

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 September 30, 2022

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)

30-0233726

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

**“Esentai Tower” BC, Floor 7
77/7 Al Farabi Ave
Almaty, Kazakhstan**

(Address of principal executive offices)

50040

(Zip Code)

+7 727 311 10 64

(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 November 13, 2022, the registrant had 59,542,212 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)

	September 30, 2022	March 31, 2022*
		(Recasted)
ASSETS		
Cash and cash equivalents	\$ 790,390	\$ 225,464
Restricted cash	440,030	547,950
Trading securities	1,359,544	1,158,377
Available-for-sale securities, at fair value	168,175	161,364
Brokerage and other receivables, net	408,169	147,659
Loans issued	357,357	92,446
Fixed assets, net	36,857	17,823
Intangible assets, net	7,687	5,163
Goodwill	9,512	5,898
Right-of-use asset	13,602	7,431
Deferred income tax assets	2,673	908
Insurance contract assets	12,712	5,712
Other assets	62,042	26,136
Assets held for sale	1,115,615	825,419
TOTAL ASSETS	\$ 4,784,365	\$ 3,227,750
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	\$ 981,190	\$ 840,224
Customer liabilities	1,567,458	765,628
Trade payables	69,088	45,083
Liabilities from insurance activity	150,077	119,490
Current income tax liability	19,046	14,556
Securities sold, not yet purchased – at fair value	7,376	13,865
Loans received	5,425	3,538
Debt securities issued	51,798	34,390
Lease liability	13,348	7,504
Deferred distribution payments	8,534	8,534
Other liabilities	170,078	15,852
Payable for acquisition	29,736	—
Liabilities held for sale	1,089,880	812,478
TOTAL LIABILITIES	\$ 4,163,034	\$ 2,681,142
Commitments and Contingent Liabilities (Note 26)	—	—
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; 59,542,212 shares issued and outstanding as of September 30, 2022, and March 31, 2022, respectively	59	59
Additional paid in capital	155,635	174,745
Retained earnings	529,251	441,924
Accumulated other comprehensive loss	(55,575)	(63,125)
TOTAL FRHC SHAREHOLDERS' EQUITY	\$ 629,370	\$ 553,603
Non-controlling interest	(8,039)	(6,995)
TOTAL SHAREHOLDERS' EQUITY	\$ 621,331	\$ 546,608
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,784,365	\$ 3,227,750

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

* Please see Note 3

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 September 30,		Six Months Ended September 30,	
	2022	2021*	2022	2021*
		(Recasted)		(Recasted)
Revenue:				
Fee and commission income	\$ 93,123	\$ 95,215	\$ 187,483	\$ 174,431
Net gain on trading securities	9,005	181,603	13,439	190,285
Net realized gain/(loss) on investments available for sale	716	(622)	123	(653)
Interest income	49,033	24,429	92,682	45,566
Insurance underwriting income	26,200	16,022	50,440	30,098
Net gain on foreign exchange operations	4,555	1,508	9,148	2,716
Net loss on derivative	(2,320)	(656)	(1,054)	(715)
TOTAL REVENUE, NET	180,312	317,499	352,261	441,728
Expense:				
Fee and commission expense	18,439	22,651	41,754	43,844
Interest expense	40,863	16,716	80,934	30,962
Insurance claims incurred, net of reinsurance	17,475	13,513	34,167	24,809
Operating expense	37,760	21,770	75,759	41,191
Provision for impairment losses	3,726	978	6,154	1,245
Other expense/(income), net	192	786	(368)	795
TOTAL EXPENSE	118,455	76,414	238,400	142,846
INCOME BEFORE INCOME TAX	61,857	241,085	113,861	298,882
Income tax expense	(12,619)	(32,094)	(21,498)	(37,220)
INCOME FROM CONTINUING OPERATIONS	49,238	208,991	92,363	261,662
Income/(loss) before income tax (expense)/benefit of discontinued operations (including loss on disposal of \$41,464, see Note 25)	(18,302)	(2,779)	800	458
Income tax (expense)/benefit of discontinued operations	(3,724)	529	(6,880)	(9)
Income/(loss) from discontinued operations	(22,026)	(2,250)	(6,080)	449
NET INCOME	27,212	206,741	86,283	262,111
Less: Net income/(loss) attributable to non-controlling interest in subsidiary	950	(20)	(1,044)	(72)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 26,262	\$ 206,761	\$ 87,327	\$ 262,183
OTHER COMPREHENSIVE INCOME				
Change in unrealized gain on investments available-for-sale, net of tax effect	1,477	(1,601)	2,343	(726)
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	(716)	622	(123)	653
Foreign currency translation adjustments, net of tax effect	(16,663)	1,181	5,316	4,203

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)

OTHER COMPREHENSIVE (LOSS)/ INCOME	(15,902)	202	7,536	4,130
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	\$ 11,310	\$ 206,943	\$ 93,819	\$ 266,241
Less: Comprehensive income/(loss) attributable to non-controlling interest in subsidiary	950	(20)	(1,043)	(72)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 10,360	\$ 206,963	\$ 94,862	\$ 266,313
<i>EARNINGS PER COMMON SHARE (In U.S. dollars):</i>				
Earnings from continuing operations per common share - basic	0.82	3.51	1.59	4.42
Earnings from continuing operations per common share - diluted	0.81	3.51	1.57	4.42
(Loss)/earnings from discontinued operations per common share - basic	(0.38)	(0.04)	(0.10)	0.01
(Loss)/earnings from discontinued operations per common share - diluted	(0.37)	(0.04)	(0.10)	0.01
Earnings per common share - basic	0.45	3.47	1.49	4.43
Earnings per common share - diluted	0.44	3.47	1.46	4.43
Weighted average number of shares (basic)	58,665,415	59,510,976	58,624,513	59,220,800
Weighted average number of shares (diluted)	59,518,473	59,510,976	59,678,513	59,220,800

