underwriting and market-making services to a global client base of retail investors, corporations, financial institutions, merchants and government and municipal entities. Companies in the Brokerage segment also conduct proprietary securities trading.

The Group's services in this segment include providing clients with access to the world's largest stock exchanges and a gateway to global investment opportunities. Additionally, the Group's offerings in this segment include professional securities analytics, empowering clients with valuable insights and market intelligence to make informed investment decisions. To ensure a seamless experience, the Group provides user-friendly trading applications that offer convenience and flexibility.

Banking

Companies in the Banking segment generate banking service fees and interest income by providing services that include lending, deposit services, payment card services, money transfers, correspondent accounts, supporting both individual and corporate clients with innovative digital financial solutions. To ensure a seamless experience, the Banking segment provides user-friendly banking application that offers convenience and flexibility. Companies in the Banking segment also conduct proprietary securities trading activities.

Insurance

Companies in the Insurance segment offer products including life insurance, obligatory insurance, tourist medical health insurance and auto insurance. These insurance products are designed to offer comprehensive coverage and tailored solutions to protect individuals, property, auto and businesses in the event of unforeseen events or risks. Companies in the Insurance segment also conduct proprietary securities trading activities.

Other

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Activities of companies in the Other segment include provision of payment processing services, financial educational center services, financial intermediary center services, financial consulting services, administrative management services, telecommunication services information processing services, entertainment ticketing sales, online air and railway ticket purchase aggregation and an online retail trade and e-commerce application. The Other segment also includes transactions conducted by the Company in connection with repurchase agreements.

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)
NOTE 25 - STATUTORY CAPITAL REQUIREMENTS

The Company has two insurance subsidiaries operating in Kazakhstan: Freedom Life (a regulated life insurer) and Freedom Insurance (a regulated property and casualty insurance entity). The Law of the Republic of Kazakhstan No. 126-II "On Insurance Activities" (the "Insurance Law") is the main law regulating the insurance sector in Kazakhstan. It establishes a framework for insurance activities, registration and licensing of insurance companies and regulation of insurance activities by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market ("ARDFM").

Freedom Life and Freedom Insurance are required to notify and coordinate with the ARDFM any proposals to declare or pay a dividend. The amount of dividends these subsidiaries are permitted to declare is limited to the relevant subsidiary's realized retained earnings and dividends can only be paid to the extent they will not cause a breach of the minimum solvency and capital requirements of the relevant subsidiary. As of December 31, 2024 and March 31, 2024, Freedom Life and Freedom Insurance were in compliance with the ARDFM dividend, minimum solvency and minimum capital requirements. Freedom KZ in its capacity of an insurance holding is also limited in declaration and payment of dividends if such payment leads to breach of capital ratios applicable to insurance companies Freedom Life and Freedom Insurance.

There are no significant differences between the statutory accounting practices and statements prepared in accordance with U.S. GAAP for the insurance subsidiaries.

In addition, the Company's subsidiaries operate under various securities brokerage, banking and financial services regulations and must maintain such licenses in order to conduct their operations. As of December 31, 2024 and March 31, 2024, the Company, through its subsidiaries, held: (a) brokerage licenses (i) in Kazakhstan issued by ARDFM and the Astana Financial Services Authority (the "AFSA"), (ii) in Cyprus issued by the Cyprus Securities and Exchange Commission ("CySEC"), (iii) in the United States issued by FINRA, (iv) in Armenia issued by the Central Bank of Armenia, and (v) in Uzbekistan issued by the Ministry of Finance of the Republic of Uzbekistan, (vi) in Kyrgyzstan issued by the Service for Regulation and Supervision of the Financial Market under the Ministry of Economy and Commerce of the Kyrgyz Republic (the "SRFM"); (b) a banking license for foreign currency operations in Kazakhstan issued by the ARDFM; (c) a banking license for corporate and retail banking services in Kazakhstan issued by the ARDFM (including for currency exchange operations); and (d) special registration as a payment service provider in Kazakhstan with the National Bank of the Republic of Kazakhstan, and licenses in Uzbekistan and Kyrgyzstan for payments services from the National Bank of the Kyrgyz Republic and the Central Bank of Uzbekistan, respectively. In addition, following receipt of a principal approval by the Turkey's financial regulatory and supervisory authority granted on January 9, 2025, we are in the process of obtaining a license to provide brokerage services in Turkey.

The table below presents net capital/eligible equity, required minimum capital, excess regulatory capital and retained earnings as of December 31, 2024 for each of the regulated entities that is material for our condensed consolidated financial statements.

(amounts in thousands)

	Regulated activities	Net Capital/Eligible Equity	Required Minimum capital/solvency	Excess regulatory capital	Retained earnings
Freedom Bank KZ	Banking	\$ 393,276	\$ 180,929	\$ 212,347	\$ 280,519
Freedom EU	Brokerage	269,087	10,971	258,116	443,939
Freedom Global	Brokerage	66,620	23,010	43,610	107,948
Freedom KZ	Brokerage	57,264	352	56,912	135,272
Freedom Life	Life Insurance	48,936	10,546	38,390	70,586
Freedom Insurance	Property and Casualty Insurance	41,057	10,546	30,511	39,807
Freedom AR	Brokerage	34,680	759	33,921	35,440
Other regulated operating subsidiaries	Other	13,782	249	13,533	(21,923)
		\$ 924,702	\$ 237,362	\$ 687,340	\$ 1,091,588

FREEDOM HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

According to the requirements of National Bank of the Republic of Kazakhstan, the regulator of Freedom KZ and Freedom Life, capital is adjusted through subtraction of non-liquid assets. Consequently, it may result that net capital for regulatory purposes may be lower than retained earnings balances. As per capital requirements applicable to Freedom EU regulated by the Cyprus Securities and Exchange Commission and Freedom Global regulated by Astana Financial Services Authority, current year profit is not included within net capital for regulatory purposes, as profits can only be included in net capital after a statutory audit is completed.

The table below presents net capital/eligible equity, required minimum capital, excess regulatory capital and retained earnings as of March 31, 2024 for each of the regulated entities that is material for our condensed consolidated financial statements.

(amounts in thousands)

	Regulated activities	Net Capital/Eligible Equity	Required Minimum capital/solvency	Excess regulatory capital	Retained earnings
Freedom Bank KZ	Banking	\$ 329,738	\$ 196,594	\$ 133,144	\$ 193,376
Freedom EU	Brokerage	269,424	10,868	258,556	319,484
Freedom KZ	Brokerage	107,064	413	106,651	122,416
Freedom Life	Life Insurance	50,757	12,395	38,362	57,085
Freedom Insurance	Property and Casualty Insurance	30,011	12,395	17,616	19,773
Freedom Global	Brokerage	16,428	12,352	4,076	117,468
Freedom AR	Brokerage	7,317	763	6,554	6,447
Other regulated operating subsidiaries	Other	8,533	155	8,378	(11,665)
		\$ 819,272	\$ 245,935	\$ 573,337	\$ 824,384

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

NOTE 26 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through the time of filing this quarterly report on Form 10-Q with the SEC. During this period the Company did not have any additional material recognizable subsequent events.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis presents management's perspective on the financial condition and results of operations of Freedom Holding Corp. ("FRHC") and its consolidated subsidiaries. Except where the context otherwise requires or where otherwise indicated, references herein to the "Company," "Freedom," "we," "our," and "us" mean Freedom Holding Corp. together with its consolidated subsidiaries. References to a "fiscal year(s)" mean the 12-month periods ended March 31 for the referenced year. The following discussion and analysis is intended to highlight and supplement data and information presented elsewhere in this quarterly report on Form 10-Q, and it should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes included in this quarterly report on Form 10-Q and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual report on Form 10-K for the fiscal year ended March 31, 2024, filed with the Securities Exchange Commission ("SEC") on June 14, 2024 (the "2024 Form 10-K").

Special Note About Forward-Looking Information

All statements other than statements of historical fact included herein, any documents incorporated herein by reference, or any related discussions in this quarterly report on Form 10-Q, if any, including without limitation, statements regarding business strategy, credit rating, impact of new accounting pronouncements, expected capital expenditures and plans to finance such capital expenditure in the telecommunications business, treasury policy, expected outcome of litigation, aims, goals, and plans and objectives, and other than non-historical statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "should," "strategy," "will," "would," and other similar expressions and their negatives.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which may be beyond our control, which could cause actual results to differ materially from the those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, and actual results could differ materially as a result of various factors. The following include some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and political conditions in the regions where we operate or in which we have customers;
- current and future conditions in the global financial markets, including fluctuations in interest rates and foreign currency exchange rates;
- the direct and indirect effects on our business stemming from Russia's large-scale military action against Ukraine;
- economic sanctions and countersanctions that limit movement of funds, restrict access to capital markets or curtail our ability to service existing or potential new customers;
- the impact of legal and regulatory actions, investigations and disputes;
- the policies and actions of regulatory authorities in the jurisdictions in which we have operations, as well as the degree and pace of regulatory changes and new government initiatives generally;
- our ability to manage our growth effectively;
- our ability to complete planned acquisitions or successfully integrate businesses we acquire;
- our ability to successfully execute our strategy for entry into new business areas, including among others the telecommunications and media sectors in Kazakhstan;
- the availability of funds, or funds at reasonable rates, for use in our businesses, including for executing our growth strategy;
- the impact of competition, including downward pressures on fees and commissions;
- our ability to meet regulatory capital adequacy or liquidity requirements, or prudential norms;
- our ability to protect or enforce our intellectual property rights in our brands or proprietary technology;
- our ability to retain key executives and recruit and retain personnel;
- the impact of rapid technological change;
- information technology, trading platform and other system failures, cybersecurity threats and other disruptions;
- market risks affecting the value of our proprietary investments;
- risks of non-performance by third parties with whom we have business relationships;
- the creditworthiness of our trading counterparties, and banking and brokerage customers;
- the impact of tax laws and regulations, and their changes, in any of the jurisdictions in which we operate;

- compliance with laws and regulations in each of the jurisdictions in which we operate, particularly those relating to the brokerage, banking and insurance industries;
- the impact of armed conflict in Israel and Gaza and any possible escalation of such conflict or contagion to neighboring countries or regions;
- unforeseen or catastrophic events, including the emergence of pandemics, terrorist attacks, extreme weather events or other natural disasters, political discord or armed conflict; and
- other factors discussed in this quarterly report, as well as in the 2024 Form 10-K, including those listed under Part I, Item 1A. "Risk Factors" of the 2024 Form 10-K.

Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not place undue reliance on forward-looking statements. Forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management and apply only as of the date of this quarterly report or the respective dates of the documents from which they incorporate by reference. Neither we nor any other person assumes any responsibility for the accuracy or completeness of forward-looking statements. Further, except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, made by us or on our behalf, are also expressly qualified by these cautionary statements.

OVERVIEW

Our Business

Freedom Holding Corp. ("FRHC"), incorporated under the laws of the State of Nevada, combines cutting-edge financial services with an array of lifestyle solutions. Through our subsidiaries, we provide a diverse range of offerings, including securities brokerage, market making, investment research, financial advisory, investment banking, retail and commercial banking, insurance products, payment solutions, and data processing services. We also own several ancillary businesses intended to complement our core financial services businesses, including telecommunications and media businesses in Kazakhstan that are in a developmental stage.

We own and operate lifestyle-focused platforms such as the e-commerce solution, the premier online travel booking service and the go-to platform for entertainment and event management. These services, alongside our core financial businesses, provide convenience and value for our clients, making FRHC more than a financial services provider but also a lifestyle enabler.

From the very beginning, our mission has been to democratize access to international capital markets for retail and institutional clients alike. Today, we are improving the financial industry by creating an integrated digital fintech ecosystem designed to meet the evolving demands of a global customer base. Our strategy centers on providing a seamless, user-friendly experience by combining innovative technologies with a comprehensive suite of services accessible through a single, unified platform. Our ambition is to set the gold standard for digital customer experiences, leveraging advanced technologies to deliver customized solutions that make managing finances and accessing global markets simpler, faster, and more intuitive. By fostering innovation and pushing boundaries, we aim to remain at the forefront of the industry.

The main market of our operations is Kazakhstan. Our operating subsidiaries are located in Kazakhstan, Cyprus, the United States, the United Kingdom, Armenia, the United Arab Emirates, Uzbekistan, Kyrgyzstan, Tajikistan, Azerbaijan, and Turkey, and we also have a presence in Austria, Belgium, Bulgaria, France, Germany, Greece, Italy, Lithuania, The Netherlands, Poland and Spain. We divested our Russian subsidiaries in February 2023. Our subsidiaries in the United States include an SEC- and FINRA-registered broker dealer. As of December 31, 2024, we had 7,761 employees and 204 offices (of which 51 offered brokerage services, 56 offered insurance services, 29 offered banking services and 68 offered other financial and non-financial services).

Products and Services

Our business is organized into four segments: Brokerage, Banking, Insurance, and Other. Additional information regarding our segments can be found in the narrative and tabular descriptions of segments and operating results under this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of this quarterly report; and Note 24 "Segment Reporting" of the notes to our condensed consolidated financial statements included in Item 1 of this quarterly report.

Our Brokerage segment primarily focuses on retail brokerage and investment banking. Our Banking segment encompasses lending, deposit services, payment card services, money transfers, and correspondent accounts, supporting both individual and corporate clients with innovative digital financial solutions. Our Insurance segment offers life and general insurance services. Our Other segment includes payment processing services, e-commerce, online ticket sales, and new business areas including telecommunications and media services. We also engage in proprietary securities trading activities through each of our four segments.

The expansion of our retail clients' activity has been a major driver of our growth, particularly in Kazakhstan, Europe and other Central Asian jurisdictions. Over recent years, we have observed a significant increase in retail clients' activity across these key markets, which has been instrumental in scaling our business. Below is the table with number of our customer for our key segments:

	Number of clients as of December 31, 2024	Number of clients as of March 31, 2024
Banking	1,407,000	904,000
Insurance	972,000	534,000
Brokerage	618,000	530,000
Other	245,000	119,000

Brokerage Segment

As of December 31, 2024, in our Brokerage business segment we had 51 offices that provided brokerage and financial services, investment consulting and education, including offices in Kazakhstan, Cyprus, Armenia, United States, Uzbekistan, and Kyrgyzstan and representative offices in a number of other European countries. In addition, following receipt of a principal approval by the Turkey's financial regulatory and supervisory authority granted on January 9, 2025, we are in the process of obtaining a license to provide brokerage services in Turkey. 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. 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.

Freedom KZ and Freedom Global are professional participants on the KASE and the AIX. Foreign Enterprise LLC Freedom Finance ("Freedom UZ") is a professional participant on the Republican Stock Exchange of Tashkent ("UZSE") and the Uzbek Republican Currency Exchange ("UZCE").

Freedom EU oversees our European region operations (including Austria, Belgium, Bulgaria, Cyprus, France, Germany, Greece, Italy, the Netherlands, Poland, Lithuania, Spain, and the United Kingdom). In Cyprus, it is licensed to receive, transmit and execute customer orders, establish custodial accounts, engage in foreign currency exchange services and margin lending, and trade our own investment portfolio. Freedom EU serves as a hub for the Group's brokerage operations, providing transaction processing and intermediary services to our regional customers and to institutional customers that may seek access to the securities markets in the United States and Europe.

PrimeEx is a registered agency-only execution broker-dealer on the floor of the New York Stock Exchange ("NYSE"). PrimeEx is a member of the NYSE, Nasdaq, FINRA and the Securities Investor Protection Corp ("SIPC"). PrimeEx conducts investment banking and equity capital markets business under the name Freedom Capital Markets ("FCM").

As of December 31, 2024, we had 1,749 employees in our Brokerage segment, including 1,478 full-time employees and 271 part-time employees.

Banking Segment

Our Banking segment consists of the operations of Freedom Bank KZ, which is a pioneer in digital retail and commercial banking services in Kazakhstan, offering a large variety of deposit, debit and credit cards allowing its customers to make purchases around the world in multiple different currencies, pay in installments or on credit, save their funds, manage their investment accounts, or get an increased cashback that may be transferred to the International Fund for the Salvation of the Aral Sea. Freedom Bank KZ provides digital mortgages, digital car loans, digital business loans, and payment acquiring services for individual entrepreneurs. On October 15, 2024, we obtained a banking license in Tajikistan.

As of December 31, 2024, Freedom Bank KZ's assets decreased by 2%, its loan portfolio increased by 5%, its deposit portfolio increased by 27%, its trading portfolio decreased by 9%, in each case in comparison with March 31, 2024. The increase in the loan and deposit portfolios reflects continued customer demand and growth in our banking services, while the decline in trading portfolio aligns with our strategic focus on core banking operations. During the three months ended December 31, 2024, the banking segment continued to exhibit growth. In particular, net gain on trading securities increased in comparison to the three months ended December 31, 2023, reflecting favorable market conditions and improved trading strategies.

We have 29 office locations in Kazakhstan and Tajikistan that provide banking services to our customers. As of December 31, 2024, we had 2,825 employees in our Banking segment, all of which were full-time employees.

Insurance Segment

We have two insurance companies in Kazakhstan, a life insurance company, Freedom Life, and a direct insurance carrier, excluding life, health and medical, Freedom Insurance.

Freedom Life 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 December 31, 2024, Freedom Life had 973,827 active contracts, as compared to 616,301 active contracts as of March 31, 2024. As of December 31, 2024, Freedom Life had total assets of approximately \$510.1 million and total liabilities of approximately \$417.4 million, as compared to total assets of approximately \$371.5 million and total liabilities of approximately \$290.0 million as of March 31, 2024.

Freedom Insurance operates in the "general insurance" industry and 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. As of December 31, 2024, Freedom Insurance had 567,931 active contracts, as compared to 190,872 active contracts as of March 31, 2024. As of December 31, 2024, Freedom Insurance had total assets of approximately \$154.3 million and total liabilities of approximately \$95.3 million, as compared to total assets of approximately \$158.0 million and total liabilities of approximately \$112.8 million as of March 31, 2024.

As of December 31, 2024, we had 56 offices and 994 employees, including 955 full-time employees and 39 part-time employees, providing consumer life and general insurance services in Kazakhstan.

Other Segment

As of December 31, 2024, in our Other segment we had 68 offices and 2,679 employees, including 2,503 full-time employees and 134 part-time employees, providing a range of services including payment processing, entertainment ticketing sales, online air and railway ticket purchase aggregation and an online retail trade and e-commerce services. In addition, we have recently established subsidiaries in Kazakhstan to operate a telecommunications business and a media business, each of which is in the developmental stage. The revenue of this segment is currently mainly derived from provision of payment processing services, retail online ticket sales and online aggregation of purchasing air and railway tickets.

Digital Fintech 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 Tradernet 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 user-centric 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). See Note 22 "Acquisitions of subsidiaries" to the condensed consolidated financial statements included in this quarterly report on Form 10-Q. 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.

Credit Ratings

On December 12, 2024, S&P Global Ratings affirmed the long-term credit rating of Freedom Holding Corp. at the "B-" level and upgraded the long-term credit ratings of Freedom KZ, Freedom EU, Freedom Global and Freedom Bank KZ from "B" to "B+" level. The short-term credit ratings of Freedom KZ, Freedom EU, Freedom Global and Freedom Bank KZ have been affirmed at "B" level. The ratings of Freedom KZ and Freedom Bank KZ on the national scale were increased from "kzBBB-" to "kzBBB". The stable outlooks on Freedom Holding Corp. and its core operating subsidiaries Freedom KZ, Freedom EU, Freedom Global and Freedom Bank KZ reflect S&P's expectations of stable business and financial profiles over the next 12 months, benefiting from reduced economic and industry risks and enhanced regulatory oversight in Kazakhstan. S&P also factor in the group's ongoing measures to strengthen its risk management and compliance, and planned moderation of growth rates, which should support capitalization.

On July 2, 2024, S&P Global Ratings revised its ratings outlook on Freedom Life to stable from negative. At the same time, S&P Global Ratings affirmed their 'BB' long-term issuer credit and financial strength ratings on Freedom Life. S&P Global Ratings also raised the Kazakhstan national scale rating on Freedom Life to 'kzAA-' from 'kzA+'. S&P Global Ratings consider that Freedom Life remains a strategically important subsidiary of the Group. This is based on Freedom Life's increasing importance to the Group's operations and track record of collaboration with other Group members. S&P

Global Ratings continue to view Freedom Life as an insulated entity due to strong regulatory oversight and its operational independence from the parent.

Key Factors Affecting Our Results of Operations

Our operations have been, and may continue to be, affected by certain key factors as well as certain historical events. For additional information on these factors and other risks that may affect our financial condition and results of operations, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* in Part II Item 7 of the 2024 Form 10-K and *"Risk Factors"* in Part I, Item 1A, of the 2024 Form 10-K.

FINANCIAL HIGHLIGHTS

The highlights of our consolidated results for the three months ended December 31, 2024 are as follows:

We had total revenues, net of \$655.2 million for the three months ended December 31, 2024, as compared to \$418.6 million for the three months ended December 31, 2023. The increase between the two quarters was primarily attributable to the following:

- Our insurance underwriting income for the three months ended December 31, 2024 was \$177.5 million, an increase of \$98.5 million or 125%, compared to the three months ended December 31, 2023. The increase was driven by the expansion of our insurance operations such as in the pension annuity and accident insurance between the two quarters.
- We had a net gain on trading securities of \$89.6 million for the three months ended December 31, 2024, as compared to a net loss on trading securities of \$5.1 million for the three months ended December 31, 2023. The majority of the net gain for the three months ended December 31, 2024 was attributable to the increase in the market prices of Kazakhstan sovereign bonds held in our proprietary portfolio during the quarter.
- Our fee and commission income for the three months ended December 31, 2024 was \$143.4 million, an increase of \$23.3 million, or 19%, compared to the three months ended December 31, 2023. The increase was mainly attributable to an increase in fee and commission income from brokerage services and banking services.
- We had a net gain on derivatives for the three months ended December 31, 2024 in the amount of \$11.9 million, an increase of \$54.5 million, or 128%, compared to the three months ended December 31, 2023. The gain for the three months ended June 30, 2024 was due to revaluation of currency swaps.

We had total expense of \$556.9 million, for the three months ended December 31, 2024, as compared to \$307.0 million for the three months ended December 31, 2023. The increase was mainly attributable to increases in fee and commission expense, insurance claims incurred (net of reinsurance), payroll and bonuses, general and administrative expense, advertising expense and stock based compensation expense.

We had net income of \$78.1 million for the three months ended December 31, 2024, as compared to \$96.1 million for the three months ended December 31, 2023. Our Brokerage, Banking, Insurance, and Other segments contributed net income of \$102.3 million, net income of \$34.5 million and net loss of \$5.2 million and net loss of \$53.4 million, respectively, to our total net income for the three months ended December 31, 2024.

Our total assets increased to \$9.1 billion as of December 31, 2024 from \$8.3 billion as of March 31, 2024.

We had approximately 618,000 total retail brokerage customers as of December 31, 2024 as compared to approximately 530,000 as of March 31, 2024. We had approximately 1,407,000 banking customers at our Freedom Bank KZ subsidiary as of December 31, 2024 as compared to approximately 904,000 as of March 31, 2024.

The operating results for any period are not necessarily indicative of the results that may be expected for any future period.

RESULTS OF OPERATIONS

Comparison of the Three-month Periods Ended December 31, 2024 and 2023

The following comparison of our financial results for the three-month periods ended December 31, 2024 and 2023 is not necessarily indicative of future results.

Revenue

The following table sets out information on our total revenue, net for the periods presented.

	Three months ended December 31, 2024		Three months ended December 31, 2023		Change	
(amounts in thousands)	Amount	%*	Amount	%*	Amount	%
Fee and commission income	\$ 143,436	21.9 %	\$ 120,159	28.7 %	\$ 23,277	19 %
Net gain on trading securities	89,564	13.7 %	(5,089)	(1.2)%	94,653	(1,860)%
Interest income	224,688	34.3 %	226,445	54.1 %	(1,757)	(1)%
Insurance underwriting income	177,472	27.1 %	79,017	18.9 %	98,455	125 %
Net gain on foreign exchange operations	3,945	0.6 %	38,825	9.3 %	(34,880)	(90)%
Net gain/(loss) on derivatives	11,889	1.8 %	(42,568)	(10.2)%	54,457	(128)%
Other income	4,196	0.6 %	1,845	0.4 %	2,351	127 %
Total revenue, net	\$ 655,190	100 %	\$ 418,634	100 %	\$ 236,556	57 %

* Percentage of total revenue, net.

Fee and commission income

The following table sets forth information regarding our fee and commission income for the periods presented.

	Three months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Brokerage services	\$ 118,841	\$ 99,813	\$ 19,028	19 %
Commission income from payment processing	7,137	8,977	(1,840)	(20) %
Banking services	8,360	1,331	7,029	528 %
Underwriting and market-making services	1,549	3,344	(1,795)	(54) %
Other fee and commission income	7,549	6,694	855	13 %
Total fee and commission income	\$ 143,436	\$ 120,159	\$ 23,277	19 %

The following table sets out the components of our fee and commission income as a percentage of total fee and commission income, net for the periods presented.

	Three months ended December 31,	
	2024	2023
	(as a % of total fee and commission income)	
Brokerage services	83 %	83 %
Commission income from payment processing	5 %	7 %
Banking services	6 %	1 %
Underwriting and market-making services	1 %	3 %
Other fee and commission income	5 %	6 %
Total fee and commission income	100 %	100 %

For the three months ended December 31, 2024, total fee and commission income was \$143.4 million, an increase of \$23.3 million, or 19%, as compared to fee and commission income of \$120.2 million for the three months ended December 31, 2023.

Fee and commission income from brokerage services for the three months ended December 31, 2024 was \$118.8 million, representing a 19% increase as compared to \$99.8 million for the three months ended December 31, 2023. This increase was primarily due to an increase in the number of retail brokerage customers from 458,000 as of December 31, 2023 to 618,000 as of December 31, 2024. The increase in the number of customers was attributable in part to the migration of customers from our affiliate FST Belize to brokerage companies within our Group between the two quarters. The increase was offset in part by a decrease in fee and commission income from brokerage services generated from FST Belize between the two quarters, as our omnibus brokerage account arrangement with FST Belize was wound down and customers of FST Belize closed their accounts at FST Belize and opened accounts with brokerage companies within our Group. During the three months ended December 31, 2024, we earned fee and commission income from a market maker customer at our Freedom Global subsidiary in an amount of \$77.4 million, representing 54% of our total fee and commission income for that quarter.

Fee and commission income from payment processing decreased to \$7.1 million for the three months ended December 31, 2024 from \$9.0 million for the three months ended December 31, 2023. The decrease is attributable to a decrease in transaction volumes between the two quarters, which was in turn due to the cessation of operations of one of our counterparties, which previously contributed a substantial transaction volume.

Fee and commission income from banking services increased to \$8.4 million in the three months ended December 31, 2024 from \$1.3 million in the three months ended December 31, 2023. The increase in fee and commission income from banking services between the two quarters was primarily due to increase in commissions generated on transfer and payment processing, which was a result of an increase in the volume of transfer and payment processing transactions and an increase of cash operations income, by attracting new clients.

Fee and commission income from underwriting and market-making activities decreased by 54% to \$1.5 million for the three months ended December 31, 2024 from \$3.3 million for the three months ended December 30, 2023, driven by a lower volume of underwriting transactions for the three months ended December 31, 2024 as compared to the three months ended December 31, 2023.

Net gain on trading securities

We had a net gain on trading securities of \$89.6 million for the three months ended December 31, 2024, an increase of \$94.7 million as compared to a net loss of \$5.1 million for the three months ended December 31, 2023. The following table sets forth information regarding our net gains on trading activities during the three months ended December 31, 2024 and 2023:

<i>(amounts in thousands)</i>	Realized Net Gain	Unrealized Net Gain/(Loss)	Net Gain
Three months ended December 31, 2024	\$ 15,013	\$ 74,551	\$ 89,564
Three months ended December 31, 2023	\$ 9,353	\$ (14,442)	\$ (5,089)

During the three months ended December 31, 2024, we had a realized gain on trading securities of \$15.0 million, which is attributable to Kazakhstan sovereign bonds sold during the three months ended December 31, 2024. Also, we recognized an unrealized net gain of \$74.6 million during the same period due to an increase in the value of securities positions we held as of December 31, 2024. The majority of the unrealized net gain is attributable to Kazakhstan sovereign bonds.

During the three months ended December 31, 2023, we had a realized gain on trading securities of \$9.4 million, which is mainly attributable to debt securities of the Kazakhstan Sustainability Fund JSC sold during the three months ended December 31, 2023. We had an unrealized net loss in amount of \$14.4 million in the three months ended December 31, 2023 due to securities positions we continued to hold at December 31, 2023. The majority of the unrealized net loss arose from the securities of Kazakhstan Sustainability Fund JSC, primarily as a consequence of price declines.

Interest income

The following tables set forth information regarding our revenue from interest income for the periods presented.

	Three months ended December 31,			
	2024	2023	Amount Change	% Change
(amounts in thousands)				
Interest income on trading securities	\$ 95,666	\$ 112,860	\$ (17,194)	(15) %
Interest income on margin loans to customers	61,295	51,553	9,742	19 %
Interest income on loans to customers	51,089	49,529	1,560	3 %
Interest income on securities available-for-sale	11,027	7,478	3,549	47 %
Interest income on reverse repurchase agreements and amounts due from banks	5,611	5,025	586	12 %
Total interest income	\$ 224,688	\$ 226,445	\$ (1,757)	(1) %

	Three months ended December 31,	
	2024	2023
	(as a % of total interest income)	
Interest income on trading securities	43 %	50 %
Interest income on loans to customers	23 %	22 %
Interest income on margin loans to customers	27 %	23 %
Interest income on securities available-for-sale	5 %	3 %
Interest income on reverse repurchase agreements and amounts due from banks	2 %	2 %
Total interest income	100 %	100 %

For the three months ended December 31, 2024, we had interest income of \$224.7 million, representing a decrease of \$1.8 million, or 1%, compared to the three months ended December 31, 2023. The increase in interest income was primarily attributable to the increase of the income from margin loans to customers by \$9.7 million, or 19% due to an increase in the usage of margin loans for trades by our clients between the two periods, partially offset by the decrease in interest income on trading securities by \$17.2 million, or 15%, as a result of a decrease in the total size of our trading portfolio and a decrease in the amount of bonds we held as a percentage of our total trading portfolio between the two periods.

Additionally, the interest income on securities available-for-sale increased by \$3.5 million, or 47%, compared to the three months ended December 31, 2023. Such increase was due to the increase of volume of available-for-sale securities which is attributable to the purchase of debt securities of the Ministry of Finance of the Republic of Kazakhstan.

The following table provides a summary of the monthly average balances and average interest rates for the major categories of our interest-earning assets for the three months ended December 31, 2024 and 2023.

	Three months ended December 31,			
	2024		2023	
(amounts in thousands)	Average balance			
Interest-earning assets				
Trading securities	\$	3,331,297	\$	3,468,932
Loans issued		1,363,371		1,314,966
Margin lending, brokerage and other receivables, net		2,485,961		1,084,052
Available for sale securities, at fair value		395,396		205,955
	Average yields			
Trading securities		12.0 %		13.7 %
Loans issued		15.9 %		15.9 %
Margin lending, brokerage and other receivables, net		10.2 %		11.3 %
Available- for- sale securities, at fair value		11.6 %		15.3 %
	Interest income			
Interest income on trading securities	\$	95,666	\$	112,860
Interest income on loans to customers		51,089		49,529
Interest income on margin loans to customers		61,295		29,483
Interest income on available- for- sale securities		11,027		7,478
Other interest income		5,611		5,025
Total interest income	\$	224,688	\$	204,375

Interest income on margin loans to customers includes income accrued on off-balance sheet arrangements, the monthly average balance of which is not included in the table above. These off-balance sheet arrangements mainly included repurchase agreements of our brokerage clients. As of December 31, 2024 and 2023, the monthly average balance of off-balance sheet arrangements were and \$788.2 million, respectively, and the weighted average interest rate was 0.0%, and 11.7%, respectively.

The following table sets forth the effects of changing rates and volumes on interest income. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionally based on changes due to rate and the changes due to volume.

	Three months ended December 31,			
	2024 vs 2023			
	Increase/ (decrease) due to change in			
(amounts in thousands)	Rate	Volume	Net	
Interest income				
Interest income on trading securities	\$ (12,983)	\$ (4,211)	\$	(17,194)
Interest income on loans to customers	(269)	1,829		1,560
Interest income on margin loans to customers	(2,575)	34,387		31,812
Interest income on available-for-sale securities	(1,264)	4,812		3,549
Other interest income	—	—		586
Total interest income	\$ (17,091)	\$ 36,817	\$	20,313

Net gain on foreign exchange operations

For the three months ended December 31, 2024, we realized a net gain on foreign exchange operations of \$3.9 million compared to a net gain of \$38.8 million for the three months ended December 31, 2023. The net gain for the three months ended December 31, 2024, is primarily attributable to a \$23.2 million gain from foreign currency transactions, partially offset by a \$19.2 million translation loss. The decrease compared to the prior-year period was mainly driven by a 9.1% depreciation of the Kazakhstan tenge against the U.S. dollar, which led to increased foreign exchange currency losses for our subsidiaries operating in Kazakhstan.

Net gain on derivatives

For the three months ended December 31, 2024, we had net gain on derivatives of \$11.9 million compared to a net loss of \$42.6 million for the three months ended December 31, 2023. The increase in the amount of net gain was primarily attributable to our subsidiary, Freedom Bank KZ, which had a realized net gain of \$10.6 million for the three months ended December 31, 2024, as compared to a realized net loss of \$41.8 million for the three months ended December 31, 2023. Such change between the two periods was mainly due to a positive revaluation of currency swaps for the three months ended December 31, 2024. Freedom Bank KZ engages in currency swaps to diversify its funding and liquidity sources.

Insurance underwriting income

For the three months ended December 31, 2024, we had insurance underwriting income of \$177.5 million, an increase of \$98.5 million, or 125%, as compared to the three months ended December 31, 2023. The increase was primarily attributable to a \$99.3 million, or 128%, increase in insurance underwriting income from written insurance premiums for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, due to the expansion of our insurance operations such as in the pension annuity and accident insurance between the two quarters. This increase in income from written insurance premiums was partially offset by a \$1.9 million decrease in reinsurance premiums ceded for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023. The following table sets out information on our insurance underwriting income for the periods presented.

Three months ended December 31,				
(amounts in thousands)	2024	2023	Amount Change	% Change
Written insurance premiums	\$ 176,784	\$ 77,473	\$ 99,311	128 %
Reinsurance premiums ceded	(4,254)	(2,308)	(1,946)	84 %
Change in unearned premium reserve, net	4,942	3,852	1,090	28 %
Insurance underwriting income	\$ 177,472	\$ 79,017	\$ 98,455	125 %

Expense

The following table sets out information on our total expense for the periods presented.

	Three months ended December 31, 2024		Three months ended December 31, 2023		Change	
(amounts in thousands)	Amount	%*	Amount		Amount	%
Fee and commission expense	\$ 93,927	17 %	\$ 42,818	14 %	\$ 51,109	119 %
Interest expense	131,136	24 %	131,223	43 %	(87)	— %
Insurance claims incurred, net of reinsurance	104,511	19 %	40,989	13 %	63,522	155 %
Payroll and bonuses	77,395	14 %	45,083	15 %	32,312	72 %
Professional services	10,955	2 %	6,217	2 %	4,738	76 %
Stock compensation expense	13,417	2 %	1,039	— %	12,378	1191 %
Advertising expense	21,472	4 %	11,066	4 %	10,406	94 %
General and administrative expense	73,437	13 %	32,106	10 %	41,331	129 %
Provision for/(recovery of) allowance for expected credit losses	30,612	5 %	(3,526)	(1)%	34,138	(968)%
Total expense	\$ 556,862	100 %	\$ 307,015	100 %	\$ 249,847	81 %

* Percentage of total expense.

Fee and commission expense

The following table sets forth information regarding our fee and commission expense for the periods presented.

	Three months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Agency fees expense	\$ 74,684	\$ 29,956	\$ 44,728	149 %
Brokerage services	9,432	4,498	4,934	110 %
Banking services	5,409	5,513	(104)	(2) %
Exchange services	351	762	(411)	(54) %
Central depository services	152	126	26	21 %
Other commission expenses	3,899	1,963	1,936	99 %
Total fee and commission expense	\$ 93,927	\$ 42,818	\$ 51,109	119 %

The following table sets out the components of our fee and commission expense as a percentage of total fee and commission expense, net for the periods presented.

	Three months ended December 31,	
	2024	2023
	(as a % of total fee and commission expense)	
Agency fees expense	80 %	70 %
Brokerage services	10 %	11 %
Banking services	6 %	12 %
Exchange services	— %	2 %
Central depository services	— %	— %
Other commission expenses	4 %	5 %
Total fee and commission expense	100 %	100 %

Fee and commission expense increased by \$51.1 million or 119% in the three months ended December 31, 2024, as compared to the three months ended December 31, 2023. The increase is mainly attributable to an increase of agency fees expense of \$44.7 million or 149% compared to the three months ended December 31, 2023. The increase in agency fees expenses was due to an increase in insurance products sales by Freedom Life, which are outsourced to outside agents. The increase in brokerage services, from \$4.5 million to \$9.4 million, was primarily due to heightened client activity within our brokerage services. This growth in client transactions led to a corresponding increase in associated commission costs. Additionally, other commission expenses rose as a result of higher bank commissions, driven by increased business activity.

Interest expense

During the three months ended December 31, 2024, total interest expense remained relatively flat compared to the same period in 2023. However, its composition changed due to shifts in funding sources and interest rate dynamics.

There was a decrease in interest expense on securities repurchase agreement obligations, driven by a 15% decline in the average balance, from \$2.9 billion during the three months ended December 31, 2023 to \$2.4 billion during the three months ended December 31, 2024. Additionally, the average interest rate applied to these obligations decreased from 16% to 15%, further contributing to the reduction in costs. This decline reflects adjustments in our short-term funding strategy and a shift towards more stable, long-term financing sources.

At the same time, interest expense related to customer liabilities increased as the average balance of customer deposits and brokerage account liabilities grew 43% year-over-year, rising from \$1.1 billion to \$1.6 billion. This increase was caused by a higher average interest rate, which rose from 6% to 7%, reflecting both market-driven adjustments and an expanded customer deposit base.

Additionally, interest expense on debt securities issued increased, primarily due to a rise in the average balance, from \$131.3 million to \$423.6 million. The average interest rate on these instruments also increased, from 5% to 10%, reflecting a shift toward long-term financing at higher prevailing market rates. This increase in debt issuance aligns with our broader funding strategy to support business expansion and strengthen liquidity reserves.