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 Six Months Ended September 30,	
	2022	2021* (Restated)
Cash Flows From Operating Activities		
Net income	\$ 86,283	\$ 262,111
Net (loss)/income from discontinued operations	\$ (6,080)	\$ 449
Net income from continued operations	\$ 92,363	\$ 261,662
Adjustments to reconcile net income used in operating activities:		
Depreciation and amortization	1,817	1,915
Noncash lease expense	2,047	1,568
Change in deferred taxes	(1,763)	2,431
Stock compensation expense	3,581	3,365
Unrealized loss/(gain) on trading securities	8,232	(41,966)
Net change in accrued interest	(20,855)	(21,137)
Change in insurance reserves	30,627	25,138
Allowances for receivables	6,154	1,245
Changes in operating assets and liabilities:		
Trading securities	(223,540)	(181,734)
Brokerage and other receivables	(263,107)	(189,970)
Insurance contract assets	706	443
Other assets	(33,322)	(4,316)
Securities sold, not yet purchased – at fair value	(6,489)	6,719
Customer liabilities	329,496	110,815
Current income tax liability	4,537	19,684
Trade payables	20,490	26,575
Lease liabilities	(2,453)	(1,654)
Liabilities from insurance activity	(8,032)	(5,355)
Other liabilities	154,111	(186)
Net cash flows from operating activities from continuing operations	94,600	15,242
Net cash flows from operating activities from discontinued operations	29,583	5,605
Net cash flows from operating activities	124,183	20,847
Cash Flows Used In Investing Activities		
Purchase of fixed assets	(17,295)	(2,776)
Proceeds from sale of fixed assets	36	167
Loans purchased from microfinance organization	(74,796)	(19,677)
Loans sold to microfinance organization	19,545	2,860
Loans issued	(228,570)	(5,726)
Purchase of available-for-sale securities, at fair value	(167,450)	(147,479)
Proceeds from sale of available-for-sale securities, at fair value	157,420	106,850
Consideration paid for acquisition of London Almaty	(16,343)	—
Prepayment on acquisition	4,954	—
Cash, cash equivalents and restricted cash received from acquisitions	11,385	—
Net cash flows used in investing activities from continuing operations	(311,114)	(65,781)

FREEDOM HOLDING CORP.

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

Net cash flows used in investing activities from discontinued operations	(12,073)	(471)
Net cash flows used in investing activities	(323,187)	(66,252)
Cash Flows From Financing Activities		
Proceeds from securities repurchase agreement obligations	168,565	172,234
Proceeds from issuance of debt securities	17,240	—
Repurchase of debt securities	—	(10,134)
Net change in bank customer deposits	513,546	17,497
Capital contributions	677	1,966
Exercise of options	—	119
Proceeds from loans received	1,863	69
Net cash flows from financing activities from continuing operations	701,891	181,751
Net cash flows from/(used in) financing activities from discontinued operations	44,203	(28,884)
Net cash flows from financing activities	746,094	152,867
Effect of changes in foreign exchange rates on cash and cash equivalents from continued operations	(28,371)	250
Effect of changes in foreign exchange rates on cash and cash equivalents from discontinued operations	212,557	23,276
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	731,276	130,988
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM CONTINUED OPERATIONS	773,414	659,498
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM DISCONTINUED OPERATIONS	456,886	558,890
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	1,230,300	1,218,388
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM CONTINUED OPERATIONS	\$ 1,230,420	\$ 744,465
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM DISCONTINUED OPERATIONS	\$ 731,156	\$ 604,911
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 1,961,576	\$ 1,349,376

	For The Six Months Ended September 30,	
	2022	September 30, 2021*
		(Restated)
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 39,032	\$ 15,275
Income tax paid	\$ 18,803	\$ 20,107
Supplemental non-cash disclosures:		
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	\$ 5,706	\$ 2,424

* Please see Note 4

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, 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:

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
		(Restated)
Cash and cash equivalents	\$ 790,390	\$ 184,523
Restricted cash	440,030	559,942
Total cash, cash equivalents and restricted cash shown as in the statement of cash flows	\$ 1,230,420	\$ 744,465

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)/income	Non-controlling interest	Total
	Shares	Amount					
Balance As At June 30, 2022	59,542,212	\$ 59	\$ 152,532	\$ 502,989	\$ (39,673)	\$ (8,989)	\$ 606,918
Stock based compensation	—	—	3,103	—	—	—	3,103
Sale of Freedom Finance Ukraine LLC shares	—	—	—	—	—	—	—
Contribution of shareholder	—	—	—	—	—	—	—
Acquisition of insurance companies	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	761	—	761
Translation difference	—	—	—	—	(16,663)	—	(16,663)
Net income	—	—	—	26,262	—	950	27,212
Balance As At September 30, 2022	59,542,212	\$ 59	\$ 155,635	\$ 529,251	\$ (55,575)	\$ (8,039)	\$ 621,331
Balance As At March 31, 2022	59,542,212	\$ 59	\$ 174,745	\$ 441,924	\$ (63,125)	\$ (6,995)	\$ 546,608
Stock based compensation	—	—	6,801	—	—	—	6,801
Sale of Freedom Finance Ukraine LLC shares	—	—	—	—	—	—	—
Contribution of shareholder	—	—	677	—	—	—	677
Acquisition of insurance companies	—	—	(26,588)	—	—	—	(26,588)
Other comprehensive income	—	—	—	—	2,234	—	2,234
Translation difference	—	—	—	—	5,316	—	5,316
Net income/(loss)	—	—	—	87,327	—	(1,044)	86,283
Balance As At September 30, 2022	59,542,212	\$ 59	\$ 155,635	\$ 529,251	\$ (55,575)	\$ (8,039)	\$ 621,331