The following table provides a summary of the monthly average balances and average interest rates for the major categories of interest-bearing liabilities for the three months ended December 31, 2024 and 2023.

	Three months ended December 31,			
	2024		2023	
(amounts in thousands)	Average balance			
Interest-bearing liabilities				
Securities repurchase agreement obligations	\$	2,422,139	\$	2,852,638
Customer liabilities ⁽¹⁾		1,572,554		1,097,977
Debt securities issued		423,565		131,263
		Average rates		
Securities repurchase agreement obligations		15.4	%	16.5
Customer liabilities ⁽¹⁾		7.1	%	5.8
Debt securities issued		9.8	%	4.6
		Interest expense		
Interest expense on securities repurchase agreement obligations	\$	88,526	\$	110,778
Interest expense on customer accounts and deposits		27,288		15,653
Interest expense on debt securities issued		9,974		1,491
Other interest expense		5,348		3,301
Total interest expense	\$	131,136	\$	131,223

⁽¹⁾ Average balance, average rates, and interest expense relates to interest-bearing deposits.

The following table sets forth the effects of changing rates and volumes on interest. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects

attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionally based on changes due to rate and the changes due to volume.

	Three months ended December 31, 2024 vs 2023					
	(Decrease)/increase due to change in					
(amounts in thousands)	Rate	Volume		Net		
Interest expense						
Interest expense on securities repurchase agreement obligations	\$	(6,482)	\$	(15,770)	\$	(22,252)
Interest expense on customer accounts and deposits		3,958		7,677		11,635
Interest expense on debt securities issued		2,824		5,659		8,483
Other interest expense		—		—		2,047
Total	\$	300	\$	(2,434)	\$	(87)

Insurance claims incurred, net of reinsurance

For the three months ended December 31, 2024, we had a \$63.5 million, or 155%, increase in insurance claims incurred, net of reinsurance, as compared to the three months ended December 31, 2023. The increase was primarily attributable to the general expansion of our insurance operations between the two quarters.

Payroll and bonuses

For the three months ended December 31, 2024, we had payroll and bonuses expense of \$77.4 million, representing an increase of \$32.3 million or 72% compared to payroll and bonuses expense of \$45.1 million for the three months ended December 31, 2023. The increase in payroll and bonus expenses is primarily attributable to increased salary and bonus amounts between the two quarters. The increase was also due to the expansion of our workforce through acquisitions, establishment of new subsidiaries and hiring.

Professional services

For the three months ended December 31, 2024, our professional services expense was \$11.0 million, representing a increase by \$4.7 million, or 76%, compared to \$6.2 million for the three months ended December 31, 2023. There was an increase in certain professional services expenses, including expenses for auditing services rendered by our external auditors and legal fees and consulting services, attributable to the overall growth of our company organically and through acquisitions between the two periods.

Stock compensation expense

For the three months ended December 31, 2024, our stock compensation expense was \$13.4 million, representing an increase of \$12.4 million compared to stock compensation expense of \$1.0 million for the three months ended December 31, 2023. The increase is attributable to new stock grants awarded in October 2024 and to the partial amortization of stock grants which were awarded during fiscal 2025.

Advertising expense

Advertising expense for the three months ended December 31, 2024, was \$21.5 million, representing an increase of \$10.4 million, or 94%, compared to \$11.1 million for the three months ended December 31, 2023. The increase is primarily attributable to an increase in advertising expenses by Freedom Europe of \$7.6 million attributable to marketing campaigns that were initiated during fiscal 2024 and continued in the three months ended December 31, 2024. This increase consisted of an increase of approximately \$4.1 million on advertising and an increase of \$3.8 million on influencer and affiliates advertising. There was also an increase of \$2.1 million attributable to Freedom Advertising, an advertising company, out of which \$1.8 million was paid to advertising contractors for advertisement placement and promotion. There was also an increase of \$1.4 million of advertising expenses attributable to FRHC due to its focus on brand visibility and enhanced marketing efforts.

General and administrative expense

General and administrative expense for the three months ended December 31, 2024, was \$73.4 million, representing an increase of 41.3 million or 129% compared to general and administrative expense of \$32.1 million for the three months ended December 31, 2023. The main factors contributing to the increase was in charity and sponsorship. Our charity and sponsorship expense increased by \$31.4 million due to several charitable contributions through our subsidiaries during the three months ended December 31, 2024. The most significant contributions were made to the Kazakhstan Chess Federation, Junior Football League of Kazakhstan, Tennis Federation of the Olympic Committee, and organization of a chess tournament in the USA. Taxes, other than income tax, increased by \$2.3 million, mainly due to the general growth of the Group, including the addition of new subsidiaries.

Provision for allowance for expected credit losses

We recognized provision for allowance for credit losses in the amount of \$30.6 million for the three months ended December 31, 2024, as compared to recovery of provision for allowance for credit losses of \$3.5 million for the three months ended December 31, 2023. The increase between the two periods is mostly attributable to increased provisions for uncollateralized bank customer loans and right of claim for purchased retail loans, driven by a change of estimate for forward-looking information as a result of currency depreciation occurred prior reporting date.

Income tax expense

We had income before income tax of \$98.3 million and \$111.6 million for the three months ended December 31, 2024, and December 31, 2023 , respectively. Income tax expense for the three months ended December 31, 2024, and December 31, 2023 was \$20.2 million and \$15.5 million, respectively. While there have been a decrease in our income before income tax between the two quarters, the increase in the income tax expense was primarily due to the change in our effective tax rate. Such rate during the three months ended December 31, 2024, increased to 20.5%, from 13.9% during the three months ended December 31, 2023, as a result of changes in the composition of the revenues we realized from our operating activities, the tax treatment of those revenues in the various jurisdictions where our subsidiaries operate, and the incremental U.S. GILTI tax.

Net income

As a result of the foregoing factors, for the three months ended December 31, 2024, we had net income of \$78.1 million compared to \$96.1 million for the three months ended December 31, 2023, a decrease of 19%. Our Brokerage, Banking, Insurance, and Other segments contributed net income of \$102.3 million, net income of \$34.5 million and net loss of \$5.2 million and net loss of \$53.4 million, respectively, to our total net income for the three months ended December 31, 2024.

Non-controlling interest

As of December 31, 2024, FRHC held a 94.73% ownership interest in Arbuz and a 90.0% ownership interest in ReKassa. The remaining 5.27% of the ownership interest in Arbuz and 10.0% of the ownership interest in ReKassa are recognized as non-controlling interests in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income, Condensed Consolidated Statements of Shareholders' Equity and Condensed Consolidated Statements of Cash Flows.

Net loss attributable to non-controlling interest was \$0.1 million and \$0.3 million for the three months ended December 31, 2024 and December 31, 2023, respectively.

Foreign currency translation adjustments, net of tax

Due to a 9.1% depreciation of the Kazakhstan tenge against the U.S. dollar during the three months ended December 31, 2024, we realized a foreign currency translation loss of \$101.2 million for the three months ended December 31, 2024

since most of our companies use the Kazakhstan tenge as their functional currency, as compared to a foreign currency translation gain of \$28.1 million for the three months ended December 31, 2023.

Comparison of the Nine-month Periods Ended December 31, 2024 and 2023

Revenue

The following table sets out information on our total revenue, net for the periods presented.

	Nine months ended December 31, 2024		Nine months ended December 31, 2023		Change	
(amounts in thousands)	Amount	%*	Amount	%*	Amount	%
Fee and commission income	\$ 379,976	23 %	\$ 330,565	28 %	\$ 49,411	15 %
Net gain on trading securities	105,779	6 %	77,498	7 %	28,281	36 %
Interest income	661,016	39 %	588,857	50 %	72,159	12 %
Insurance underwriting income	467,224	28 %	181,882	15 %	285,342	157 %
Net gain on foreign exchange operations	18,513	1 %	54,430	5 %	(35,917)	(66)%
Net gain/(loss) on derivatives	30,691	2 %	(71,795)	(6)%	102,486	(143)%
Other income	23,606	1 %	8,988	1 %	14,618	163 %
Total revenue, net	\$ 1,686,805	100 %	\$ 1,170,425	100 %	\$ 516,380	44 %

* Percentage of total revenue, net.

Fee and commission income

The following table sets forth information regarding our fee and commission income for the periods presented.

	Nine months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Brokerage services	\$ 319,386	\$ 239,608	\$ 79,778	33 %
Commission income from payment processing	21,670	37,318	(15,648)	(42) %
Underwriting and market-making services	7,465	15,085	(7,620)	(51) %
Banking services	12,748	23,480	(10,732)	(46) %
Other fee and commission income	18,707	15,074	3,633	24 %
Total fee and commission income	\$ 379,976	\$ 330,565	\$ 49,411	15 %

The following table sets out the components of our fee and commission income as a percentage of total fee and commission income, net for the periods presented.

	Nine months ended December 31,	
	2024	2023
	(as a % of total fee and commission income)	
Brokerage services	84 %	72 %
Commission income from payment processing	6 %	11 %
Banking services	3 %	7 %
Underwriting and market-making services	1 %	5 %
Other fee and commission income	5 %	5 %
Total fee and commission income	100 %	100 %

For the nine months ended December 31, 2024, total fee and commission income was \$380.0 million, an increase of \$49.4 million, or 15%, as compared to fee and commission income of \$330.6 million for the nine months ended December 31, 2023.

Fee and commission income from brokerage services for the nine months ended December 31, 2024 was \$319.4 million, representing a 33% increase as compared to \$239.6 million for the nine months ended December 31, 2023. This increase was primarily due to an increase in the number of retail brokerage customers from 458,000 as of December 31, 2023 to 618,000 as of December 31, 2024. The increase in the number of customers was attributable in part to the migration of customers from FST Belize to brokerage companies within our Group between the two periods. The increase was offset in part by a decrease in fee and commission income from brokerage services generated from FST Belize between the two periods, as our omnibus brokerage arrangement with FST Belize was wound down and customers of FST Belize closed their accounts at FST Belize and opened accounts with brokerage companies within our Group. During the nine months ended December 31, 2024, we earned fee and commission income from a market maker customer at our subsidiary Freedom Global of \$213.6 million, representing 56% of our total fee and commission income for that period.

Fee and commission income from payment processing decreased to \$21.7 million for the nine months ended December 31, 2024 from \$37.3 million for the nine months ended December 31, 2023. The \$15.6 million decrease is attributable to a significant reduction in transaction volumes between the two periods, which was in turn due to the cessation of operations of one of our counterparties, which previously contributed a substantial transaction volume.

Fee and commission income from banking services decreased by \$10.7 million to \$12.7 million during the nine months ended December 31, 2024. The decrease in fee and commission income from banking services between the two periods was primarily due to decrease in commissions generated on transfer and payment processing, which was a result of a lower volume of transfer and payment processing transactions between two periods.

Fee and commission income from underwriting and market-making activities decreased by \$7.6 million in the nine months ended December 31, 2023 or 51% to \$7.5 million, driven by a lower volume of underwriting transactions for the nine months ended December 31, 2024, as compared to the nine months ended December 31, 2023.

Other fee and commission income increased by 24% to \$18.7 million for the nine months ended December 31, 2024 as compared to \$15.1 million for the nine months ended December 31, 2023, due to an increase in agency fees generated by our online travel ticket aggregator subsidiary between the two periods, which was in turn due to an increase in usage and demand of such services.

Net gain on trading securities

We had a net gain on trading securities of \$105.8 million for the nine months ended December 31, 2024, an increase of \$28.3 million as compared to a net gain of \$77.5 million for the nine months ended December 31, 2023. The following table sets forth information regarding our net gains and losses on trading activities during the nine months ended December 31, 2024 and 2023:

<i>(amounts in thousands)</i>	Realized Net Gain	Unrealized Net Gain	Net Gain
Nine months ended December 31, 2024	\$ 30,254	\$ 75,525	\$ 105,779
Nine months ended December 31, 2023	\$ 61,276	\$ 16,222	\$ 77,498

During the nine months ended December 31, 2024, we had a realized gain on trading securities of \$30.3 million, which is attributable to Kazakhstan sovereign bonds sold during the nine months ended December 31, 2024. Also, we recognized an unrealized net gain of \$75.5 million during the same period due to the increase in the value of securities positions we held as of December 31, 2024. The majority of the unrealized net gain is attributable to Kazakhstan sovereign bonds, as a consequence of market price increase.

During the nine months ended December 31, 2023, we had a realized gain on trading securities of \$61.3 million, which is attributable to debt securities of the Ministry of Finance of the Republic of Kazakhstan sold during the nine months ended December 31, 2023. We had an unrealized net gain in the nine months ended December 31, 2023, due to securities positions we held at December 31, 2023, having appreciated by \$16.2 million. The majority of the unrealized net gain was attributable to appreciated debt securities of the Ministry of Finance of the Republic of Kazakhstan, which appreciation was primarily due to a decline in the National Bank of the Republic of Kazakhstan's base interest rate during the nine months ended December 31, 2023.

Interest income

The following tables set forth information regarding our revenue from interest income for the periods presented.

(amounts in thousands)	Nine months ended December 31,			
	2024	2023	Amount Change	% Change
Interest income on trading securities	\$ 307,786	\$ 313,739	\$ (5,953)	(2) %
Interest income on loans to customers	152,849	123,730	29,119	24 %
Interest income on margin loans to customers	153,279	111,306	41,973	38 %
Interest income on securities available-for-sale	28,430	25,476	2,954	12 %
Interest income on reverse repurchase agreements and amounts due from banks	18,672	12,012	6,660	55 %
Other interest income	—	2,594	(2,594)	(100)%
Total interest income	\$ 661,016	\$ 588,857	\$ 72,159	12 %

	Nine months ended December 31,	
	2024	2023
	(as a % of total interest income)	
Interest income on trading securities	47 %	54 %
Interest income on loans to customers	23 %	21 %
Interest income on margin loans to customers	23 %	19 %
Interest income on securities available-for-sale	4 %	4 %
Interest income on reverse repurchase agreements and amounts due from banks	3 %	2 %
Total interest income	100 %	100 %

For the nine months ended December 31, 2024, we had interest income of \$661.0 million, representing an increase of \$72.2 million, or 12%, compared to the nine months ended December 31, 2023. The increase in interest income was primarily attributable to increases in interest income on margin loans to customers, loans to customers and securities available-for-sale. Interest income on margin loans to customers increased by \$42.0 million, or 38%, due to an increase in the usage of margin loans for trades by our clients between the two periods. For the nine months ended December 31, 2024, we earned interest income from margin lending from a market maker customer at our Freedom Global subsidiary in an amount of approximately \$29.5 million, representing 4% of our total interest income from margin lending for that period.

For the nine months ended December 31, 2024, interest income on loans to customers increased by \$29.1 million, or 24%, compared to the nine months ending December 31, 2023 due to the growth of Freedom Bank KZ's customer loan portfolio between the two periods.

The following table provides a summary of the monthly average balances and average interest rates for the major categories of our interest-earning assets for the nine months ended December 31, 2024 and 2023.

	Nine months ended December 31,	
	2024	2023
(amounts in thousands)	Average balance	
Interest-earning assets		
Trading securities	\$ 3,309,753	\$ 3,352,968
Loans issued	1,360,755	1,160,390
Margin lending, brokerage and other receivables, net	1,856,741	846,872
Available for sale securities, at fair value	310,941	221,269
	Average yields	
Trading securities	12.6 %	12.7 %
Loans issued	15.3 %	14.5 %
Margin lending, brokerage and other receivables, net	9.3 %	12.6 %
Available- for- sale securities, at fair value	12.4 %	15.6 %
	Interest income	
Interest income on trading securities	\$ 307,786	\$ 313,739
Interest income on loans to customers	152,849	123,730
Interest income on margin loans to customers	127,382	78,872
Interest income on available- for- sale securities	28,430	25,476
Other interest income	18,672	14,606
Total interest income	\$ 635,119	\$ 556,423

Interest income on margin loans to customers includes income accrued on off-balance sheet arrangements, the monthly average balance of which is not included in the table above. These off-balance sheet arrangements mainly included repurchase agreements of our brokerage clients. As of December 31, 2024 and 2023, the monthly average balance of off-balance sheet arrangements were \$688.8 million and \$569.0 million, respectively, and the weighted average interest rate was 8%, and 12%, respectively.

The following table sets forth the effects of changing rates and volumes on interest income. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionally based on changes due to rate and the changes due to volume.

(amounts in thousands)	Nine months ended December 31, 2024 vs 2023		
	(Decrease)/increase due to change in		Net
	Rate	Volume	
Interest income			
Interest income on trading securities	(1,945)	(4,008)	(5,953)
Interest income on loans to customers	6,974	22,145	29,119
Interest income on margin loans to customers	-13,944	62,454	48,510
Interest income on available-for-sale securities	(3,140)	6,094	2,954
Other interest income	—	—	4,066
Total interest income	\$ (12,055)	\$ 86,685	\$ 78,696

Net gain on foreign exchange operations

For the nine months ended December 31, 2024, we realized a net gain on foreign exchange operations of \$18.5 million compared to a net gain of \$54.4 million for the nine months ended December 31, 2023. The net gain for the nine months ended December 31, 2024, is primarily attributable to a \$52.7 million gain from foreign currency transactions, partially offset by a \$34.2 million translation loss. The decrease compared to the prior-year period was mainly driven by an 18% depreciation of the Kazakhstan tenge against the U.S. dollar, which led to increased foreign exchange currency losses for our subsidiaries operating in Kazakhstan.

Net gain on derivatives

For the nine months ended December 31, 2024, we had net gain on derivatives of \$30.7 million compared to a net loss of \$71.8 million for the nine months ended December 31, 2023. The change was primarily attributable to our subsidiary Freedom Bank KZ, which had a realized net gain of \$24.1 million for the nine months ended December 31, 2024, as compared to a realized net loss of \$72.0 million for the nine months ended December 31, 2023. Such change between the two periods was mainly due to a positive revaluation of currency swaps for the nine months ended December 31, 2024. Freedom Bank KZ engages in currency swaps to diversify its funding and liquidity sources.

Insurance underwriting income

For the nine months ended December 31, 2024, we had insurance underwriting income of \$467.2 million, an increase of \$285.3 million, or 157%, as compared to the nine months ended December 31, 2023. The increase was primarily attributable to a \$302.9 million, or 158%, increase in insurance underwriting income from written insurance premiums for the nine months ended December 31, 2024, as compared to the nine months ended December 31, 2023, due to the expansion of our insurance operations such as pension annuity and accident insurance classes between the two periods. This increase in income from written insurance premiums was partially offset by a \$4.2 million decrease in reinsurance premiums ceded for the nine months ended December 31, 2024, as compared to the nine months ended December 31, 2023. The following table sets out information on our insurance underwriting income for the periods presented.

(amounts in thousands)	Nine months ended December 31,			
	2024	2023	Amount Change	% Change
Written insurance premiums	494,121	191,231	302,890	158 %
Reinsurance premiums ceded	(10,124)	(5,915)	(4,209)	71 %
Change in unearned premium reserve, net	(16,773)	(3,434)	(13,339)	388 %
Insurance underwriting income	\$ 467,224	\$ 181,882	\$ 285,342	157 %

Expense

The following table sets out information on our total expense for the periods presented.