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)/income	Non-controlling interest	Total
	Shares	Amount					
Balance As At June 30, 2021 (Recasted)	59,474,712	\$ 58	\$ 138,687	\$ 269,849	\$ (36,506)	\$ (1,693)	\$ 370,395
Stock based compensation	—	1	4,561	—	—	—	4,562
Sale of Freedom Finance Ukraine LLC shares	—	—	(796)	—	—	1,212	416
Contribution of shareholder	—	—	700	—	—	—	700
Exercise of options	60,000	—	119	—	—	—	119
Other comprehensive loss	—	—	—	—	(979)	—	(979)
Translation difference	—	—	—	—	1,181	—	1,181
Net income/(loss)	—	—	—	206,761	—	(20)	206,741
Balance As At September 30, 2021	59,534,712	\$ 59	\$ 143,271	\$ 476,610	\$ (36,304)	\$ (501)	\$ 583,135
Balance As At March 2021 (Recasted)	58,443,212	\$ 58	\$ 135,260	\$ 214,427	\$ (40,433)	\$ (1,641)	\$ 307,671
Stock based compensation	1,031,500	1	6,722	—	—	—	6,723
Sale of Freedom Finance Ukraine LLC shares	—	—	(796)	—	—	1,212	416
Contribution of shareholder	—	—	1,966	—	—	—	1,966
Exercise of options	60,000	—	119	—	—	—	119
Other comprehensive loss	—	—	—	—	(74)	—	(74)
Translation difference	—	—	—	—	4,203	—	4,203
Net income/(loss)	—	—	—	262,183	—	(72)	262,111
Balance As At September 30, 2021	59,534,712	\$ 59	\$ 143,271	\$ 476,610	\$ (36,304)	\$ (501)	\$ 583,135

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

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") is a corporation organized in the United States under the laws of the State of Nevada that through its operating subsidiaries provides financial services including retail securities brokerage, research, investment counseling, securities trading, market making, retail banking, corporate investment banking and underwriting services, commercial banking and insurance products. The Company is headquartered in Almaty, Kazakhstan, with supporting administrative office locations in Cyprus, the United States and Russia (with the Russian business classified as discontinued operations pending sale). The Company has retail locations in Kazakhstan, Russia (with the Russian business classified as discontinued operations pending sale), Ukraine, Uzbekistan, Kyrgyzstan, Azerbaijan, Armenia, Cyprus, the UK, Greece, Spain, France, Germany, United Arab Emirates and Turkey. The Company also owns a U.S. Securities and Exchange Commission ("SEC") registered broker dealer. The Company's common stock trades on the Nasdaq Capital Market.

As of September 30, 2022, the Company owned directly, or through subsidiaries, the following companies:

- Freedom Finance JSC, an Almaty, Kazakhstan-based securities broker-dealer ("Freedom KZ");
- Freedom Finance Global PLC, an Astana International Financial Centre-based securities broker-dealer ("Freedom Global");
- Bank Freedom Finance Kazakhstan JSC, an Almaty, Kazakhstan-based bank ("Freedom Bank KZ");
- Freedom Finance Life JSC, an Almaty, Kazakhstan-based life/health insurance company ("Freedom Life");
- Freedom Finance Insurance JSC, an Almaty, Kazakhstan-based general insurance company ("Freedom Insurance");
- Freedom Finance Special Purpose Company LTD, an Astana International Financial Centre-based special purpose company ("Freedom SPC");
- Freedom Finance Commercial LLP, a Kazakhstan-based sales consulting company ("Freedom Commercial");
- Freedom Finance Europe Limited, a Limassol, Cyprus-based broker-dealer ("Freedom EU");
- Freedom Finance Technologies Ltd, a Limassol, Cyprus-based IT development company ("Freedom Technologies");
- Freedom Finance Germany GmbH, a Berlin, Germany-based tied agent of Freedom EU ("Freedom GE");
- Freedom UK Prime Limited, a London, United Kingdom-based financial intermediary company ("Prime UK");
- Freedom Finance Uzbekistan LLC, a Tashkent, Uzbekistan-based broker-dealer ("Freedom UZ");
- Freedom Finance Azerbaijan LLC, an Azerbaijan-based financial educational center ("Freedom AZ");
- Freedom Finance Armenia LLC, an Armenia-based broker-dealer ("Freedom AR");
- Prime Executions, Inc., a New York City, New York-based NYSE institutional brokerage, that is also approved to engage in certain capital markets and investment banking activities ("PrimeEx");
- FFIN Securities, Inc., a currently-dormant Nevada corporation ("FFIN");
- Freedom Finance Ltd., a Dubai, United Arab Emirates-based financial intermediary company ("Freedom UAE");
- ITS Tech Limited, an Astana International Financial Centre-based, IT-support company ("ITS Tech");
- Ticketon Events LLP, an Almaty, Kazakhstan-based online ticket sales company ("Ticketon");
- Insurance Company London Almaty JSC, an Almaty, Kazakhstan-based general insurance company ("London Almaty");
- Waytrust Trading Ltd, a Cyprus-based asset management company ("Waytrust");
- Freedom Finance Turkey LLC, an Istanbul based financial consulting company ("Freedom TR");
- Investment Company Freedom Finance LLC, a Moscow, Russia-based securities broker-dealer ("Freedom RU");
- FFIN Bank LLC, a Moscow, Russia-based bank ("Freedom Bank RU"); and
- Freedom Finance Auto LLC, a Russia-based car loans company ("Freedom Auto").

The Company also owns a 9% interest in Freedom Finance Ukraine LLC, a Kiev, Ukraine-based broker-dealer ("Freedom UA"). The remaining 91% interest in Freedom UA is controlled by Askar Tashtitov, the Company's president. The Company has 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.

Because such agreements obligate the Company to guarantee the performance of all Freedom UA obligations and provide Freedom UA sufficient funding to cover all Freedom UA operating losses and net capital requirements, enable the

FREEDOM HOLDING CORP.

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

Company to receive 90% of the net profits of Freedom UA after tax, and require the Company to provide Freedom UA the management competence, operational support, and ongoing access to the Company's significant assets, necessary technology resources and expertise to conduct the business of Freedom UA, the Company determined that Freedom UA is a variable interest entity ("VIE"). Accordingly, the Company consolidated Freedom UA into the financial statements of the Company.