	Nine months ended December 31, 2024		Nine months ended December 31, 2023		Change	
(amounts in thousands)	Amount	%*	Amount		Amount	%
Fee and commission expense	\$ 264,911	19 %	\$ 103,116	12 %	\$ 161,795	157 %
Interest expense	401,519	28 %	365,650	44 %	35,869	10 %
Insurance claims incurred, net of reinsurance	218,504	15 %	96,491	11 %	122,013	126 %
Payroll and bonuses	201,129	14 %	116,711	14 %	84,418	72 %
Professional services	26,468	2 %	24,793	3 %	1,675	7 %
Stock compensation expense	36,088	3 %	3,303	1 %	32,785	993 %
Advertising expense	58,722	4 %	27,805	3 %	30,917	111 %
General and administrative expense	171,782	12 %	86,211	10 %	85,571	99 %
Provision for allowance for expected credit losses	39,269	3 %	15,462	2 %	23,807	154 %
Total expense	\$ 1,418,392	100 %	\$ 839,542	100 %	\$ 578,850	69 %

* Percentage of total expense.

Fee and commission expense

The following table sets forth information regarding our fee and commission expense for the periods presented.

	Nine months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Agency fees expense	\$ 213,530	\$ 68,489	145,041	212 %
Brokerage services	18,934	12,892	6,042	47 %
Bank services	13,532	15,194	(1,662)	(11)%
Exchange services	1,358	2,543	(1,185)	(47)%
Central Depository services	495	346	149	43 %
Other commission expenses	17,062	3,652	13,410	367 %
Total fee and commission expense	\$ 264,911	\$ 103,116	\$ 161,795	157 %

The following table sets out the components of our fee and commission expense as a percentage of total fee and commission expense, net for the periods presented.

	Nine months ended December 31,	
	2024	2023
	(as a % of total fee and commission expense)	
Agency fees expense	81 %	66 %
Brokerage services	7 %	13 %
Bank services	5 %	15 %
Exchange services	1 %	2 %
Central Depository services	— %	— %
Other commission expenses	6 %	4 %
Total fee and commission expense	100 %	100 %

Fee and commission expense increased by \$161.8 million or 157% in the nine months ended December 31, 2024, as compared to the nine months ended December 31, 2023. The increase is mainly attributable to an increase of agency fees

expense of \$145.0 million, or 212%, compared to the nine months ended December 31, 2023 and other commission expenses of \$13.4 million, compared to the nine months ended December 31, 2023. The increase in agency fees expenses was due to an increase in insurance products sales by Freedom Life, which are outsourced to outside agents. The increase in other commission expenses is attributable to increased commissions associated with Paybox is consistent with the growth of its business activities between the two periods, following our acquisition of Paybox in the fourth quarter of fiscal 2023.

Interest expense

During the nine months ended December 31, 2024, total interest expense remained relatively flat compared to the same period in 2023. However, its composition changed due to shifts in funding sources and interest rate dynamics.

There was a decrease in interest expense on securities repurchase agreement obligations, driven by a 2% decline in the average balance, from \$2.6 billion during the nine months ended December 31, 2023 to \$2.5 billion during the nine months ended December 31, 2024. Additionally, the average interest rate applied to these obligations decreased from 16% to 14%, further contributing to the reduction in costs. This decline reflects adjustments in our short-term funding strategy and a shift towards more stable, long-term financing sources.

At the same time, interest expense related to customer liabilities increased as the average balance of customer deposits and brokerage account liabilities grew 9% year-over-year, rising from \$1.0 billion to \$1.1 billion. This increase was caused by a higher average interest rate, which rose from 7% to 9%, reflecting both market-driven adjustments and an expanded customer deposit base.

Additionally, interest expense on debt securities issued increased, primarily due to a rise in the average balance, from \$86.4 million to \$318.5 million. The average interest rate on these instruments also increased, from 5% to 10%, reflecting a shift toward long-term financing at higher prevailing market rates. This increase in debt issuance expense aligns with our broader funding strategy to support business expansion and strengthen liquidity reserves.

The following table provides a summary of the monthly average balances and average interest rates for the major categories of interest-bearing liabilities for the nine months ended December 31, 2024 and 2023.

	Nine months ended December 31,	
	2024	2023
(amounts in thousands)	Average balance	
Interest-bearing liabilities		
Securities repurchase agreement obligations	\$ 2,541,767	\$ 2,591,520
Customer liabilities ⁽¹⁾	1,107,958	1,015,611
Debt securities issued	318,517	86,423
	Average rates	
Securities repurchase agreement obligations	14.2 %	15.9 %
Customer liabilities ⁽¹⁾	9.0 %	6.5 %
Debt securities issued	10.1 %	5.3 %
	Interest expense	
Interest expense on securities repurchase agreement obligations	\$ 267,049	\$ 303,242
Interest expense on customer accounts and deposits	74,111	49,120
Interest expense on debt securities issued	23,912	3,387
Other interest expense	36,447	9,901
Total interest expense	\$ 401,519	\$ 365,650

⁽¹⁾ Average balance, average rates, and interest expense relates to interest-bearing deposits.

The following table sets forth the effects of changing rates and volumes on interest. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the

prior columns. Changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionally based on changes due to rate and the changes due to volume.

	Nine months ended December 31,			
	2024 vs 2023			
	(Decrease)/increase due to change in			
(amounts in thousands)	Rate	Volume	Net	
Interest expense				
Interest expense on securities repurchase agreement obligations	\$ (30,543)	\$ (5,650)	\$	(36,193)
Interest expense on customer accounts and deposits	20,238	4,753		24,991
Interest expense on debt securities issued	5,265	15,260		20,525
Other interest expense	—	—		26,546
Total	\$ (5,040)	\$ 14,363	\$	35,869

Insurance claims incurred, net of reinsurance

For the nine months ended December 31, 2024, we had a \$122.0 million, or 126%, increase in insurance claims incurred, net of reinsurance, as compared to the nine months ended December 31, 2023. The increase was primarily attributable to the general expansion of our insurance operations between the two periods.

Payroll and bonuses

For the nine months ended December 31, 2024, we had payroll and bonuses expense of \$201.1 million, representing an increase of \$84.4 million or 72% compared to payroll and bonuses expense of \$116.7 million for the nine months ended December 31, 2023. The increase in payroll and bonus expenses is primarily attributable to increased salary and bonus amounts between the two periods. The increase was also due to the expansion of our workforce through acquisitions, establishment of new subsidiaries and hiring.

Professional services

For the nine months ended December 31, 2024, our professional services expense was \$26.5 million, representing an increase by \$1.7 million, or 7%, compared to \$24.8 million for the nine months ended December 31, 2023. The increase was attributable to the overall growth of our company organically and through acquisitions between the two periods.

Stock compensation expense

For the nine months ended December 31, 2024, our stock compensation expense was \$36.1 million, representing an increase of \$32.8 million, or 993%, compared to stock compensation expense of \$3.3 million for the nine months ended December 31, 2023. The increase is attributable to new stock grants, the majority of which vested on the date of issuance, during the nine months ended December 31, 2024 as well as the partial amortization of stock grants awarded during fiscal 2024.

Advertising expense

Advertising expense for the nine months ended December 31, 2024, was \$58.7 million, representing an increase of \$30.9 million, or 111%, compared to \$27.8 million for the nine months ended December 31, 2023. The increase is primarily attributable to an increase in advertising expenses by Freedom EU of \$23.0 million attributable to marketing campaigns that were initiated during fiscal 2024 and continued in the nine months ended December 31, 2024. This increase consisted of an increase of advertising expense, influencer and affiliates advertising expense, marketing and sponsorship expense. There was also an increase of \$4.3 million attributable to Freedom Advertising, an advertising company, due to marketing expenditures to third party contractors. There was also an increase of \$3.1 million from FRHC due to the company's focus on the brand visibility and enhanced marketing efforts.

General and administrative expense

General and administrative expense for the nine months ended December 31, 2024, was \$171.8 million, representing an increase of \$85.6 million, or 99%, compared to general and administrative expense of \$86.2 million for the nine months ended December 31, 2023. The main factors contributing to the increase were increases in other operating expenses, charity

and sponsorship, software support, taxes other than income tax, rent expenses. Our charity and sponsorship expense increased by \$49.5 million due to several charitable contributions through our subsidiaries during the nine months ended December 31, 2024. The most significant contributions were made to the Kazakhstan Chess Federation, Junior Football League of Kazakhstan, Tennis Federation of the Olympic Committee, sponsorship of construction work in the city of Konayev and a chess tournament in the USA. Other operating expenses increased by \$8.2 million, mainly due to an increase of other operating expenses at Freedom Bank KZ from banking and other overhead costs. Software support expenses increased by \$4.9 million, mainly due to the support of licensed and other software systems. Taxes, other than income tax, increased by \$4.0 million, mainly due to the general growth of the Group, including the addition of new subsidiaries. The expansion of our business operations resulted in higher tax liabilities, reflecting our broader market presence and increased operational scale. The increases of \$1.6 million in depreciation and amortization expense and \$4.5 million in rent expense were driven by the addition of new subsidiaries between the two periods and the overall growth of our operations.

Provision for allowance for expected credit losses

We recognized allowance for credit losses in the amount of \$39.3 million for the nine months ended December 31, 2024, as compared to allowance for credit losses of \$15.5 million for the nine months ended December 31, 2023. The increase between the two periods is primarily attributable to increased provisions for uncollateralized bank customer loans and right of claim for purchased retail loans, driven by a change of estimate for forward-looking information as a result of currency depreciation occurred prior reporting date.

Income tax expense

We had income before income tax of \$268.4 million and \$330.9 million for the nine months ended December 31, 2024, and December 31, 2023, respectively. Income tax expense for the nine months ended December 31, 2024, and December 31, 2023 was \$41.5 million and \$51.4 million, respectively. The decrease was primarily due to a decrease in our income before income tax between the two periods. In addition, our effective tax rate during the nine months ended December 31, 2024, was 15.5%, the same as during the nine months December 31, 2023. Although our effective tax rate did not change, there were changes in the composition of the revenues we realized from our operating activities, the tax treatment of those revenues in the various jurisdictions where our subsidiaries operate, and the incremental U.S. GILTI tax.

Net income

As a result of the foregoing factors, for the nine months ended December 31, 2024, we had net income of \$226.9 million compared to \$279.5 million for the nine months ended December 31, 2023, a decrease of 19%. Our Brokerage, Banking, Insurance and Other segments contributed net income of \$257.6 million, net income of \$51.6 million, net income of \$23.4 million and net loss of \$105.7 million to our total net income for the nine months ended December 31, 2024, respectively.

Non-controlling interest

As of December 31, 2024, FRHC held a 94.73% ownership interest in Arbuz and a 90.0% ownership interest in ReKassa. The remaining 5.27% of the ownership interest in Arbuz and 10.0% of the ownership interest in ReKassa are recognized as non-controlling interests in our Financial Statements.

Net loss attributable to non-controlling interest was \$0.5 million and \$0.8 million for the nine months ended December 31, 2024 and December 31, 2023, respectively.

Foreign currency translation adjustments, net of tax

Due to a 18% depreciation of the Kazakhstan tenge against the U.S. dollar during the nine months ended December 31, 2024, we realized a foreign currency translation loss of \$187.0 million for the nine months ended December 31, 2024 since most of our Group's companies use the Kazakhstan tenge as their functional currency, as compared to a foreign currency translation loss of \$3.6 million for the nine months ended December 31, 2023.

Segment Results of Operations

Business Segment Operations

We report our results of operations through the following four business segments: Brokerage, Banking, Insurance, and Other. These operating segments are based on how our CODM makes decisions about allocating resources and assessing performance.

Comparison of the Three-month Periods Ended December 31, 2024 and 2023

Total revenue, net associated with our segments is summarized in the following table:

(amounts in thousands)	Three months ended December 31,			
	2024	2023	Amount Change	% Change
Brokerage	\$ 213,331	\$ 165,257	\$ 48,074	29 %
Banking	206,370	140,321	66,049	47 %
Insurance	197,831	95,938	101,893	106 %
Other	37,658	17,118	20,540	120 %
Total revenue, net	\$ 655,190	\$ 418,634	\$ 236,556	57 %

For the three months ended December 31, 2024, total revenue, net increased across each of our business segments compared to the three months ended December 31, 2023.

Brokerage Segment

In the three months ended December 31, 2024, in our Brokerage segment we had an increase in total revenue, net, primarily driven by an increase in net gain on trading securities and fee and commission income. The increase in net gain on trading securities was supported by favorable market conditions during the quarter. Fee and commission income in this segment increased, primarily due to a general increase in brokerage activity between the two quarters. Additionally, the revenue increase was attributable to an increase in interest income, net gain on derivatives and a decrease in net loss on foreign currency exchange.

Banking Segment

In the three months ended December 31, 2024, total revenue, net in the Banking segment increased as compared to the three months ended December 31, 2023, mainly attributable to net gain on trading securities, net gain on derivatives and fee and commission income earned in this segment in the three months ended December 31, 2024. These increases were partially offset by net loss on foreign exchange operations compared to a net gain in prior quarter in this segment in the three months ended December 31, 2024.

Insurance Segment

In the three months ended December 31, 2024, total revenue, net in the Insurance segment increased mainly due to an increase in insurance underwriting income, net gain on trading securities and net gain on foreign exchange operations due to an appreciation of the U.S. dollar against the Kazakhstan tenge between the two periods. These increases were partially offset by the decrease of other income.

Other Segment

In the three months ended December 31, 2024, total revenue, net in the Other segment increased mostly due to an increase of \$18.3 million in net gain on foreign exchange operations mainly from FRHC, which was attributable to an appreciation of the U.S. dollar against the Kazakhstan tenge between the two quarters. There were also increase in other income of newly established subsidiaries which was partially offset by the decrease of net gain on trading securities and fee and commission income.

Total expenses associated with our segments are summarized in the following table:

(amounts in thousands)	Three months ended December 31,			
	2024	2023	Amount Change	% Change
Brokerage	\$ 89,930	\$ 73,360	\$ 16,570	23 %
Banking	165,695	113,916	51,779	45 %
Insurance	199,662	82,799	116,863	141 %
Other	101,575	36,940	64,635	175 %
Total expense, net	\$ 556,862	\$ 307,015	\$ 249,847	81 %

For the three months ended December 31, 2024, total expenses, net increased across each of our business segments compared to the three months ended December 31, 2023.

Brokerage Segment

In the three months ended December 31, 2024, total expenses, net in our Brokerage segment increased due to \$5.1 million increase in fee and commission expense, which was in turn mainly due to brokerage services expense. Additionally, there was \$2.8 million increase in payroll and bonuses, reflecting our efforts to attract and retain top talent. Advertising expenses in this segment also increased by \$7.5 million as we intensified our marketing efforts to expand our client base. Furthermore, stock compensation expenses increased by \$7.6 million, attributable to new stock grants and partial amortization of old stock grants. These increases were partially offset by \$3.9 million decrease in interest expense, primarily driven by lower interest costs on securities repurchase agreement obligations, as well as a decrease in general and administrative expenses and provision for allowance for expected credit losses.

Banking Segment

In the three months ended December 31, 2024, total expenses, net in our Banking segment increased primarily due to a \$10.4 million increase in payroll and bonuses expense, \$35.3 million increase in provision for credit losses/(recoveries) due to revision of the approach to calculating the allowance and \$4.1 million increase in general and administrative expenses reflecting the general growth of Freedom Bank KZ's operations between the two quarters.

Insurance Segment

In the three months ended December 31, 2024, total expenses, net in our insurance segment increased mainly attributable to \$63.5 million increase in insurance claims incurred, net of reinsurance due to the increase of insurance portfolio, \$45.5 million increase in fee and commission expense from agency fees, \$1.5 million increase in stock based compensation and \$1.7 million increase in allowance for credit losses due to the increase of brokerage and other receivables attributable to the overall growth of our insurance operations between the two quarters.

Other Segment

In the three months ended December 31, 2024, total expenses, net in our Other segment increased by \$64.6 million, driven by an increase of \$34 million in general and administrative expense. The main factors contributing to the increase was an increase in charity and sponsorship. Our charity and sponsorship expense increased by \$31.4 million due to several charitable contributions through our subsidiaries during the three months ended December 31, 2024. The most significant contributions were made to the Kazakhstan Chess Federation, Junior Football League of Kazakhstan, Tennis Federation of the Olympic Committee, and to the organization of a chess tournament in the USA. There were also an increase of \$14.0 million in payroll and bonuses attributed to the overall growth of the Company, increase of \$8.7 million in interest expense from the debt securities issued by Freedom SPC, and an increase of \$3.8 million of professional services.

Comparison of the Nine-month Periods Ended December 31, 2024 and 2023

The following table presents total revenue, net by segment for the nine month periods presented:

	Nine months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Brokerage	\$ 563,044	\$ 442,576	\$ 120,468	27 %
Banking	499,081	422,724	76,357	18 %
Insurance	523,269	246,910	276,359	112 %
Other	101,411	58,215	43,196	74 %
Total revenue, net	\$ 1,686,805	\$ 1,170,425	\$ 516,380	44 %

For the nine months ended December 31, 2024, total revenue, net increased in the Brokerage, Insurance, Banking and Other segments compared to the nine months ended December 31, 2023.

Brokerage Segment

In the nine months ended December 31, 2024, in our Brokerage segment we had a significant increase in total revenue, net, primarily driven by an increase in fee and commission income. This was largely due to a general increase in brokerage activity between the two periods. Additionally, the revenue increase was attributable by an increase in interest income, net gain on trading securities, and net gain on foreign currency exchange. The increase in interest income was driven by an increase in interest accrued on securities held in our trading portfolio and an increase in interest accrued on margin loans to customers within this segment.

Banking Segment

In the nine months ended December 31, 2024, total revenue, net in the Banking segment increased as compared to the nine months ended December 31, 2023, mainly attributable to increase in interest income, a decrease in net loss on derivatives and an increase in net gain on trading securities in this segment in the nine months ended December 31, 2024. These increases were partially offset by the effects of net loss on foreign exchange operations, and decrease of fee and commission income in this segment in the nine months ended December 31, 2024.

Insurance Segment

In the nine months ended December 31, 2024, total revenue, net in the Insurance segment increased mainly due to a significant increase in insurance underwriting income due to written insurance premiums, and \$4.3 million increase in net gain on foreign exchange operations due to an appreciation of the U.S. dollar against the Kazakhstan tenge between the two periods. However, this increase was partially offset by a decrease of other income, net gain on trading securities and interest income due to changes in securities portfolio.

Other Segment

In the nine months ended December 31, 2024, total revenue, net in the Other segment increased mostly due to an increase of \$41.7 million in net gain on foreign exchange operations mainly from FRHC, which was attributable to an appreciation of the U.S. dollar against the Kazakhstan tenge between the two periods. There was also an increase of \$17.2 million due to the increase in other income. These increases were partially offset by a \$12.3 million decrease in fee and commission income attributable to a decrease in Paybox's transaction volumes due to the cessation of operation of a counterparty that contributed significantly to its transaction volume. There was also a decrease in interest income and net gain on derivatives.

Total expenses associated with our segments are summarized in the following table:

	Nine months ended December 31,			
(amounts in thousands)	2024	2023	Amount Change	% Change
Brokerage	\$ 259,530	\$ 198,753	\$ 60,777	31 %
Banking	437,801	341,048	96,753	28 %
Insurance	490,323	204,018	286,305	140 %
Other	230,738	95,723	135,015	141 %
Total expense, net	\$ 1,418,392	\$ 839,542	\$ 578,850	69 %

For the nine months ended December 31, 2024, total expenses, net increased across each of our business segments compared to the nine months ended December 31, 2023.