Prior to July 2021, the Company controlled approximately 32.9% of Freedom UA, but due to changes to Ukrainian regulations to restrict foreign ownership of registered Ukrainian broker-dealers, in July 2021, the Company was required to sell approximately 23.9% of its equity interest in Freedom UA to Mr. Tashtitov, reducing the Company's direct ownership interest in Freedom UA to approximately 9%.

The Company has entered into an agreement to sell its Russian subsidiaries, Freedom RU and Freedom Bank RU. For financial information regarding the Company's Russian subsidiaries see Note 25 - *Assets and Liabilities held for sale and Divestiture of our Russian Subsidiaries* in the *Overview* section of *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this quarterly report on Form 10-Q. In addition, the Company intends to sell its Freedom Finance Auto LLC subsidiary, which is not material in the context of its operations. The sale of Freedom Finance Auto LLC by the Company is a condition precedent in the agreement to sell Freedom RU and Freedom Bank RU.

Through its subsidiaries, the Company is a professional participant, with a license to provide one or more types of services, on a number of stock exchanges, including the Kazakhstan Stock Exchange (KASE), Astana International Stock Exchange (AIX), Moscow Exchange (MOEX), Saint-Petersburg Exchange (SPBX), Ukrainian Exchange (UX), Republican Stock Exchange of Tashkent (UZSE), Uzbek Republican Currency Exchange (UZCE) and is a member of the New York Stock Exchange (NYSE) and Nasdaq Stock Exchange (Nasdaq). The Company also own a 24.3% interest in the UX. Freedom EU provides the Company's clients with operations support and access to the investment opportunities, relative stability, and integrity of the U.S. and European securities markets.

Unless otherwise specifically or contextually indicated, the "Company" refers to FRHC, together with its consolidated subsidiaries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

The Company's accounting policies and accompanying condensed 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 condensed consolidated financial statements present the condensed consolidated accounts of FRHC and its consolidated subsidiaries. In the opinion of management, all normal, recurring adjustments necessary for fair presentation of the condensed consolidated financial statements have been included.

Consolidation of variable interest entities

In accordance with accounting standards regarding consolidation of variable interest entities ("VIEs"), VIEs are generally entities that lack sufficient equity to finance their activities without additional subordinated financial support from other parties or whose equity holders at risk lack adequate decision making ability. VIEs must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

The carrying amounts of the VIE's consolidated assets and liabilities are as follows:

FREEDOM HOLDING CORP.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**
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	September 30, 2022	March 31, 2022
Cash and cash equivalents	1,645	134
Restricted cash	—	2,843
Trading securities	3,437	2,942
Brokerage and other receivables, net	273	435
Fixed assets, net	803	1,043
Intangible assets, net	147	205
Right-of-use asset	512	905
Other assets	92	127
Total assets	6,909	8,634
Customer liabilities	9,362	8,439
Securities repurchase agreement obligations	—	3,267
Trade payables	5	35
Lease liability	538	914
Other liabilities	65	434
Total liabilities	9,970	13,089

Use of 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 revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing the Company's financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and expense recognition

Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services promised to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. A significant portion of the Company's revenue-generating transactions are not subject to ASC Topic 606, including revenue generated from financial instruments, such as loans and investment securities, as these activities are subject to other U.S. GAAP guidance discussed elsewhere within these disclosures. Descriptions of the Company's revenue-generating activities that are within the scope of ASC Topic 606, which are presented in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income as components of total revenue, net are as follows:

- Commissions on brokerage services;
- Commissions on banking services (money transfers, foreign exchange operations and other); and
- Commissions on investment banking services (underwriting, market making, and bondholders' representation services).

The Company recognizes revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer - A contract is an agreement between two or more parties that creates enforceable rights and obligations.

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- Step 2: Identify the performance obligations in the contract - A contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.
- Step 3: Determine the transaction price - The transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price also is adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- Step 4: Allocate the transaction price to the performance obligations in the contract - An entity typically allocates the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. If a standalone selling price is not observable, an entity estimates it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation - An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress toward complete satisfaction of that performance obligation.

Interest income

Interest income on loans issued, trading securities, available-for-sale securities and reverse repurchase agreement obligations is recognized based on the contractual provisions of the underlying arrangements.

Loan premiums and discounts are deferred and generally amortized into interest income as yield adjustments over the contractual life and/or commitment period using the effective interest method.

Unamortized premiums, discounts and other basis adjustments on trading securities are generally recognized in interest income over the contractual lives of the securities using the effective interest method.

Loans

The Company's loan portfolio is divided into the following portfolio segments: mortgages, uncollateralized bank customer loans, collateralized bank customer loans, car loans and subordinated loans. Mortgage loans consist of loans provided to individuals to purchase real estate, which is used as collateral for the loan. Uncollateralized bank customer loans consist of loans provided through credit cards to individuals and businesses, and retail unsecured banking loans provided to individuals. Collateralized bank customer loans consist of retail collateralized loans provided to individuals. Subordinated loans consist of uncollateralized loans provided to the legal entities to support their businesses, that ranks below other, more senior loans or securities with respect to claims on assets or earnings.

Loans Acquired

All purchased loans are initially recorded at fair value, which includes consideration of expected future losses, at the date of the loan acquisition. To determine the fair value of loans at the date of acquisition, the Company estimates the discounted contractual cash flows due using an observable market rate of interest, adjusted for factors such as probable default rates of the borrowers, and the loan terms that a market participant would consider in determining fair value. In determining fair value, contractual cash flows are adjusted to include prepayment estimates based upon historical payment trends, forecasted default rates and loss severities and other relevant factors. The difference between the fair value and the

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contractual cash flows is recorded as a loan premium or discount, which may relate to either credit or non-credit factors, at acquisition.

The Company accounts for purchased loans under the accounting guidance for purchased financial assets with credit deterioration when, at the time of purchase, the loans have experienced a more-than-insignificant deterioration in credit quality since origination.

The Company recognizes an allowance for credit losses on purchased loans that have not experienced a more-than-insignificant deterioration in credit quality since origination at the time of purchase through earnings in a manner that is consistent with originated loans. The policies relating to the allowance for credit losses on loans is described below in the "Estimate of Incurred Loan Losses" section of this Note.

Estimate of Incurred Loan Losses

The allowance represents management's current estimate of incurred loan losses inherent in the Company's loan portfolio as of each balance sheet date. The provision for credit losses reflects credit losses the Company believes have been incurred and will eventually be recognized over time through charge-offs.

Management performed a quarterly analysis of the Company's loan portfolio to determine if impairment had occurred and to assess the adequacy of the allowance based on historical and current trends as well as other factors affecting credit losses. The Company applied separate calculations of the allowances for its credit cards, mortgages and retail loan portfolios. Based on the adopted methodology, the Company estimated the probability of default based on historical default rates, adjusted for certain macro indicators, such as GDP, average exchange rates, unemployment rate, real wage index, inflation rate and retail trade index. Loss given default is calculated based on the collateral coverage of the loans. The Company's allowance for loan losses consists of two components that are allocated to cover the estimated probable losses in each loan portfolio based on the results of the Company's detailed review and loan impairment assessment process a component for loans collectively evaluated for impairment.

Derivative financial instruments

In the normal course of business, the Company invests in various derivative financial contracts including futures. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative.

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Company's functional currencies are the Kazakhstan tenge, Russian ruble, euro, U.S. dollar, Ukrainian hryvnia, Uzbekistani sum, Kyrgyzstani som, Azerbaijani manat, British pound sterling, Armenian dram, United Arab Emirates dirham and Turkish lira, and its reporting currency is the U.S. dollar. For financial reporting purposes, foreign currencies are translated into U.S. dollars as the reporting currency. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average quarterly rates are used to translate revenues and expenses. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of shareholders' equity as "Accumulated other comprehensive loss".

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with original maturities of three months or less at the date of purchase. Cash and cash equivalents include those reverse repurchase agreements, where maturity is less than 90 days, and the credit risk of the counterparty is low, which are recorded at the amounts at which the securities were acquired plus accrued interest.

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Securities reverse repurchase and repurchase agreements

A reverse repurchase agreement is a transaction in which the Company purchases financial instruments from a seller, typically in exchange for cash, and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller for an amount equal to the cash or other consideration exchanged plus interest at a future date. Securities purchased under reverse repurchase agreements are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be resold, including accrued interest. Financial instruments purchased under reverse repurchase agreements are recorded in the financial statements as cash placed on deposit collateralized by securities and classified as cash and cash equivalents in the Condensed Consolidated Balance Sheets.

A repurchase agreement is a transaction in which the Company sells financial instruments to another party, typically in exchange for cash, and simultaneously enters into an agreement to reacquire the same or substantially the same financial instruments from the buyer for an amount equal to the cash or other consideration exchanged plus interest at a future date. These agreements are accounted for as collateralized financing transactions. The Company retains the financial instruments sold under repurchase agreements and classifies them as trading securities in the Condensed Consolidated Balance Sheets. The consideration received under repurchase agreements is classified as securities repurchase agreement obligations in the Condensed Consolidated Balance Sheets.

The Company enters into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, acquire securities to leverage and grow its proprietary trading portfolio, cover short positions and settle other securities obligations, to accommodate customers' needs and to finance its inventory positions. The Company enters into these transactions in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Available-for-sale securities

Financial assets categorized as available-for-sale ("AFS") are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held to maturity investments or (c) trading securities.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company has investments in unlisted shares that are not traded in an active market but that are also classified as investments AFS and stated at fair value (because the Company management considers that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the Accumulated other comprehensive loss, with the exception of other-than-temporary impairment losses, interest calculated using the effective interest method, dividend income and foreign exchange gains and losses are recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the accumulated other comprehensive (loss)/income is then reclassified to net realized gain/(loss) on investments available-for-sale in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Trading securities

Financial assets are classified as trading securities if the financial asset has been acquired principally for the purpose of selling it in the near term.

Trading securities are stated at fair value, with any gains or losses arising on remeasurement recognized in revenue. Changes in fair value are recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income and included in net gain on trading securities. Interest earned and dividend income are recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income and included in interest income, according to the terms of the contract and when the right to receive the payment has been established.

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Investments in nonconsolidated managed funds are accounted for at fair value based on the net asset value of the funds provided by the fund managers with gains or losses included in net gain on trading securities in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Margin lending

The Company engages in securities financing transactions with and for clients through margin lending. Under these agreements, the Company is permitted to sell or repledge securities received as collateral and use these securities to secure securities acquired under resale agreements, enter into securities lending transactions or deliver these securities to counterparties to cover short positions.

Debt securities issued

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized over the period of the borrowings using the effective interest method. If the Company purchases its own debt it is removed from the Condensed Consolidated Balance Sheets and the difference between the carrying amount of the liability and the consideration paid is recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Brokerage and other receivables

Brokerage and other receivables comprise commissions and receivables related to the securities brokerage and banking activity of the Company. At initial recognition, brokerage and other receivables are recognized at fair value. Subsequently, brokerage and other receivables are carried at cost net of any allowance for impairment losses.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognized where all of the following conditions are met:

- The transferred financial assets have been isolated from the Company - put presumptively beyond the reach of the Company and its creditors, even in bankruptcy or other receivership.
- The transferee has rights to pledge or exchange financial assets.
- The Company or its agents do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets.

Where the Company has not met the asset derecognition conditions above, it continues to recognize the asset to the extent of its continuing involvement.

Impairment of long-lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the fair value from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. During the fiscal year ended March 31, 2022, the Company recognized write-off expenses of the client base that was recognized with the acquisition of Zerich in the amount of \$3,125 due to economic uncertainty during the Company's fourth fiscal quarter stemming from the Russia/Ukraine Conflict. As of September 30, 2022, there were no write-offs performed.