Brokerage Segment

In the nine months ended December 31, 2024, total expenses, net in our Brokerage segment increased primarily due to an increase in payroll and bonuses, reflecting our efforts to attract and retain top talent. Additionally, there was an increase in fee and commission expense, which was in turn mainly due to agency fees expense. Advertising expenses in this segment also increased as we intensified our marketing efforts to expand our client base. Furthermore, stock compensation expense increased, attributable to new stock grants and partial amortization of old stock grants. These increases were partially offset by a decrease in general and administrative expenses and provision for allowance for expected credit losses, due to a one-off accrual of allowance in the nine months ended December 31, 2023.

Banking Segment

In the nine months ended December 31, 2024, total expenses, net in our Banking segment increased primarily due to increase in interest expense on securities repurchase agreements within this segment, an increase in general and administrative expense, an increase in payroll and bonuses expense and provision for credit losses/(recoveries), reflecting the general growth of Freedom Bank KZ's operations between the two periods.

Insurance Segment

In the nine months ended December 31, 2024, total expenses, net in our Insurance segment increased mainly due to \$148.7 million increase in fee and commission expense from agency fees, \$4.3 million increase in stock based compensation, \$122.0 million increase of insurance claims incurred, net of reinsurance due to the increase of insurance portfolio, \$13.4 million increase in general and administrative expense due to the charity and \$12.8 million increase in payroll and bonuses expense due to the increase in headcount and bonuses paid. These increases are attributable to the overall growth of our insurance operations between the two periods. These increases were partially offset by the effects of decrease in interest expense.

Other Segment

In the nine months ended December 31, 2024, total expenses, net in our Other segment increase was driven by increases in general and administrative expenses, payroll and bonuses, interest expense and fee and commission expense. The increase of \$59 million in general and administrative expense in the Other segment was attributable to our overall growth and the addition of new subsidiaries. There was a \$36 million increase in payroll and bonuses in the Other segment which is mostly attributable to the overall growth of our operations as well as the addition of new subsidiaries. The other main factors contributing to the increase were our charity and sponsorship activities. Our charity and sponsorship expense increased by \$31.4 million due to several charitable contributions through our subsidiaries during the nine months ended December 31, 2024. The most significant contributions were made to the Kazakhstan Chess Federation, Junior Football League of Kazakhstan, Tennis Federation of the Olympic Committee, and to the organization of a chess tournament in the USA. Interest expense in the Other segment increased by \$19.6 million, mainly attributable to an increase in interest expense from the debt securities issued by Freedom SPC. There was an increase of \$9.7 million in fee and commission expense in the Other segment, which is mostly attributable to increased bank commission expense for payment services due to an increase of payment processing operations at certain Paybox subsidiaries. There was also an increase of \$8.4 million in advertising expense.

Liquidity and Capital Resources

During the periods covered in this quarterly report, our operations were primarily funded through a combination of existing cash on hand, cash generated from operations, returns generated from our proprietary trading and proceeds from the sale of bonds and other borrowings.

We regularly monitor and manage our leverage and liquidity risk through various committees and processes we have established to maintain compliance with net capital and capital adequacy requirements imposed on securities brokerages and banks in jurisdictions where we do business. We assess our leverage and liquidity risk based on considerations and assumptions of market factors, as well as other factors, including the amount of available liquid capital (i.e., the amount of cash and cash equivalents not invested in our operating business). A significant portion of our trading securities and cash and cash equivalents are subject to collateralization agreements. This significantly enhances our risk of loss in the event financial markets move against our positions. When this occurs, our liquidity, capitalization and business can be negatively impacted. Certain market conditions can impact the liquidity of our assets, potentially requiring us to hold positions longer than anticipated. Our liquidity, capitalization, projected return on investment and results of operations can be significantly impacted by market events over which we have no control, and which can result in disruptions to our investment strategy for our assets.

We maintain a majority of our tangible assets in cash and securities that are readily convertible to cash, including governmental and quasi-governmental debt and highly liquid corporate equities and debt. Our financial instruments and other asset positions are stated at fair value and should generally be readily marketable in most market conditions. The following table sets out certain information regarding our assets as of the dates presented:

	December 31, 2024	March 31, 2024
<i>(amounts in thousands)</i>		
Cash and cash equivalents ⁽¹⁾	\$ 577,940	\$ 545,084
Restricted cash ⁽²⁾	\$ 742,153	\$ 462,637
Trading securities	\$ 3,415,517	\$ 3,688,620
Total assets	\$ 9,135,045	\$ 8,301,930
Net liquid assets ⁽³⁾	\$ 3,831,427	\$ 3,137,383

- (1) Of the \$577.9 million in cash and cash equivalents we held at December 31, 2024, \$51.7 million, or approximately 9%, was subject to reverse repurchase agreements. By comparison, at March 31, 2024, we had cash and cash equivalents of \$545.1 million, of which \$135.0 million, or approximately 25%, was subject to reverse repurchase agreements. The amount of cash and cash equivalents we hold is subject to minimum levels set by regulatory bodies to comply with required rules and regulations, including adequate capital and liquidity levels for each entity.
- (2) Principally consists of cash of our brokerage customers which are segregated in a special custody accounts for the exclusive benefit of our brokerage customers.
- (3) Consists of cash and cash equivalents, trading securities, and margin lending, brokerage and other receivables, net of securities repurchase agreement obligations. It includes liquid assets possessed after deducting securities repurchase agreement obligations.

As of December 31, 2024, and March 31, 2024, we had total liabilities of \$7.9 billion and \$7.1 billion, respectively, including customer liabilities of \$3.8 billion and \$2.3 billion, respectively.

We finance our assets primarily from revenue-generating activities and short-term and long-term financing arrangements.

CASH FLOWS

The following table presents information from our statement of cash flows for the periods indicated. Our cash and cash equivalents include restricted cash, which principally consists of cash of our brokerage customers which are segregated in a special custody accounts for the exclusive benefit of our brokerage customers.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
<i>(amounts in thousands)</i>		
Net cash flows from/(used in) operating activities	\$ 343,311	\$ (1,373,355)
Net cash flows used in investing activities	(652,628)	(593,033)
Net cash flows from financing activities	833,611	1,892,328
Effect of changes in foreign exchange rates on cash and cash equivalents	(212,300)	(6,449)
Effect of expected credit losses on cash and cash equivalents and restricted cash	378	—
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ 312,372	\$ (80,509)

Net Cash Flows From Operating Activities

Net cash flow from operating activities during the nine months ended December 31, 2024, was comprised of net change in operating assets and liabilities and net income adjusted for non-cash movements (changes in deferred taxes, unrealized gain on trading securities, net change in accrued interest, change in insurance reserves, and allowance for receivables). Net cash from operating activities resulted primarily from changes in operating assets and liabilities. Such changes included those set out in the following table.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
<i>(amounts in thousands)</i>		
Increases in trading securities ⁽¹⁾	\$ (170,899)	\$ (1,149,192)
Increases in brokerage customer liabilities ⁽²⁾	\$ 1,187,289	\$ 71,982
Increases in margin lending, brokerage and other receivables	\$ (509,597) ⁽³⁾	\$ (603,701)
(Decrease)/increases in margin lending and trade payables ⁽⁴⁾	\$ (505,097)	\$ 30,593

⁽¹⁾ Resulted from increased purchases of securities held in our proprietary account.

⁽²⁾ Resulted from increased funds in brokerage accounts from new and existing customers.

⁽³⁾ Resulted primarily from increased volume of margin lending receivables.

⁽⁴⁾ Resulted primarily from decreased volume of margin lending payables.

Net cash flows from operating activities in the nine months ended December 31, 2024, were primarily attributable to net cash inflows attributable increase in customer liabilities over that period, which resulted from the increase of customer accounts in our Freedom Global subsidiary, which were partially offset in part by an decrease in margin lending and trade payables, and increases in trading securities. In addition, during the nine months ended December 31, 2024, the Company has provided more margin lending to its customers, which lead to increase in related receivable balance.

Net Cash Flows Used In Investing Activities

During the nine months ended December 31, 2024, net cash used in investing activities was \$652.6 million compared to net cash used in investing activities of \$593.0 million during the nine months ended December 31, 2023. During the nine months ended December 31, 2024, cash used in investing activities was used for the issuance of loans, net of repayment by customers, in the amount of \$341.8 million, and purchase of available-for-sale securities, net of proceeds, in the amount of \$234.1 million. During the nine months ended December 31, 2024, cash used for the issuance of loans, net of repayment decreased by \$205.9 million compared to the nine months December 31, 2023, due to the decline in the volume of loans issued during the nine months ended December 31, 2024, compared to the nine months ended December 31, 2023. This shift is attributed to substantial growth in the Freedom Bank KZ's loan portfolio over the nine months ended December 31, 2023, driven by new banking products, partnership agreements, and effective advertising campaigns.

Net Cash Flows From Financing Activities

Net cash flows from financing activities for the nine months ended December 31, 2024 was \$833.6 million compared to net cash flow from financing activities in amount of \$1.9 billion during the nine months ended December 31, 2023. Cash flows from financing activities during the nine months ended December 31, 2024 consisted principally of bank customer deposits received in the amount of \$765.7 million, net repayment from obligations under securities repurchase agreements in amount of \$157.1 million, proceeds from the issuance, net of repurchase, of debt securities in the amount of 201.7 million, and mortgage loans sold to JSC Kazakhstan Sustainability Fund as the Program Operator, net of repurchase, under the state mortgage program "7-20-25" in the amount of \$19.4 million. During the nine months ended December 31, 2024, cash flows from financing activities decreased by \$1.1 billion compared to the nine months ended December 31, 2023. This decrease was primarily attributable to a \$1.5 billion change in net repayment/proceeds from securities repurchase agreement obligations due to significant growth of the Company's trading portfolio during the nine months ended December 31, 2023, which is mainly financed through the securities repurchase agreements.

CAPITAL EXPENDITURES

On May 10, 2023, our subsidiary Freedom EU signed a contract for the construction of Elysium Tower, a building in Limassol, Cyprus. The building is planned to be a new office building for Freedom EU. Capital expenditures amounted to approximately \$8.2 million in fiscal year 2024, with an additional amount of around \$2.0 million incurred during the first nine months of fiscal year 2025. The remaining balance of approximately \$3.9 million is expected to be incurred in during the 2025 calendar year. We are financing this construction project primarily using our own funds.

On November 27, 2023, our Board of Directors approved a strategic plan to expand our business by entering the telecommunications market in Kazakhstan through our Freedom Telecom subsidiary. Execution of the new plan is expected to require significant capital expenditure, the specific amount of which is currently uncertain. Total capital expenditures for the development of this business area are currently expected to be required for, among other things, construction of network infrastructure, including a backbone network, obtaining frequency licenses or other rights to provide services where required and acquisitions of smaller companies in the sector. Our strategy and budget for Freedom

Telecom are currently being reassessed and are subject to revisions, which may be material. We currently plan to finance our capital expenditures for this business area with a combination of own funds and borrowings, including vendor financing and utilizing the proceeds of a \$200 million U.S. dollar domestic bond placement on the AIX that we completed on December 19, 2023. For further information, see "Indebtedness – Long-term" below.

As a further step in implementing our strategy to build a digital fintech ecosystem, on January 25, 2024, Freedom Telecom established a subsidiary, Freedom Media, in Kazakhstan for the purposes of providing media content to customers in Kazakhstan and Central Asia. Total capital expenditures required in connection with Freedom Media over the next five years are currently estimated to be approximately \$54 million. We plan to finance our capital expenditures related to Freedom Media primarily using our own funds.

DIVIDENDS

Any payment of cash dividends on our common stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual and legal restrictions and other factors deemed relevant by our Board of Directors. We currently intend to retain any future earnings to fund the operation, development and expansion of our business, and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

We did not declare or pay a cash dividend on our common stock during the three months ended December 31, 2024. Any payment of cash dividends on stock will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual and legal restrictions and other factors deemed relevant by our Board of Directors. We currently intend to retain any future earnings to fund the operation, development and expansion of our business, and therefore we do not anticipate paying any cash dividends on common stock in the foreseeable future.

INDEBTEDNESS

Set forth below is a discussion of our short-term and long-term debt.

Short-term

Our short-term financing is primarily obtained through securities repurchase arrangements conducted through stock exchanges. We use repurchase arrangements, among other things, to finance our liquidity positions. As of December 31, 2024, \$2.2 billion, or 64%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations compared to \$2.8 billion, or 75% as of March 31, 2024. The securities we pledge as collateral under repurchase agreements are liquid trading securities with market quotes and significant trading volume. For additional information regarding our securities repurchase agreement obligations see Note 9 "*Securities Repurchase Agreement Obligations*" to the condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Long-term

On October 21, 2021, our subsidiary Freedom SPC issued U.S. dollar-denominated bonds due 2026, in an aggregate principal amount up to \$66 million, which are listed on the AIX. The annual interest rate for such bonds is 5.5%. The bonds are guaranteed by FRHC.

In December 2023, Freedom SPC established a \$1,000,000,000 bond program. Bonds, following issuance under the program, are listed on the AIX and guaranteed by FRHC. On December 19, 2023, Freedom SPC issued U.S. dollar-denominated bonds due 2028 under the program in an aggregate principal amount of \$200 million. For the first and second years, the annual interest rate for such bonds is 12%, and for subsequent years the interest rate will be fixed and set as the sum of the effective federal funds rate as of December 10, 2025 and a margin of 6.5%. On September 16, 2024, Freedom SPC authorized a series of \$200 million bonds due September 16, 2026 under the program, with a 10.5% annual interest rate payable quarterly, all of which were placed (i.e., sold) during the three months ended December 31, 2024.

As of December 31, 2024, there was \$466.6 million of Freedom SPC bonds outstanding. The aggregate accrued interest as of December 31, 2024 was \$2.2 million.

During the nine months ended December 31, 2024, Freedom Bank KZ established three Kazakhstan law bond programs: (i) a program of up to 100 billion Kazakhstani tenge, of which 7-year bonds for 50 billion Kazakhstani tenge which have been listed on the KASE, with a floating interest rate to be determined following the first trades, (ii) a program of up to 200 billion Kazakhstani tenge, of which 2-year bonds for 36 billion Kazakhstani tenge have been listed on the KASE with a fixed interest rate determined following the first trades, and (iii) a program of up to \$300 million, of which 2-

year bonds for \$50 million have been listed on the KASE with a fixed interest rate determined following the first trades. None of the bonds within the Freedom Bank KZ's bond programs have been placed to investors. Going forward, Freedom Bank KZ may decide to place any or all of these the bonds as needed to support its liquidity.

NET CAPITAL AND CAPITAL ADEQUACY

A number of our subsidiaries are required to satisfy minimum net capital and capital adequacy requirements to conduct their brokerage, banking and insurance operations in the jurisdictions in which they operate. This is done in part by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries may be restricted in their ability to transfer cash between different jurisdictions and to FRHC. Additionally, transfers of cash between international jurisdictions may have adverse tax consequences that could discourage such transfers.

At December 31, 2024, these minimum net capital and capital adequacy requirements ranged from approximately \$0.2 million to \$180.9 million and fluctuate depending on various factors. At December 31, 2024, the aggregate net capital and capital adequacy requirements of our subsidiaries was approximately \$237.4 million. Each of our subsidiaries that are subject to net capital or capital adequacy requirements exceeded the minimum required amount at December 31, 2024.

Although we operate with levels of net capital and capital adequacy substantially greater than the minimum established thresholds, in the event we fail to maintain minimum net capital or capital adequacy, we may be subject to fines and penalties, suspension of operations, revocation of licensure and disqualification of our management from working in the industry. Our subsidiaries are also subject to various other rules and regulations, including liquidity and capital adequacy ratios. Our operations that require the intensive use of capital are limited to the extent necessary to meet our regulatory requirements.

Over the past several years, we have pursued an aggressive growth strategy both through acquisitions and organic growth efforts. While our active growth strategy has led to revenue growth, it also results in increased expenses and greater need for capital resources. Additional growth and expansion may require greater capital resources than we currently possess, which could require us to pursue additional equity or debt financing from outside sources. We cannot assure that such financing will be available to us on acceptable terms, or at all, at the time it is needed.

We believe that our current cash and cash equivalents, cash expected to be generated from operating activities, and forecasted returns from our proprietary trading, combined with our ability to raise additional capital will be sufficient to meet our present and anticipated financing needs.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following are the accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results.

Allowance for credit losses

The Company has recently adopted a new accounting standard, ASC 326 - Current Expected Credit Losses (CECL), effective April 1, 2023. This standard has introduced significant changes to how we estimate and recognize credit losses for our financial assets. Management estimates and recognizes the CECL as an allowance for lifetime expected credit losses for loans issued. This is different compared to the previous practice of recognizing allowances based on probable incurred losses.

Under CECL, the allowance for credit losses (ACL) primarily consists of two components:

Collective CECL Component: This component is used for estimating expected credit losses for pools of loans that share common risk characteristics.

Individual CECL Component: This component is applied to loans that do not share common risk characteristics and require individual assessment.

The ACL is a valuation account that is subtracted from the amortized cost of total loans and available-for-sale securities to reflect the net amount expected to be collected. Our methodology for establishing the allowance for loan losses is based on a comprehensive assessment that considers relevant and available information from internal and external sources. This assessment takes into account past events, including historical trends in loan delinquencies and charge-offs, current economic conditions, and reasonable and supportable forecasts.

Goodwill

We have accounted for our acquisitions using the acquisition method of accounting. The acquisition method requires us to make significant estimates and assumptions, especially at the acquisition date as we allocate the purchase price to the estimated fair values of acquired tangible and intangible assets and the liabilities assumed. We also use our best estimates to determine the useful lives of the tangible and definite-lived intangible assets, which impact the periods over which depreciation and amortization of those assets are recognized. These best estimates and assumptions are inherently uncertain as they pertain to forward looking views of our businesses, customer behavior, and market conditions. In our acquisitions, we have also recognized goodwill at the amount by which the purchase price paid exceeds the fair value of the net assets acquired.

Our ongoing accounting for goodwill and the tangible and intangible assets acquired requires us to make significant estimates and assumptions as we exercise judgement to evaluate these assets for impairment. Our processes and accounting policies for evaluating impairments are further described in Note 2 "*Summary of Significant Accounting Policies*" to the condensed consolidated financial statements included in this quarterly report on Form 10-Q. As of December 31, 2024, we had goodwill of \$48.2 million.

Income taxes

We are subject to income taxes in both the United States and numerous foreign jurisdictions. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, actual future tax consequences relating to uncertain tax positions may be materially different than our determinations or estimates.

We recognize deferred tax liabilities and assets based on the difference between the Condensed Consolidated Balance Sheet and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Income taxes are determined in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We account for income taxes using the asset and liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years based on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable to the differences that are expected to affect taxable income.

We periodically evaluate and establish the likelihood of tax assessments based on current and prior years' examinations, and unrecognized tax benefits related to potential losses that may arise from tax audits in accordance with the relevant accounting guidance. Once established, unrecognized tax benefits are adjusted when there is more information available or when an event occurs requiring a change.

Legal contingencies

We review outstanding legal matters at each reporting date, in order to assess the need for provisions and disclosures in our financial statements. Among the factors considered in making decisions on provisions are the nature of the matter, the legal process and potential legal exposure in the relevant jurisdiction, the progress of the matter (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of our legal advisers, experiences on similar cases and any decision of our management as to how we will respond to the matter.

Non-consolidation of FST Belize

Based on our assessment, we do not consolidate our affiliate FST Belize. See " *Non-Consolidation of Freedom Securities Trading Inc.* " in Note 2 "*Summary of Significant Accounting Policies*" in the notes to our condensed consolidated financial statements included in this quarterly report on Form 10-Q.