FREEDOM HOLDING CORP.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**
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As of September 30, 2022, and March 31, 2022, goodwill recorded in the Company's Condensed Consolidated Balance Sheets totaled \$9,512 and \$5,898, 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 recognized for the amount by which the reporting unit's carrying amount exceeds its fair value. If fair value exceeds the carrying amount, no impairment is recorded. In its annual goodwill impairment test, the Company estimated the fair value of the reporting unit based on the income approach (also known as the discounted cash flow method) and determined the fair value of the Company's goodwill previously recognized for Freedom Bank RU, Freedom UA and Zerich is below of the carrying amount of the Company's goodwill. The Company recognized impairment loss for the goodwill in the amount of \$2,300 as of March 31, 2022, and presented goodwill, net of impairment loss in the Company's Condensed Consolidated Balance Sheets.

The goodwill value as of September 30, 2022, increased compared to March 31, 2022, due to acquisition of London Almaty and Ticketon and as a result of foreign exchange currency translation.

The changes in the carrying amount of goodwill as of March 31, 2022, and for the 6 months ended September 30, 2022, were as follows:

	Amount
Balance as of March 31, 2022 (Recasted)	\$ 5,898
Acquisition of London Almaty	485
Acquisition of Ticketon	3,172
Foreign currency translation	(43)
Balance as of September 30, 2022	\$ 9,512

Asset and Liabilities Held for Sale

The Company classifies assets and liabilities (the "disposal group") as held for sale in the period when all of the relevant criteria to be classified as held for sale are met. Criteria include management commitment to sell the disposal group in its present condition and the sale being deemed probable of being completed within one year. Assets held for sale are reported at the lower of their carrying value or fair value less cost to sell. Any loss resulting from the measurement is recognized in the period the held for sale criteria are met. The Company assesses the fair value of a disposal group, less any costs to sell, each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the initial carrying value of the disposal group. Assets held for sale are not amortized or depreciated. The Company recorded a provision for impairment of discontinued operations of \$41,464 in the three months ended September 30, 2022.

A disposal group that represents a strategic shift to the Company or is acquired with the intention to sell is reflected as a discontinued operation on the Condensed Consolidated Statements of Operation and Statement of Other Comprehensive Income and prior periods are recast to reflect the earnings or losses as income from discontinued operations. The Condensed Consolidated Financial Statements and related Notes reflect the securities brokerage and complementary banking operations in Russia as a discontinued operation in second quarter of 2023 fiscal year as the Company has entered into an agreement to divest these operations. The divestment transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to be completed within the next fiscal quarter.

See *Note 25 Assets and Liabilities held for sale*, for more information on assets held for sale and discontinued operations.

Income taxes

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to

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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.

Current income tax expenses are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. The Company accounts 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 for the differences that are expected to affect taxable income.

The Company will include interest and penalties arising from the underpayment of income taxes in the provision for income taxes (if anticipated). As of September 30, 2022, and March 31, 2022, the Company had no accrued interest or penalties related to uncertain tax positions.

The Global Intangible Low-Taxed Income (“GILTI”) provisions of the Tax Cuts and Jobs Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. The Company has presented the deferred tax impacts of GILTI tax in its Condensed Consolidated Balance Sheets as of September 30, 2022, and March 31, 2022, and in its Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2022, and 2021.

Financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Company is both in short and long positions for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

Leases

The Company follows ASU No. 2016-02, “Leases (Topic 842)”, which requires leases with durations greater than twelve months to be recognized on the balance sheet.

Operating lease assets and corresponding lease liabilities were recognized on the Company's Condensed Consolidated Balance Sheets. Refer to Note 23 *Leases*, to the condensed consolidated financial statements for additional disclosure and significant accounting policies affecting leases.

Fixed assets

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and sixty-five years.

Insurance contract assets and liabilities

Insurance and reinsurance receivable

Insurance and reinsurance receivable is recognized when related income is earned and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, any insurance and reinsurance receivable is measured at cost net of any allowance for impairment losses.

Insurance and reinsurance payable

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Payables on insurance business comprise advances received, amounts payable to insured (claims and premium refund payable) and amounts payable to agents and brokers, and advances received from insurers and reinsurers.

Payables on reinsurance business comprise net amounts payable to reinsurers. Amounts payable to reinsurers include ceded reinsurance premiums, assumed premium refunds and claims on assumed reinsurance. Insurance and reinsurance payable are accounted for at amortized cost.

Unearned premium reserve and claims

Unearned premium is determined by the method of proportion for each contract, as the product of the insurance premium under the contract for the ratio of the expiration of the insurance cover (in days) to the balance sheet date (in days) from the date of recognition of the insurance premium in accounting as income until the end of the insurance coverage. The reinsurer's share in the unearned premium reserve is calculated separately for each insurance (reinsurance) contract and is determined as the ratio of the insurance premium under the reinsurance contract to the insurance premium under the insurance contract multiplied by the unearned premium reserve.

Results of insurance activity includes net written insurance premiums reduced by the net change in the unearned premium reserve, commissions recognized from assumed insurance and reinsurance contracts, claims paid net and net change in the loss reserves.

Net written insurance premiums represent gross written premiums less premiums ceded to reinsurers. Upon inception of a contract (except for classes of life and annuity insurance), premiums are recorded as written and are earned on a pro rata basis over the term of the related contract coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included in the accompanying statement of Condensed Consolidated Balance Sheets.

Unearned premium reserve relates to non-life insurance products and, non-annuity insurance products.

Claims are expensed to the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income as incurred.

Loss reserves

Non-life and annuity insurance

Loss reserves are a summary of estimates of ultimate losses, and include both claims reported but not settled (RBNS) and claims incurred but not reported (IBNR). RBNS is created for existing reported claims not settled at the reporting date. Estimates are made on the basis of information received by the Company during its investigation of insured events. IBNR is estimated by the Company based on its previous history of reported/settled claims using actuarial methods of calculation, which include claim development triangles.

Reinsurance assets in IBNR are estimated applying the same actuarial method used in IBNR estimation.

Life insurance

Not incurred claims reserves (NIC) on life insurance contracts equal the NIC amount for all life insurance contracts valid as at the reporting date. NIC reserve on a separate contract of life insurance, except for the insurance contract with policyholder's participation in investments, is equal to the maximum value of the net level premium reserve and gross-premium reserve. Net level premium reserve is the present value of future benefits (excluding survival benefits) less present value of future net premiums. Gross-premium reserve is present value of benefits, expenses of the Company that are directly related to consideration, settlement, and determination of the benefit amount, operating expenses of the Company related to conducting of the business, less present value of future gross-premiums.