RECENT ACCOUNTING PRONOUNCEMENTS

For details of applicable new accounting standards, see "Recent accounting pronouncements" in Note 2 "Summary of Significant Accounting Policies" in the notes to our condensed consolidated financial statements included in this quarterly report on Form 10-Q.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

Market Risk

The following information, together with information included in "Overview" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I Item 2, describes our primary market risk exposures. Market risk is the risk of economic loss arising from the adverse impact of market changes to the market value of our trading and investment positions. We are exposed to a variety of market risks, including interest rate risk, foreign currency exchange risk and equity price risk.

Interest Rate Risk

Our exposure to changes in interest rates relates primarily to our investment portfolio and outstanding debt. While we are exposed to global interest rate fluctuations, we are most sensitive to fluctuations in Kazakhstan interest rates. Changes in Kazakhstan interest rates may have significant effect on the fair value of our securities.

Our investment policies and strategies are focused on preservation of capital and supporting our liquidity requirements. We typically invest in highly rated securities, with the primary objective of minimizing the potential risk of principal loss. Our investment policies generally require securities to be investment grade and limit the amount of credit exposure to any one issuer (other than government and quasi-government securities). To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of December 31, 2024, and March 31, 2024 (not including assets held for sale), a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in \$122.7 million and \$128.9 million incremental decline in the fair market value of the portfolio, respectively. Such losses would only be realized if we sold the investments prior to maturity. A hypothetical 100 basis point decrease in interest rates across all maturities would have resulted in a \$142.8 million and \$138.3 million incremental rise in the fair market value of the portfolio (not including assets held for sale), respectively.

Foreign Currency Exchange Risk

We have a presence in Armenia, Austria, Azerbaijan, Belgium, Bulgaria, Cyprus, France, Germany, Greece, Italy, Kazakhstan, Kyrgyzstan, Lithuania, the Netherlands, Poland, Spain, Tajikistan, Turkey, the United Arab Emirates, the United Kingdom, the United States and Uzbekistan. The activities and accumulated earnings in our non-U.S. subsidiaries are exposed to fluctuations in foreign exchange rate between our functional currencies and our reporting currency, which is the U.S. dollar.

In accordance with our risk management policies, we manage foreign currency exchange risk on financial assets by holding or creating financial liabilities in the same currency, maturity and interest rate profile. This foreign exchange risk is calculated on a net foreign exchange basis for individual currencies. We may also enter into foreign currency forward, swap and option contracts with financial institutions to mitigate foreign currency exposures associated with certain existing assets and liabilities, firmly committed transactions and forecasted future cash flows.

The main market of our operations is Kazakhstan. Because Kazakhstan's economy is highly dependent on oil exports, any significant decrease in oil prices lead to a devaluation of local currency, which can fluctuate significantly (e.g., losing up to 17% quarterly during COVID-19 outbreak) relative to the U.S. dollar.

An analysis of our December 31, 2024, and March 31, 2024 (not including assets held for sale) balance sheets estimates that the net impact of a 10% adverse change in the value of the U.S. dollar relative to all other currencies, would have resulted in a decrease of income before income tax in the amount of \$19.8 million and \$121.5 million, respectively.

Equity Price Risk

Our equity investments are susceptible to market price risk arising from uncertainties about future values of such investment securities. Equity price risk results from fluctuations in price and level of the equity securities or instruments we hold. We also have equity investments in entities where the investment is denominated in a foreign currency, or where the investment is denominated in U.S. dollars but the investee primarily makes investments in foreign currencies. The fair values of these investments are subject to change at the spot foreign exchange rate between these currencies and our functional currency fluctuates. We attempt to manage the risk of loss inherent in our equity securities portfolio through diversification and by placing limits on individual and total equity instruments we hold. Reports on our equity portfolio are submitted to our management on a regular basis.

As of December 31, 2024, and March 31, 2024, our exposure to equity investments at fair value was \$118.8 million and \$126.1 million, respectively. Based on an analysis of the December 31, 2024, and March 31, 2024 (not including assets held for sale), balance sheets, we estimate that a decrease of 10% in the equity price would have reduced the value of the equity securities or instruments we held by approximately \$11.9 million and \$12.6 million, respectively.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower or counterparty does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through the brokerage and banking services we offer. We incur credit risk in a number of areas, including margin lending and loans issued.

Margin lending receivables risk

We extend margin loans to our customers. Margin lending is subject to various regulatory requirements of MiFID and of the AFSA and the National Bank of the Republic of Kazakhstan. Margin loans are collateralized by cash and securities in the customers' accounts. The risks associated with margin lending 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 options and equities that can expose them to risk beyond their invested capital.

We expect this kind of exposure to increase with the growth of our overall business. 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. As of December 31, 2024, we had \$2.0 billion in margin lending receivables from our customers, \$1.4 billion of which was attributable to three non-related party customers. 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 unlimited and not quantifiable as the risk is dependent upon analysis of a potential significant and undeterminable rise 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 required margin requirements.

We have a comprehensive policy implemented in accordance with regulatory standards to assess and monitor the suitability of investors to engage in various trading activities. To mitigate our risk, we also continuously monitor customer accounts to detect excessive concentration, large orders or positions, patterns of day trading and other activities that indicate increased risk to us.

Our credit exposure is to a great extent mitigated by our policy of automatically evaluating each account throughout the trading day and closing out positions automatically for accounts that are found to be under-margined. While this methodology is effective in most situations, it may not be effective in situations where no liquid market exists for the relevant securities or commodities or where, for any reason, automatic liquidation for certain accounts has been disabled. We continually monitor and evaluate our risk management policies, including the implementation of policies and procedures to enhance the detection and prevention of potential events to mitigate margin loan losses.

Risk related to banking loans recoverability

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. Charge-offs related to our credit exposures may occur 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.

For description of credit quality of the loans and other details please see Note 7 "*Loans Issued*" in the notes to the condensed consolidated financial statements.

Operational Risk

Operational risk generally refers to the risk of loss, or damage to our reputation, resulting from inadequate or failed operations or external events, including, but not limited to, business disruptions, improper or unauthorized execution and processing of transactions, deficiencies in our technology or financial operating systems and inadequacies or breaches in our control processes including cyber security incidents.

For a description of related risks, see the information under the heading "*Risks Related to Information Technology and Cybersecurity*" in "*Risk Factors*" in Part I Item 1A of the 2024 Form 10-K.

To mitigate and control operational risk, we have developed and continue to enhance policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout the organization and within such departments. We also have business continuity plans in place that we believe will cover critical processes on a company-wide basis, and redundancies are built into our systems as we have deemed appropriate. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our various businesses are operating within established corporate policies and limits.

Legal and Compliance Risk

We operate in a number of jurisdictions, each with its own legal and regulatory structure that is unique and different from the other. Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements and damage to our reputation as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. Such non-compliance could result in the imposition of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, or loss to reputation that we may suffer as a result of compliance failures. These risks include contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with AML, terrorist financing, anti-corruption and sanctions rules and regulations.

We have established and continue to enhance procedures designed to ensure compliance with applicable statutory and regulatory requirements, such as public company reporting obligations, regulatory net capital and capital adequacy requirements, sales and trading practices, potential conflicts of interest, anti-money laundering, privacy, sanctions and

recordkeeping. The legal and regulatory focus on the financial services industry presents a continuing business challenge for us.

Our business also subjects us to the complex income tax laws of the jurisdictions in which we operate, and these tax laws may be subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes.

Geopolitical Risk

The Russia-Ukraine conflict has led to disruptions in financial markets that has negatively impacted the global economy and created significant uncertainty. The Russia-Ukraine conflict has resulted in the imposition by many countries of economic sanctions and export controls against certain Russian industries, companies and individuals. In response, Russia has implemented its own countermeasures against countries, businesses and investors deemed "unfriendly." Partly as a result of the effects of the Russia-Ukraine conflict, businesses worldwide have experienced shortages in materials and increased costs for transportation, energy and raw materials. The continuation or escalation of the Russia-Ukraine conflict or other hostilities presents heightened risks relating to cyberattacks, supply chain disruptions, higher interest rates and greater frequency and volume of failures to settle securities transactions, as well as increase financial market volatility. The extent and duration of the war, sanctions and resulting market disruptions, as well as the potential adverse consequences for our business, liquidity and results of operations, are difficult to predict.

Effects of Inflation

Because our assets are primarily short-term and liquid in nature, they are generally not significantly impacted by inflation. The rate of inflation does, however, affect our expenses, including employee compensation, communications and information processing and office leasing costs, which may not be readily recoverable from our customers. To the extent inflation results in rising interest rates and has adverse impacts upon securities markets, it may adversely affect our results of operations and financial condition.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to the company’s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2024 our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the three months ended on December 31, 2024, there was no change in internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information required to be set forth under this heading is incorporated by reference from Note 23 "Commitments and Contingent Liabilities", to the interim Condensed Consolidated Financial Statements included in Part I, Item 1 of this quarterly report on Form 10-Q.

Item 1A. Risk Factors

As of December 31, 2024, there have been no material changes from the risk factors previously disclosed in response to Item 1A to Part I of our 2024 Form 10-K.

Item 5. Other Information

During the period covered by this quarterly report, none of the Company's directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934).

Item 6. Exhibits

The following exhibits are filed or furnished, as applicable:

Exhibit No.	Exhibit Description
10.01	Employment Agreement dated December 2, 2024 between Freedom Finance Global PLC and Aidos Zhumagulov [†]
10.02	Agreement dated November 29, 2024 on Termination of the Employment Agreement dated April 15, 2019 between Freedom Finance Joint Stock Company and Aidos Zhumagulov [*]
10.03	Supplementary Agreement dated January 2, 2024 to an Employment Agreement dated January 2, 2020 between Prime Executions and Robert Wotczak [*]
10.04	Supplementary Agreement dated May 10, 2024 to an Agreement with Member of the Board of Directors dated July 24, 2020 between Freedom Finance Global PLC and Askar Tashtitov [†]
10.05	Supplementary Agreement dated May 10, 2024 to an Agreement with Member of the Board of Directors dated July 24, 2020 between Freedom Finance Global PLC and Evgeniy Ler [†]
10.06	Supplementary Agreement dated November 18, 2024 to an Employment Agreement dated February 3, 2020 between Freedom Finance Joint Stock Company and Sergey Lukyanov [†]
31.01	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [*]
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [*]
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 [*]
101	The following Freedom Holding Corp. financial information for the periods ended December 31, 2024, formatted in inline XBRL (eXtensive Business Reporting Language): (i) the Cover Page; (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed Consolidated Financial Statements.*
104	Cover page formatted in inline XBRL (included in Exhibit 101). *

* Filed herewith.

† Certain portions of these documents have been redacted in accordance with Item 601(a)(6) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREEDOM HOLDING CORP.

Date: February 7, 2025

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: February 7, 2025

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer

Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item 601(a)(6) of Regulation S-K

EMPLOYMENT CONTRACT № 24-388

THIS EMPLOYMENT CONTRACT entered into force on 02 December 2024 (the Contract) BETWEEN:

(1) Freedom Finance Global PLC, a private company duly registered in the Registrar of Companies of Astana Financial Services Authority and licensed under the commercial number AFSA-A-LA-2020-0019 and the identification number 200240900095, having its registered office at: Republic of Kazakhstan, Nur-Sultan, Esil district, Dostyk street, building 16, vnp. 2 (Talan Towers Offices)

(hereinafter referred to as the Company and/or the Employer); and

(2) *Full name:* Zhumagulov Aidos Bolatovich

Nationality: Kazakhstan

Registration address: [***]

Residence address: [***]

Contact telephone numbers: [***]

Identity document, passport: [***]

IIN: [***]

(hereinafter referred to as the Employee).

WHEREAS:

- a) The Company has made an employment offer to the Employee.
 - b) The Employee has accepted a job offer in accordance with the terms of this Contract.
- The Parties have agreed as follows:

1. TERMS AND DEFINITIONS

1.1. In this Contract, unless the context requires otherwise, the following expressions shall have the following meanings:

AIFC means the Astana International Financial Centre, the area within the City of Astana determined by the President of the Republic of Kazakhstan as the area where the special legal regime in the financial sphere established by the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre" as of December 7, 2015 applies.

AFSA means Astana Financial Services Authority, an independent regulator of the Astana International Financial Centre;

Commencement Date means employment relations commencing date - 02.12.2024;

AIFC Employment Regulations mean the Employment Regulations of AIFC, adopted by the Governor under Article 4 of the Constitutional Statute and subparagraph 3) of paragraph 9 of the Management Council Resolution on AIFC Bodies on December 20, 2017 as amended;

Registrar of Companies means the Registrar of Companies of Astana Financial Services Regulator;

Parties means the Parties to this Contract, and the expression Party means any of the Parties;

Kazakhstan means the Republic of Kazakhstan;

Year means the 12-month period by the Gregorian calendar beginning on January 1 and ending on December 31;

Group of Persons means the Company, its customers, founders, other employees of the Company, except for the Employee, contractual counterparties, other persons associated with the Company, including related and affiliated legal entities and individuals.

1.2. In this Contract, unless otherwise stated, reference to:

- a) "includes" and "including" means included but not limited to;
- b) "text", "paragraphs", "unnumbered paragraphs" or "graphs" mean the texts, articles and paragraphs of the Contract;
- c) words used in singular include plural and vice versa, and words using the word "gender" include any gender; and
- d) time of the day, unless otherwise stated, is a reference to time in Nur-Sultan, the Republic of Kazakhstan.

2. CONTRACT TERM

2.1. The Company hires the Employee as a **Advisor to the Department of Development and International Cooperation** for a period of 1 year in accordance with the terms and conditions of this Contract to perform the functions specified in the job description of the Employee. Upon the expiration of this Contract, if neither Party has stated its willingness to extend the Contract for a specified period, no later than 7 calendar days before the expiration of the Contract, the Contract shall be deemed extended for an indefinite period.

2.2. The Employee shall come into office from the date of the Contract conclusion and continues to work until it is terminated or extended in accordance with this Contract.

3. TIMETABLES AND SCHEDULES

3.1. Timetables and schedules are part of the current provisions of this Contract, and references to this Contract should contain references to timetables and schedules, unless the context requires otherwise.

4. RIGHTS AND OBLIGATIONS OF THE PARTIES

4.1. The Employee shall be obliged to:

1) provide the Company with the following documents for the conclusion of the Contract:

- Identity card or passport;
- residence permit of a foreigner in the Republic of Kazakhstan or stateless person certificate (for foreigners and stateless persons permanently residing in the territory of the Republic of Kazakhstan) or refugee identity card;
- a certificate of education, qualifications, the availability of special skills or professional training when concluding an Employment Contract for a job requiring relevant expertise, knowledge and skills;
- proof of professional experience, (for experienced workers);
- other documents at the request of the Company.

2) perform employment duties in accordance with agreements, this Contract, Collective Employment Contract (if any), acts of the Company;

3) accept workplace discipline, namely, to observe and properly fulfill the obligations established by this Contract, Job Descriptions and internal documents of the Company;

4) comply with the requirements of occupational safety and health, fire safety and occupational sanitation at the workplace;

5) take reasonable care of the Company's property and use any equipment necessary and (or) transferred to for the performance of official duties for intended purpose. The Employee is obliged to compensate the damage caused by the violation of this obligation, in the amount of real loss;

6) inform the Company of a situation that constitutes a threat to the life and health of people, the safety of the property of the Company and employees, as well as the occurrence of downtime;

7) The Employee shall admit that any deliberate non-compliance or gross violation of the requirements provided for in this Contract, as well as permanent or single violations that cause losses and harm to the business or property of the Company, may lead to the use of disciplinary actions against the Employee by the Company or termination of employment;

8) not to disclose information constituting official, commercial, other legally protected secret, which became known to him in connection with the performance of employment duties;

- 9) after completion of professional training, retraining and professional improvement at the expense of the Company, to work in the Company for the period agreed in the training agreement. In the event of the Contract termination before the term established by the training agreement, at the initiative of the Employee or at the initiative of the Company due to the fault of the Employee, the Employee shall reimburse the Company for the costs associated with its training, in proportion to the unfinished working time;
- 10) in case of any change in the personal data, no later than 10 (ten) working days from the date of their change, notify the Company in writing. In case of a change of surname, the Employee is obliged to provide the Company with documents for a new surname (identity card, etc.) and a document confirming the reasons for the change of surname (marriage certificate, certificate of surname change, certificate of divorce, etc.);
- 11) immediately inform the Company or the organizer of the work about each workplace injury and other personal injuries of the employees, signs of occupational disease (poisoning), as well as about a situation that poses a threat to life and health of people;
- 12) inform the Company of the disablement diagnosis or other deterioration of health that impedes the continuation of employment duties;
- 13) comply with the requirements of the government labor inspector, occupational safety inspector, internal control specialists and the medical and health precautions prescribed by medical institutions;
- 14) undergo training, briefing and testing of knowledge on occupational health and safety in the manner determined by the Company;
- 15) perform other duties stipulated by the internal documents of the Company.

4.2. The Employee has the right:

- 1) to enter into, amend, supplement and terminate this Contract pursuant to the procedure established by the Contract;
- 2) to require the Company to fulfill the terms of this Contract;
- 3) to safe and healthy working conditions, as defined by this Contract;
- 4) to obtain complete and adequate information about the state of working conditions and occupational safety;
- 5) to protect their rights and legitimate interests by all means unless prohibited by law;
- 6) to timely and full payment of wages in accordance with the terms of the Contract;
- 7) to vacation, including paid annual leave
- 8) to compensation for harm caused to health in connection with the performance of employment duties;
- 9) to compulsory social insurance;
- 10) to accident insurance in the performance of employment (official) duties;
- 11) to guarantees and compensatory payments provided for by this Contract;
- 12) to equal payment for equal work on a non-discriminatory basis;
- 13) for providing with means of personal and collective safety equipment;
- 14) for ensuring the protection of personal data stored in the Company;
- 15) to a workplace equipped in accordance with the occupational health and safety requirements;
- 16) for providing with sanitary and amenity facilities, personal and collective safety equipment in accordance with the occupational health and safety requirements;
- 17) to refuse to perform the work if the Company does not provide the Employee with personal and (or) collective safety equipment and in the event of a situation that poses a threat to his health or life, with written notification of this to the immediate supervisor or the Company;
- 18) for education and professional training necessary for the safe performance of employment duties, in the manner prescribed by the legislation of the Republic of Kazakhstan;
- 19) to obtain an adequate information from the Company about the characteristics of the workplace and the Company's territory, the occupational health and safety conditions, the existing risk of injury to health, as well as measures to protect it from the influence of dangerous and (or) harmful operational factors;

4.3. The Company shall be obliged to:

- 1) conclude a Contract with the Employee upon entry into employment;
 - 2) provide the Employee with the work stipulated by the Contract;
 - 3) acquaint the Employee with the Internal Labour Rules And Regulations in the Company, other acts of the Company that are directly related to the work (employment function) of the Employee, and the Collective Contract (if any);
-

- 4) provide the Employee with normal conditions;
- 5) provide the Employee with equipment, tools, technical documentation and other means necessary for the performance of employment duties at its own expense;
- 6) pay the Employee wages and other payments provided for by this Contract on time and in full;
- 7) carry out internal control of occupational health and safety;
- 8) suspend the work if its continuation poses a threat to the life and health of the Employee and other persons;
- 9) carry out compulsory social insurance of the Employee and make contributions for compulsory medical insurance;
- 10) insure the Employee against accidents while in the performance of employment (official) duties;
- 11) provide the Employee with paid annual leave;
- 12) to warn the Employee about harmful and (or) dangerous working conditions and the possibility of occupational disease;
- 13) take measures to prevent risks at workplaces and in engineering processes, carry out preventive work taking into account production and scientific-technological progress;
- 14) maintain records of the working time, including overtime work, in harmful and (or) dangerous working conditions, in heavy work performed by the Employee;
- 15) compensate the harm caused to the life and health of the employee in the performance of his employment (official) duties;
- 16) require, upon entry into employment, the documents necessary for concluding the Contract;
- 17) collect, process and protect the personal data of the Employee in accordance with the AIFC legislation on personal data and their protection.

4.4. The Company shall have the right:

- 1) to freedom of choice upon entry into employment;
- 2) to amend, supplement, terminate the Contract with the Employee in the manner provided for by this Contract;
- 3) to withhold from the Employee's salary any funds paid by the Company for the Employee on various grounds. Prior to such withholding, the Employee provides their consent for the withholding via approved corporate electronic document management system used by the Company. The consent provided by the Employee in accordance with the terms of this clause of the Contract is deemed sufficient and complete for the withholding to be carried out;
- 4) within the limits of its powers to issue acts of the Company, including orders, instructions, regulations, labour regulations and other internal documents;
- 5) to require the Employee to fulfill the terms of the Contract, the Collective Employment Contract (if any), the labor regulations and other acts of the Company;
- 6) to encourage employees, impose disciplinary sanctions, hold employees financially liable;
- 7) for compensation for harm caused to the Employee in the performance of employment duties;
- 8) to establish a probation period for the Employee;
- 9) to reimburse its costs associated with training the Employee in educational institutions in the direction of the Company, in accordance with the agreement on education (Training Agreement);
- 10) to discharge from employment and bring the Employee to disciplinary liability in case of violation of occupational health and safety requirements;
- 11) enjoy other rights provided by the current AIFC legislation.

5. LABOUR ROUTINE

5.1. The working hours, rest time, work schedule and break time for the Employee shall be set as follows: a normal working day lasts from 09.00 to 18.00 with a break from 13.00 to 14.00 for rest and meals. In agreement with the Company - a different work time schedule may be set for the Employee according to work schedules approved by the Company.

6. PROBATION PERIOD

6.1. Employment of the Employee will be on probation for three months from the date of commencement of work. An Employee may be dismissed at any time during this probation period without giving any reason on the basis of a notice one week before the date of dismissal.

7. EMPLOYMENT PLACE

7.1. The Employee's place of employment will be in the city of Almaty.

8. WAGES AND ALLOWANCES

8.1. The rate of the monthly wage is indicated by the parties in the Annex No. 1 hereto.

8.2. Wages shall be paid to the Employee by the 5th (fifth) day of the month following completed month of service. If the payroll day coincides with weekends or holidays, payment shall be made the day before. The Company has the right to pay wages to the Employee earlier than the specified date, including by dividing the total amount of wages into several parts paid on different days, but no later than the deadline set by the Contract, based on the applications of the Employee.

8.3. The method and place of payment of wages and other payments to the Employee are determined by the Employer. By decision of the Employer, payments to the Employee may be made in cash or by transferring money to the Employee's account in a bank (card or other account).

8.4. For work on weekends and/or holidays, the Employee, at his discretion, is given another day of rest or payment is made at a time-and-a-half rate, based on the daily (hourly) rate of the Employee.

8.5. To strengthen the interest of the Employee in improving the efficiency of production and the quality of work performed, the Company has the right to introduce bonus systems and other forms of labour stimulation, and also has the right, at its discretion, to pay the Employee lump sum incentive payments in accordance with the procedure and under the terms provided for by the acts of the Employer.

8.6. Upon termination of the Contract, payment of the amounts due to the Employee shall be made no later than 14 calendar days after its termination.

8.7. The Party to the Contract that has stated its willingness to terminate the Contract by agreement of the Parties shall send a written notice to the other Party. The Party that received such notice is obliged to inform the other Party of the decision made within 3 (three) working days in writing. The date of termination of the Contract by agreement of the Parties shall be determined by agreement between the Employer and the Employer in accordance with the current AIFC legislation.

9. BENEFITS AND COMPENSATIONS. SOCIAL ALLOWANCES

9.1. By an additional agreement of the Parties, when the Employee uses personal property in the interests of the Company and with his consent, the Company makes a compensatory payment for the use, depreciation (amortization) of the tools, personal vehicle, other technical means and the costs of their operation.

9.2. The Company shall make compensatory payments due to the loss of work in the amount of the average monthly wage in the following cases: 1) upon termination of the Contract at the initiative of the Company in the event of winding-up of the Company as a legal entity; 2) upon termination of the Contract at the initiative of the Company in the event of a downsizing in the number or staff of employees; 3) upon termination of the Contract at the initiative of the Employee in the event of failure by the Company to fulfill the conditions of the Employment Contract.

10. ANNUAL AND ADDITIONAL LEAVE ENTITLEMENT

10.1. The Employee has the right to 28 calendar days of annual leave every year, in addition to the national holidays of the Republic of Kazakhstan, declared as public holidays. Additionally, the Employee has the right to 2 days of paid time-off if he has used 28 guaranteed days of leave.

10.2. Annual leave is provided according to the vacation schedule. The Employee shall notify the Employer of his intention to go on leave no later than 10 (ten) working days before the date of leave; the Company shall pay the leave payment no later than 5 (five) working days before the start of the leave.

10.3. An annual leave may be interrupted by the Employer only with the written consent of the Employee. Refusal of the Employee from the offer of the Employer is not a violation of labour discipline.

10.4. Unused part of paid annual leave by agreement of the Parties to the Contract is granted during the current year or in the following working years at any time, and a part of unused paid annual leave in connection with the recalling is added to paid annual leave for the next working years.

10.5. The Company has the right to establish certain days of leave for the Employee, having previously sent the appropriate written notice to the Employer at least 15 working days in advance.

10.6. Upon application, the Employee may be granted an unpaid leave for the duration determined by agreement of the Parties.

10.7. Upon termination of this Contract, the Employee has the right to receive a leave compensation amount.

10.8. Based on a written application from the Employee, the Company shall provide the Employee with a leave without pay for up to 5 (five) calendar days when:

marriage registration of the Employee;

birth of the child of the Employee;

10.9. Paid annual leave shall be transferred in whole or in part in cases of temporary incapacity of the Employee for work.

10.10. The Employer shall provide the Employee with a job-protected maternity leave for a period of at least 12 months.

10.11. Based on a written application from an Employee, the Company shall provide additional paid annual leave:

1) To the first and second-degree disabled people with a duration of at least six calendar days.

2) To other categories of employees where the duration of the additional annual leave is established by the laws of the Republic of Kazakhstan.

11. SICKNESS BENEFIT

11.1. The Employee has the right to receive sickness and temporary disability benefits in accordance with the Employee's Employment Contract.

The basis for the payment of sickness and temporary disability benefits shall be the sheets of temporary disability issued and executed in the manner determined by the authorized body of the Republic of Kazakhstan on health care.

11.2. Sickness and temporary disability benefits are paid to employees from the first day of disability until the day of vocational rehabilitation or until disability is established in accordance with the legislation of the Republic of Kazakhstan for the working days when the Employee is absent from the workplace.

11.3. Sickness and temporary disability benefits shall not be paid:

- 1) to an employee whose temporary disability has occurred as a result of workplace injuries, sustained in the commitment of a criminal offense, in the event of the determination of guilt by a court decision that has entered into legal force;
- 2) during the compulsory medical treatment of an employee on the basis of a court determination (except for the mentally disabled);
- 3) during the time the employee is under arrest and during the forensic medical investigation in the event that his guilt has been determined by a court verdict or decision that has entered into legal force;
- 4) in case of temporary disability of the employee from diseases or workplace injuries resulting from the use of alcohol, narcotic drugs, psychotropic substances, their analogues and precursors;
- 5) for days of disease and temporary disability which fall on paid annual leave;
- 6) for days of temporary disability which fall on leave without pay;

11.4. The amounts of sickness and temporary disability benefits shall be determined by the Government of the Republic of Kazakhstan, the procedure for the appointment and payment - by the authorized state body on labour.

11.5. If the Employee is on sick leave continuously for more than 60 days during any 12-month period, the Company has the right to immediately terminate the Employment Contract with the Employee by notifying the Employee in writing.

11.6 The Company may, at all reasonable times during disease, require the Employee to undergo a medical examination at the expense of the Company by a medical practitioner appointed by the Company with the mandatory provision of the relevant documents. A copy of any medical report prepared by such medical practitioner should be available to the Employee.

12. CONFLICT OF INTERESTS

12.1. An Employee shall not, during [his/her] employment without the prior written consent of the Company, engage in or be interested in, launch or show interest in any activity or profession that is fully or partially similar to the activities of the Company.

12.2. An Employee has no the right to receive directly or indirectly any discount, commission, gift or compensation for his work or assistance from suppliers, partners, other organizations without the prior written consent of the Company.

12.3. The Employee acknowledges and agrees that any violation of paragraphs 12.1 and/or 12.2 shall be the reason for dismissal without notice and/or payment instead of notice.

13. COMPANY POLICIES AND RULES

13.1. The Employee shall undertake to comply with the Company's rules, policies, regulations, instructions and other internal documents of the Company in relation to employment, which may be further amended, revised at the discretion of the Company.

13.2. The Employee shall always comply with additional duties and obligations, which may be changed by the Company from time to time at its own discretion in writing by sending a Notice to the Employee. Failure to comply with these paragraphs is a violation of this Contract, and may be the reason for termination of the Contract without notice or payment instead of notice.

14. INTELLECTUAL PROPERTY

14.1. The Employee shall immediately disclose to the Company all inventions, findings, ideas, innovations, R&D products, improvements and all processes that relate to the Company's operations or business that have been created or invented solely by the Employee or in collaboration with other people during the period of this Contract regardless whether they have been created or designed during business hours or during non-business hours -all of this is an exclusive property of the Company.

14.2. At the Company's request made during or after the employee's resignation process, the Employee shall agree to formalize all documents that must be submitted for registration of a trademark, a patent, or for any other type of registration in the Republic of Kazakhstan and in a foreign country, as stated above in item 14.1.

14.3. The Employee agrees not to make claims against the Company on the issues mentioned in paragraphs 14.1 and 14.2 above.

14.4. Section 14 shall remain in force after the termination of this Contract and the termination of employment relations with the Employee.

15. CONFIDENTIALITY AND NON-DISCLOSURE

15.1. The Employer's confidential information is any information constituting commercial, financial, official secrets, undisclosed information, secrets and production technology, results of intellectual activity and items of intellectual property and copyright, any information about partners, information about the management structure of the Company, tax planning and tax optimization methods, other protected information of any member of the Group of Persons (as defined). Confidential information includes, but is not limited to, information about the personality, as well as financial, commercial and other activities of any member of the Group of Persons, information about the official duties of the Employee, the amount of his salary and remuneration, personal data of employees of the Group of Persons, as well as any other information, defined by the Company as confidential and the disclosure of which may be considered by the Company as an activity that damages the Company (or) its customers, partners, or related to commercial transactions and other activities of the Company and (or) its customers, including documents prepared by the Employee in the course of his employment activities (Documentation) shall be intended for use only by the Company and shall be its exclusive property.

15.2. Neither the Company nor members of the Group of Persons are required to indicate the information specified in paragraph 15.1 as Confidential Information so that it is qualified as such.

15.3. Documentation is any records, staff reports, information, data, items of intellectual property and copyright, electronic media, movies, photographs, plans, drawings, product samples, in any design and in any form (paper, electronic, other) related to any member of the Group of Persons, including, but not limited to, related to their activities, production products, technological processes, software and software codes, information about customers and their brokerage accounts/investment portfolios, commercial transactions and other matters prepared by any person (including but not limited to the Employee). The documentation is the exclusive property of the Company, unless it is the property of another member of the Group of Persons.

15.4. The use of Confidential Information includes: any use, practical use, study, disclosure, transfer, publication of Confidential Information (any part of it) by an Employee, providing by the Employee to the persons other than the relevant copyright holder with an access to the Confidential Information (to any part of it), using for personal advantage, other actions and inaction on the part of the Employee, which may lead to a violation of the legitimate interests of any member of the Group of Persons in relation to Confidential Information.

15.5. The Employee shall be obliged to keep Confidential Information secret and cannot use the Confidential Information in any way, except for the cases: for official use in the interests of the Company and when the disclosure of Confidential Information is mandatory for the Employee at the request of authorized state bodies. The Employee shall immediately notify the Company of the need for disclosure and any disclosure of Confidential Information.

15.6. The Employee shall be prohibited from taking the Documentation outside the office of the Company and using Confidential Information, including sending it by e-mail and copying it to any media, using fax, etc. or otherwise allow its disclosure and (or) distribution without the appropriate permission of the Company.

15.7. In the event of termination of the Contract and the employment relations for any reason, the Employee shall immediately and without delay within 2 (two) days deliver (provide) to the Employer all the Documentation and other property owned by the Company, its affiliates, which is at the disposal of the Employee or under his control, and he shall not keep copies of these documents.

15.8. Article 15 shall remain in force for 10 years after the termination of this Contract.

16. RESTRICTIVE CONDITIONS

16.1. The Employee and the Company shall agree that, subject to the above facts and circumstances, the restrictive conditions in paragraphs 14 and 15 are reasonable and necessary to protect the Company and its related business, and that, given these circumstances, these Agreements are fair and reasonable, and the Employee refuses from all protective measures for their application.

16.2. The Company and the Employee shall agree that the conditions of paragraphs 14 and 15 will continue to apply regardless of the method or reasons for the Employee's work discontinuation and regardless of whether the Employee's employment was terminated with or without notice.

17. BUSINESS TRIPS AND TRANSFERS

17.1. The Employee shall agree that he may sometimes be sent on a business trip to other regions of the Republic of Kazakhstan and beyond its limits in the interests of the Employer for the performance of duties arising from this Contract.

17.2. In the event that the Employee is sent on a business trip to another locality, the Company shall compensate the Employee in accordance with the internal regulatory documents of the Company:

- 1) daily subsistence allowance (per diems) for calendar days on a business trip, including travel time;
- 2) the cost of travel to the destination and back;
- 3) accommodation costs;
- 4) other expenses, as agreed by the Parties.

18. CONTRACT EXPIRATION AND TERMINATION

18.1. This Contract may be terminated in the manner on the following grounds:

- 1) by agreement of the Parties;
- 2) in connection with the expiration of the Contract;
- 3) at the initiative of the Employer;
- 4) in connection with the transfer of the Employee to another employer;
- 5) at the initiative of the Employee;
- 6) when circumstances arise that are not dependent on the will of the Parties;
- 7) in case of refusal of the Employee to continue the employment relations;
- 8) in case of violation of the conditions for concluding the Contract.

18.2. The Company may terminate the employment relations stipulated in this Employment Contract with an immediate effect in the following cases:

- 1) for the reason that the Employee has violated the internal documents of the Company; or
- 2) for the reason that the Employee has committed a violation that was confirmed following the results of an Internal Investigation and/or an Internal Examination; or
- 3) if the Employee has violated any of the conditions and provisions of this Contract. At his own discretion, the Employer has the right to provide the Employee a period of time (determined by the Employer) during which the Employee is allowed to eliminate the said violation; or
- 4) the Employee is on a probation period referred to in paragraph 6."

The provisions of Article 61 of the AIFC Employment regulations apply to this Contract.

18.3. Upon dismissal from work under this Contract, the Employee shall:

- 1) cooperate in the revocation of his employment visa for work in the Republic of Kazakhstan;
- 2) transfer to the Company all documents produced, compiled or acquired by [him/her] that are in [his/her] possession, storage, maintaining or control as a direct result of [his/her] employment, including (but not limited to)

business cards, credit and payment cards, security and computer permits, or other data storage media related to the business or affairs of the Company;

18.4. Termination of the Contract shall be executed by the act of the Employer, which indicates the basis for termination of the Contract. A copy of the Employer's act of termination of the Contract is handed to the Employee or sent to him by letter with a notice within three days.

18.5. The date of termination of the Contract shall be the last day of work, with the exception of cases of violation of the AIFC Rules and internal regulations of the Company. On the day of termination of the Contract, the Company shall be obliged to issue a document confirming the Employee's employment.

19. NOTIFICATIONS

19.1. Any notification submitted under this Contract shall be in writing. Notifications may be sent by any Party by personal delivery, by mail or by fax, addressed to the other Party (in the case of the Company), to its registered office at the present time and in the case of the last known addressee of [his / her] Employee. Any such notification sent by letter or facsimile shall be deemed delivered in proper time when the notification was delivered in person or transferred, and if sent by mail - transmitted to the postal company.

20. FULL AGREEMENT

20.1. This Contract shall supersede all previous agreements and arrangements (if any) between the Company and the Employee regarding [his/her] work in the Company, which are terminated by mutual agreement, and the Employee shall agree that [he/she] has no claims at all against the Company regarding such termination.

21. AMENDMENTS

21.1. No changes and amendments to this Contract shall enter into force unless such changes and amendments are made in writing and signed by or on behalf of both Parties. The exception is changes that are aimed at improving the conditions for the Employee - in this case, the Company shall send a notification to the Employer of such changes, the signing of an additional agreement is not required.

22. LAWS

22.1. If it is determined that in the course of any court proceedings any part of this Contract is void or legally invalid, it will be considered separated from the rest of this Contract for the purposes of only a specific proceedings. This Contract will be valid in all other respects.

22.2. If any provision or part of any provision of this Contract for any reason is or becomes void or legally invalid, this will not affect the validity of this provision or any remaining provisions of this Contract in this or any other jurisdiction, and this provision can be separable. And if any provision is deemed valid and effective, if part of the wording has been deleted, it should be applied with such changes as are necessary in order to make it valid and effective.

23. APPLICABLE LAW

23.1. This Contract shall be governed and construed in accordance with the laws, regulations and rules applicable in the Astana International Financial Centre. The Parties hereto submit to the exclusive jurisdiction of the court of the Astana International Financial Centre.

COMPANY:
PUBLIC COMPANY FREEDOM FINANCE GLOBAL PLC

EMPLOYEE: ZHUMAGULOV AIDOS BOLATOVICH

Legal address: Republic of Kazakhstan, Astana, Esil district, Dostyk Street, building 16, vnp. 2 (Talan Towers Offices) BIN 200240900095
Bank details: NO. [*] JSC "Freedom Finance Bank Kazakhstan" JSC**
BIK: KSNVKZKA Kbe 17

/Zhumagulov/

Last name in full:

/Aidos/

Name in full:

/Bolatovich/

Middle name in full:

Director
HR Department
ACTING HR DIRECTOR

/s/ TURMAGAMBETOVA M.A.
TURMAGAMBETOVA M.A.
(signature, seal)

/s/ Zhumagulov A. B.
ZHUMAGULOV A. B.
(signature)

1. The Company shall establish the following salary for the Employee:

The Employee's monthly official salary is **7 000 000 (Seven million) tenge** (excluding contributions to compulsory social health insurance, mandatory pension contributions to the Accumulated Pension Fund, individual income tax and other obligatory payments to the budget at the rates and in the manner determined by the legislation of the Republic of Kazakhstan).