Annuity insurance

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NIC reserve on annuity contracts is the sum of the present value of future benefits, the claims for annuity insurance and administrative expenses on annuity insurance contracts maintenance, less the present value of insurance contributions (in case of lump sum - insurance premium), which the Company is due to receive after the settlement date. The reserves are either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

Segment information

Historically, the Company's chief operating decision maker ("CODM"), who is its chief executive officer, viewed the Company as a single operating segment offering financial services to its customers in a single geographic region covering Eurasia. During the fourth quarter of the Company's fiscal year ended March 31, 2022, the CODM restructured the Company's operations into five geographical regions ("segments"). These regions include Central Asia, Europe, the U.S., Russia and Middle East/Caucasus.

In order to determine appropriate segment disclosure as stated in ASC 280-10-55-26 the Company followed the steps outlined below:

- identified operating segments using the management approach;
- determined whether two or more operating segments may be aggregated into a single operating segment;
- applied the quantitative thresholds and other criteria to determine reportable segments;
- considered what information should be disclosed for each reportable segment; and
- considered what information should be disclosed on an entity-wide basis.

Recent accounting pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which introduced an expected credit loss methodology for the impairment of financial assets measured at amortized cost basis. That methodology replaces the probable, incurred loss model for those assets. In November 2019, the FASB issued ASU 2019-10 "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)". The Board developed a philosophy to extend and simplify how effective dates are staggered between larger public companies (bucket one) and all other entities (bucket two). Those other entities include private companies, smaller public companies, not-for-profit organizations, and employee benefit plans. Under this philosophy, a major update would first be effective for bucket-one entities, that is, public business entities that are SEC filers, excluding entities eligible to be smaller reporting companies (SRCs) under the SEC's definition. The Master Glossary of the Codification defines public business entities and SEC filers. All other entities, including SRCs, other public business entities, and nonpublic business entities (private companies, not-for-profit organizations, and employee benefit plans) would compose bucket two. For those entities, it is anticipated that the Board will consider requiring an effective date staggered at least two years after bucket one for major updates. The Company is currently evaluating the impact that ASU 2016-13 and 2017-12 will have on its consolidated financial statements and related disclosures.

In August 2021, the FASB issued Accounting Standard Update No 2021-06 "Presentation of Financial Statements (Topic 205), Financial Services — Depository and Lending (Topic 942), and Financial Services — Investment Companies (Topic 946)" which amends various SEC paragraphs pursuant to the issuance of SEC Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses. SEC issued Final Rulemaking Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, which modified the disclosure and presentation requirements concerning acquisitions and disposals of businesses. Primarily, the new rules amended (1) Rule 1-02(w) of Regulation S-X, Definition of Terms Used in Regulation S-X, Significant Subsidiary, (2) Rule 3-05 of Regulation S-X, Financial Statements of Businesses Acquired or to Be Acquired, (3) Rule 8-05 of Regulation S-X, Pro Forma Financial Information (which covers smaller reporting companies), and (4) Article 11 of Regulation S-X, Pro Forma Financial Information. In addition, new Rule 6-11 of Regulation S-X, Financial Statements of Funds Acquired or to Be Acquired, covering acquisitions specific to investment companies, was added. Corresponding changes were made to other Regulation S-X rules, various Securities Act and Securities Exchange Act rules, and Forms 8-K and 10-K. Compliance with the amended rules is required from the beginning of a registrant's fiscal year commencing after December 31, 2020 (i.e., the mandatory compliance date). Acquisitions and dispositions that are probable or consummated after the mandatory compliance date are required to be evaluated for significance pursuant to the amended rules. Early compliance is permitted, provided that all the amended rules are applied in their entirety from the early compliance date. ASU No. 2021-06 amends

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SEC material in the Codification to give effect to Release No. 33-10786. The new rules apply to fiscal years ending on or after December 15, 2021 (i.e., calendar-year 2021). Early voluntary compliance is allowed. Note that the rescission of Industry Guide 3 is effective on January 1, 2023. ASU No. 2021-06 amends SEC material in the Codification to give effect to Release No. 33-10835. The Company does not expect that the ASU 2021-06 will have a significant impact on its consolidated financial statements and related disclosures.

In October 2021, the SEC issued the amendment of Compensation-Stock Compensation No. 2021-07, Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards a consensus of the Private Company Council. The main amendments were concentrated in add paragraphs 718-10-30-20C through 30-20H and their related heading, with a link to transition paragraph 718-10-65-16, in which as a practical expedient, a nonpublic company may use a value determined by the reasonable application of a reasonable valuation method as the current price of its underlying share for purposes of determining the fair value of an award that is classified as equity in accordance with paragraphs 718-10-25-6 through 25-18 at grant date or upon a modification. Moreover, in the topic was amended paragraph 718-10-50-2(f), with a link to transition paragraph 718-10-65-16, which states that listed requirements indicates the minimum information needed to achieve the objectives in paragraph 718-10-50-1 and illustrates how the disclosure requirements might be satisfied. In some circumstances, an entity may need to disclose information beyond the following to achieve the disclosure objectives. Firstly, a description of the method used during the year to estimate the fair value (or calculated value) of awards under share-based payment arrangements. Secondly, a description of the significant assumptions used during the year to estimate the fair value (or calculated value) of share-based compensation awards, including: i. Expected term of share options and similar instruments, including a discussion of the method used to incorporate the contractual term of the instruments and grantees' expected exercise and post vesting termination behavior into the fair value of the instrument. ii. Expected volatility of the entity's shares and the method used to estimate it. An entity that uses a method that employs different volatilities during the contractual term shall disclose the range of expected volatilities used and the weighted-average expected volatility. iii. Expected dividends. iv. Risk-free rate(s). v. Discount for post vesting restrictions and the method for estimating it. vi. Practical expedient for current price input. The topic also contains added paragraph 718-10-65-16, that illustrates the transition and effective date information related to Accounting Standards Update No. 2021-07 by the listed requirement: a. The pending content that links to this paragraph shall be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. b. An entity shall apply the pending content that links to this paragraph prospectively. Early application, including application in an interim period, is permitted for financial statements that have not been issued or made available for issuance as of October 25, 2021. The amendments in this Update apply to all nonpublic entities that issue equity-classified share-based awards and elect the practical expedient in this Update. Thus, ASU 2021-06 will not impact consolidated financial statements and related disclosures.

In October 2021, the SEC issued the amendment of Business Combinations (Topic 805), No. 2021-08, which related to Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The main amendments were concentrated in paragraphs 805-20-25-16 through 25-17 and add paragraph 805-20-25-28C and its related heading, with a link to transition paragraph 805-20-65-3, where the topic provides limited exceptions to the recognition and measurement principles applicable to business combinations. Moreover, the topic amends paragraphs 805-20-30-10 through 30-12 and add paragraphs 805-20-30-27 through 30-30 and their related heading, with a link to transition paragraph 805-20-65-3. Paragraph 805-20-25-16 notes that the Business Combinations Topic provides limited exceptions to the recognition and measurement principles applicable to business combinations. In the topic has been added paragraph 805-20-65-3, in which the following represents the transition and effective date information related to Accounting Standards Update No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers: a. For public business entities, this paragraph shall be effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact that ASU 2021-06 will have on its consolidated financial statements and related disclosures.

In March 2022, the FASB issued Accounting Standards Update No. 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method", which introduces the amendments, which targeted on improvements to the optional hedge accounting model with the objective of improving hedge accounting to better portray the economic results of an entity's risk management activities in its financial statements. The amendments in this Update apply to the Company that elect to apply the portfolio layer method of hedge accounting in accordance with Table of Contents Topic 815. For a closed portfolio of prepayable financial assets or one or more beneficial interests secured by a portfolio of prepayable financial instruments, the last-of-layer method allows an entity to hedge a stated amount of the asset or assets in the closed portfolio that is anticipated to be outstanding for the designated hedge period. If the requirements for the last-of-layer method are met, prepayment risk is not incorporated into the measurement of the hedged item. Accordingly, ASU 2022-01 is effective for fiscal years beginning after December 15, 2022. ASU 2022-01 will not have an impact on the Company's consolidated financial statements and related disclosures.

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In March 2022, the FASB issued Accounting Standards Update No. 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures", which introduces the amendments on solving two issues of creditors related to troubled debt restructurings and gross write-offs of vintage debt disclosures. The amendments in Update 2016-13 require that an entity measure and record the lifetime expected credit losses on an asset that is within the scope of the Update upon origination or acquisition, and, as a result, credit losses from loans modified as troubled debt restructurings (TDRs) have been incorporated into the allowance for credit losses. Investors and preparers observed that the additional designation of a loan modification as a TDR and the related accounting are unnecessarily complex and no longer provide decision-useful information.

Moreover, Investors and other financial statement users observed that disclosing gross write-offs by year of origination provides important information that allows them to better understand changes in the credit quality of an entity's loan portfolio and underwriting performance. Accordingly, ASU 2022-02 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that ASU 2022-02 will have on its consolidated financial statements and related disclosures.

In June 2022, FASB Issued Accounting Standard Updated No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The FASB has issued this standard to (1) clarify the guidance in Topic 820 – Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The amendments in this Update affect all entities that have investments in equity securities measured at fair value that are subject to a contractual sale restriction. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The Company is currently evaluating the impact that ASU 2022-03 will have on its consolidated financial statements and related disclosures.

In September 2022, the FASB issued Accounting Standards Update No. 2022-04 "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations" to enhance the transparency of supplier finance programs. This requires all entities, which apply those programs in connection with the purchase of goods and services (buyer party), to disclose qualitative and quantitative information about the use of the finance programs to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. Accordingly, ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company is currently evaluating the impact that ASU 2022-04 will have on its consolidated financial statements and related disclosures.

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NOTE 3 – RECAST

When preparing the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022, management determined that certain amounts included in the Company’s condensed consolidated financial statements as of March 31, 2022, required revision due to the closing of the acquisition of Freedom Life and Freedom Insurance in May 2022, which were deemed to be entities under common control with the Company since 2018. On May 17, 2022, the Company acquired two insurance companies in Kazakhstan, a life insurance company, Freedom Life, and a direct insurance carrier, excluding life, health and medical, Freedom Insurance. Prior to acquiring these companies, each was wholly owned by the Company’s controlling shareholder, chairman and chief executive officer, Timur Turlov, who had previously acquired the two entities from a non-related party. Freedom Life and Freedom Insurance were deemed to be under common control with the Company since February 28, 2018, and August 22, 2018, respectively, the dates, when two insurance companies were acquired by Timur Turlov.

The Company acquired these companies from Mr. Turlov on May 17, 2022 at the historical cost paid by him plus amounts he has contributed as additional paid in capital since his purchase. The Company acquired the Freedom Life and Freedom Insurance to expand its presence in insurance segment. The purchase price for 100% of the outstanding shares of Freedom Insurance was \$13,977 and the purchase price for 100% of the outstanding shares of Freedom Life was \$12,611. The Company is required to make these payments to Timur Turlov by no later than December 31, 2022.

As required by ASC 805 Business Combinations, acquisitions with parties under common control are required to have all previously presented periods recast to the date of acquisition. Accordingly, the financial results of Freedom Life and Freedom Insurance have been consolidated in the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022, and in the corresponding periods of 2021 for comparative purposes, as if they had been acquired prior to such periods.

In addition, because the assets and liabilities to be disposed of in connection with the planned sale of Freedom RU and Freedom Bank RU met the held for sale criteria as of September 30, 2022, such subsidiaries are presented as discontinued operations in accordance with ASC 205 and 360 in the the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes. For additional information see *Note 25 Assets and Liabilities held for sale* to the condensed consolidated