COMPANY:
PUBLIC COMPANY FREEDOM FINANCE GLOBAL PLC

EMPLOYEE:

/ACTING DIRECTOR OF HR DEPARTMENT/ TURMAGAMBETOVA M.A./ /ZHUMAGULOV A.B./

/s/ Turmagambetova M.A.
Turmagambetova M.A.
(signature, seal)

/s/ Zhumagulov A. B.
Zhumagulov A. B.
(signature)

OBLIGATION OF CONFIDENTIALITY

I, **Zhumagulov Aidos Bolatovich**, undertake to:

1. During the period of employment, not disclose confidential information determined by the internal documents of Freedom Finance Global PLC, which will be entrusted or become known to me in the course of performing my job duties, as well as within three years from the date of expiration (termination) of the labor contract with Freedom Finance Global PLC.
2. Without the consent of Freedom Finance Global PLC, not provide to third parties and not make publicly known the information classified as confidential, except for the cases when the provision of this information is part of the employee's job duties, is provided for by an agreement between this person and Freedom Finance Global PLC, or is permitted according to the procedure determined by the internal regulatory documents of the Company.
3. In case of an attempt by unauthorized persons to obtain confidential information, immediately inform the management of Freedom Finance Global PLC and the Security Unit ("SU").
4. Keep trade secrets of persons and organizations, with which Freedom Finance Global PLC has business relations.
5. Not disclose personal data of the clients of Freedom Finance Global PLC in an illegal way.
6. Not use the knowledge of confidential information to carry out any activities that may cause damage to Freedom Finance Global PLC and/or its customers or counterparties as a competitive activity.
7. Not provide anyone with confidential information of Freedom Finance Global PLC in oral or written form.
8. Immediately inform the management of Freedom Finance Global PLC and the SU of the loss or shortage of media containing confidential information, certificates, passes, keys to the rooms, storages, safe boxes (metal cabinet), seals, stamps, as well as other events that may lead to the disclosure of confidential information, and of the causes and conditions of possible leakage of such information.
9. Comply with the requirements of internal regulatory and administrative documents of Freedom Finance Global PLC concerning ensuring the safety of confidential information that are related to me.
10. In case of termination of the employment relationship, ensure that all media containing confidential information that were at my disposal in connection with the performance of my official duties are transferred to the authorized employees of Freedom Finance Global PLC.
11. Not disclose confidential information or use it for own benefit or the benefit of third parties in case of termination of labor relations.
12. Not disclose or use for own benefit or the benefit of third parties confidential information obtained by me in the course of my work for Freedom Finance Global PLC within 3 (three) years from the date of dismissal.

I acknowledge that personal computers (stationary and laptops), tablet devices, mobile phones, other technical devices allowing to access the Internet, as well as personal corporate email addresses created by the employer for employees, provided to me for the performance of job duties, shall be used only for receiving and transmitting work-related information. I further agree that the use of the above means for personal purposes is not allowed.

I acknowledge and I am aware that the employer has the right to access information about the web pages I have viewed on the Internet, as well as the content of messages (emails) sent and received via e-mail with the use of corporate resources of Freedom Finance Global PLC. This right can be exercised in order to control the reasonableness of using the Internet, compliance of these actions with the business needs; compliance by the employee with the ethical standards adopted in Freedom Finance Global PLC when communicating with counterparties, the absence of confidential information in the messages sent, etc.

I am aware that violation of these provisions may entail disciplinary, criminal, administrative, civil or other liability provided for by the applicable laws of the republic of Kazakhstan in the form of a disciplinary penalty, an obligation to reimburse Freedom Finance Global PLC for damage incurred (losses, lost profit and moral damage), and other remedial actions provided for by the laws of the Republic of Kazakhstan.

COMPANY:
PUBLIC COMPANY FREEDOM FINANCE GLOBAL PLC

Instructed EMPLOYEE:

/ACTING DIRECTOR OF HR DEPARTMENT/ TURMAGAMBETOVA M.A./ /ZHUMAGULOV A.B./

/s/ Turmagambetova M.A.
Turmagambetova M.A.
(signature, seal)

/s/ Zhumagulov A. B.
Zhumagulov A. B.
(signature)

PERSONAL TRANSACTIONS TERMS

1. These Personal Transactions Terms (hereinafter referred to as the Terms) set out the terms and conditions for the Personal Transactions (as defined below) and constitute a written notice to the Employer, for the purposes of Clause 7.5.1(a)(i) of the AIFC Conduct of Business Rules.
2. A personal transaction is an investment transaction concluded on behalf of an individual, if at least one of the following criteria is met:
 - (a) an individual acts outside the scope of the activities that it carried out in that capacity;
 - (b) The transaction is concluded on the account of any of the following persons:
 - (i) an individual;
 - (ii) a spouse or civil partner of that individual, or any partner of that individual considered by the national law to be equivalent to the spouse;
 - (iii) a dependent child, a stepson or stepdaughter of this individual;
 - (iv) any other relative of that individual who has lived in the same dwelling with that individual for at least one year as of the date of the relevant personal transaction;
 - (v) any person with whom the individual has close ties;
 - (vi) a person whose relationship with that individual is such that the individual has a direct or indirect material interest in outcome of the transaction other than a fee or commission for the transaction.
3. The Employer, hereby, gives its consent to the Employee to make Personal Transactions in compliance with these Terms, and only if the Personal Transaction does not lead to the Company's violation of its obligations to customers.
4. In relation to making Personal Transactions, the Employee, hereby, undertakes to:
 - (a) be prudent and avoid personal investments that may jeopardize the Employer's reputation and/or create a conflict of interest;
 - (b) comply with the provisions of the Rules for making personal transactions/ transactions by the Employer's employees, other internal regulatory documents of the Employer, as well as the restrictions established by the Employer, including with regard to managing conflicts of interest, making transactions with financial instruments in violation of the requirements of the applicable law (including those recognized as market manipulation or transactions made with illegal use of insider information, material non-public information, as well as other information protected by the applicable law); and
 - (c) provide information on brokerage accounts used for personal transactions, at the request of the Employer, and in cases established by the internal regulatory documents of the Employer.
5. These Terms are an integral part of the Employment Contract between the Employee and the Employer.

COMPANY:
PUBLIC COMPANY FREEDOM FINANCE GLOBAL PLC

EMPLOYEE:
ZHUMAGULOV AIDOS BOLATOVICH

/ACTING DIRECTOR OF HR DEPARTMENT/ TURMAGAMBETOVA M.A./

/s/ Turmagambetova M.A.
Turmagambetova M.A.
(signature, seal)

/s/ Zhumagulov A. B.
Zhumagulov A. B.
(signature)

**Annex No. 4
to Employment Contract № 24-388
dated 02 December 2024**

**Addendum to the Corporate Ethics Code
Approved by the Board of Directors of
“Freedom Finance Global PLC”
Minutes of Meeting dated
July 27th, 2021**

OBLIGATION

to accept and to observe the Corporate Ethics Code of “Freedom Finance Global PLC”

I, **Zhumagulov Aidos Bolatovich, Advisor to the Department of Development and International Cooperation**, having been familiarized with the Corporate Ethics Code of “Freedom Finance Global PLC” (hereinafter referred to as the Code), with the policy, the principles and the values of “Freedom Finance Global PLC” that relate to the corporate ethics and conduct, I expressly agree to the norms established by the Code and I undertake to observe and to conform with the Code in my job performance.

I take personal responsibility for violation of the Code and I undertake to observe the Code in every possible aspect.

**COMPANY:
PUBLIC COMPANY FREEDOM FINANCE GLOBAL PLC**

Name of employee: Zhumagulov Aidos Bolatovich

/ACTING DIRECTOR OF HR DEPARTMENT/ TURMAGAMBETOVA M.A./

/s/ Turmagambetova M.A.
Turmagambetova M.A.
(signature, seal)

/s/ Zhumagulov A. B.
Zhumagulov A. B.
(signature)

This exhibit is an English translation of a foreign language document. The Company hereby agrees to furnish to the SEC, upon request, a copy of the foreign language document.

Freedom Finance Joint Stock Company

November 29, 2024 City of Almaty

ORDER No. 11/29-12-L/S

On termination of the employment agreement with Zhumagulov A.B.

RESOLVED:

1. To terminate on November 29, 2024 the employment agreement with Aidos Bolatovich Zhumagulov, Advisor of the Department of Development and International Cooperation, in accordance with paragraph 5) of Article 49 of the Labor Code of the Republic of Kazakhstan, on the initiative of the employee.
2. The Department of Accounting shall pay compensation for unused paid labor leave in the amount of 155 (one hundred fifty-five) calendar days for the period from April 15, 2019 to November 29, 2024.
3. I reserve control over the execution of this order.

Ground: application of Aidos Bolatovich Zhumagulov.

Acting Director of HR Department of
Freedom Finance Joint Stock Company
Turmagambetova M.A. /signed/
Turmagambetova M.A.

(seal)

I am familiarized with the order:

November 29, 2024 /signed/ Zhumagulov A. B.

The order was prepared by:
Specialist of HR Accounting of the HR Department
Oksykbaeva N.S.

PRIME EXECUTIONS, INC.
40 WALL ST, 58th FLOOR, NEW YORK, NY 10005
TEL: (212) 980-4400 FAX: (646) 390-3100

January 2, 2024

MEMORANDUM FOR RECORD

RE: Increase/Compensation Wotczak - 2024

The purpose of this memo is to document that the following employees of Prime Executions, Inc. have been granted salary increases effective 1 January 2024:

- Robert Wotczak - \$650,000/yr. (was \$400,000/yr.)

Sincerely,
/signed/ Duane T. Penfold
Duane T. Penfold
Chief Operating Officer

Cc: Robert Wotczak

Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item 601(a)(6) of Regulation S-K

**Addendum No. 2
to the Agreement with
Member of the Board of Directors of Freedom Finance Global PLC
dated as of July 01, 2020**

Almaty

May 10, 2024

Freedom Finance Global PLC, a private company duly registered in the Registry of Companies of the Astana Financial Services Authority and licensed under the commercial number AFSA-A-LA-2020-0019 and Business Identification Number 200240900095 (hereinafter referred to as the Company) having its registered office at: 010017, the Republic of Kazakhstan, Nur-Sultan city, Mangilik Ave., building 55/20, office 141 represented by Chairman of the Board, Mr. Sergey Lukyanov, acting on the basis of Charter of the Company and the Resolution of Shareholder Freedom Holding Corp. as of July 24, 2020, on the one hand, and Mr. Askar Tashtitov, citizen of the Republic of Kazakhstan, holder of identity card No. 043661455, issued by the Ministry of Internal Affairs on November 06, 2018 (hereinafter referred to as the Director, member of the Board of Directors), acting on the basis of the resolution of the Shareholder of the Company dated May 10, 2024, on the other hand, hereinafter referred to as the Parties, having regard to reconsideration of remuneration of the member of the Board of Directors have entered into this Addendum No.2 to the Agreement with Member of the Board of Directors of Freedom Finance Global PLC dated as of July 24, 2020 (hereinafter referred to as the Agreement) as follows:

- 1.1. Change the amount of remuneration to the member of the Board of Directors in accordance with Annex to this Addendum.
- 1.2. All other matters not covered by this Addendum shall be governed by provisions of the Agreement.
- 1.3. This Addendum shall form an integral part of the Agreement and executed in two counterparts of equal legal force, one copy in Russian and English for each of the Parties.
- 1.4. This Addendum shall come into force from May 2, 2024.

Addresses, Banking Details and Signatures of the Parties

Republic of Kazakhstan, [***]

Mob.: [***]

identity card No. [***]

issued by [***] as of [***]

IIN [***]

Director, member of the Board of Directors:

Mr. A. Tashtitov

/s/ A. Tashtitov

(Signature)

Company:

Freedom Finance Global PLC

Registered address:

010017, Republic of Kazakhstan,
Nur-Sultan, Mangilik El Avenue 55/20, office 141
BIN 200240900095
Bank details:
Acc. No. [***]
JSC BANK FREEDOM FINANCE KAZAKHSTAN
BIC: KSNVKZKA
Beneficiary Code: 15

Mr. S.N. Lukyanov
Chairman of the Board of Directors

/s/ S.N. Lukyanov
(Signature / Seal)

**Annex
to Addendum to the Agreement with
Director, member of the Board of Directors
of the Freedom Finance Global PLC
dated July 01, 2020**

1. The Company sets from May 2, 2024 the following remuneration for the Director, member of the Board of Directors:

The monthly remuneration is 35,669,420 (Thirty-five million six hundred sixty-nine thousand four hundred and twenty) tenge (excluding contributions to compulsory social health insurance, compulsory pension contributions to the accumulative pension fund and other compulsory payments to the budget in the manner determined by the Laws of the Republic of Kazakhstan and the AIFC).

Director, member of the Board of Directors:

Mr. A. Tashtitov

/s/ A. Tashtitov

(Signature)

Company:

Freedom Finance Global PLC

Mr. S.N. Lukyanov

Chairman of the Board of Directors

/s/ S.N. Lukyanov

(Signature / Seal)

Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item 601(a)(6) of Regulation S-K

**Addendum
to the Agreement with
Member of the Board of Directors of Freedom Finance Global PLC
dated as of July 01, 2020**

Almaty

May 10, 2024

Freedom Finance Global PLC, a private company duly registered in the Registry of Companies of the Astana Financial Services Authority and licensed under the commercial number AFSA-A-LA-2020-0019 and Business Identification Number 200240900095 (hereinafter referred to as the Company) having its registered office at: 010017, the Republic of Kazakhstan, Nur-Sultan city, Mangilik Ave., building 55/20, office 141 represented by Chairman of the Board, Mr. Sergey Lukyanov, acting on the basis of Charter of the Company and the Resolution of Shareholder Freedom Holding Corp. as of July 24, 2020, on the one hand, and Mr. Yevgeniy Ler, citizen of the Republic of Kazakhstan, holder of identity card No. 042947389, issued by the Ministry of Internal Affairs on April 27, 2018 (hereinafter referred to as the Director, member of the Board of Directors), acting on the basis of the resolution of the Shareholder of the Company dated May 10, 2024, on the other hand, hereinafter referred to as the Parties, having regard to reconsideration of remuneration of the member of the Board of Directors have entered into this Addendum to the Agreement with Member of the Board of Directors of Freedom Finance Global PLC dated as of July 24, 2020 (hereinafter referred to as the Agreement) as follows:

- 1.1. Change the amount of remuneration to the member of the Board of Directors in accordance with Annex to this Addendum.
- 1.2. All other matters not covered by this Addendum shall be governed by provisions of the Agreement.
- 1.3. This Addendum shall form an integral part of the Agreement and executed in two counterparts of equal legal force, one copy in Russian and English for each of the Parties.
- 1.4. This Addendum shall come into force from May 2, 2024.

Addresses, Banking Details and Signatures of the Parties

Company:

Freedom Finance Global PLC

Registered address:

010017, Republic of Kazakhstan,

Nur-Sultan, Mangilik El Avenue 55/20, office 141

BIN 200240900095

Bank details:

Acc. No. [***]

JSC BANK FREEDOM FINANCE KAZAKHSTAN

BIC: KSNVKZKA

Beneficiary Code: 15

/s/ S.N. Lukyanov**Mr. S.N. Lukyanov****Chairman of the Board of Directors**

Director, member of the Board of Directors:
Mr. Ye. Ler

Republic of Kazakhstan, [***]
Mob.: [***]
Identity Card No. [***]
issued by [***] as of [***]. IIN [***]

/s/ Ye. Ler
Mr. Ye. Ler

**Annex
to Addendum to the Agreement with
Director, member of the Board of Directors
of the Freedom Finance Global PLC
dated July 01, 2020**

1. The Company sets from May 2, 2024 the following remuneration for the Director, member of the Board of Directors:

The monthly remuneration is 35,479,297 (Thirty-five million four hundred seventy-nine thousand two hundred ninety-seven) tenge (excluding contributions to compulsory social health insurance, compulsory pension contributions to the accumulative pension fund and other compulsory payments to the budget in the manner determined by the Laws of the Republic of Kazakhstan and the AIFC).

Company:

Freedom Finance Global PLC

Registered address:

010017, Republic of Kazakhstan,

Nur-Sultan, Mangilik El Avenue 55/20, office 141

BIN 200240900095

Bank details:

Acc. No. [***]

JSC BANK FREEDOM FINANCE KAZAKHSTAN

BIC: KSNVKZKA

Beneficiary Code: 15

/s/ S.N. Lukyanov

Mr. S.N. Lukyanov

Chairman of the Board of Directors

Director, member of the Board of Directors:

Mr. Ye. Ler

Republic of Kazakhstan, [***]

Mob.: [***]

Identity Card No. [***]

issued by [***] as of [***]. IIN [***]

/s/ Ye. Ler

Mr. Ye. Ler

Certain portions of this exhibit (indicated by "[**]") have been omitted pursuant to Item 601(a)(6) of Regulation S-K

This exhibit is an English translation of a foreign language document. The Company hereby agrees to furnish to the SEC, upon request, a copy of the foreign language document.

**Supplementary Agreement
to Employment Agreement No. 20-13 dated February 03, 2020**

City of Almaty

November 18, 2024

Parties:

EMPLOYER: Freedom Finance Joint Stock Company (certificate of state re-registration of legal entity dated 09.09.2013), located at the address: 77/7, Al-Farabi Ave., n.p. 3a, Almaty, represented by Mr. Timur Ruslanovich Turlov, Chairman of the Board of Directors, acting on the basis of the Charter and

EMPLOYEE: Sergey Nikolaevich Lukyanov, residence permit of a foreigner in the REPUBLIC OF KAZAKHSTAN No. [**] issued by the Ministry of Internal Affairs of the REPUBLIC OF KAZAKHSTAN on [**], IIN [**], residing at the address: [**], hereinafter jointly referred to as the Parties, have concluded this Supplementary Agreement (hereinafter referred to as the Agreement) to the Employment Agreement (hereinafter referred to as the Contract) dated February 03, 2020, No. 20-13, on the following:

1. Clause 1. of Appendix No. 01 to the Contract shall be read as follows:

"1. The Employer establishes the following amount and procedure of remuneration of the Employee's labor:

The monthly salary of the Employee shall be: **20,770,000 (Twenty million seven hundred and seventy thousand) Tenge** (excluding contributions to compulsory social health insurance, compulsory pension contributions to the accumulative pension fund and individual income tax, and other compulsory payments to the budget at the rates in the manner determined by the Laws of the Republic of Kazakhstan)."

2. Other terms and conditions of the Contract shall remain unchanged.

3. This Agreement shall come into force upon the signing by the parties.

4. This Agreement is drawn up in two copies, one for each of the Parties.

5. DETAILS AND SIGNATURES OF THE PARTIES

Employer:

Freedom Finance Joint Stock Company

050040, Republic of Kazakhstan
r. Almaty, Bostandyk district,
Al-Farabi Ave. Al-Farabi, 77/7, n.p. 3a
RNN 600500559925
BIN 061140003010
IIC [**]
in JSC "Freedom Bank Kazakhstan"
BIK KSNVKZKA

Chairman of the Board of Directors

/s/ Turlov T.R.

Turlov T.R.

(seal)

Employee:

Lukyanov Sergey Nikolaevich

RESIDENCE PERMIT OF A FOREIGNER IN THE REPUBLIC OF
KAZAKHSTAN NO. [**],
issued on [**] by [**]
IIN [**]
Almaty, [**]

/s/ Lukyanov S.N.

Lukyanov S.N.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Timur Turlov, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Freedom Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2025

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Evgeniy Ler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Freedom Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2025

/s/ Evgeniy Ler

/s/ Evgeniy Ler
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Freedom Holding Corp. (the "Company") on Form 10-Q for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Timur Turlov, Chief Executive Officer of the Company and Evgeniy Ler, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 7, 2025

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: February 7, 2025

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer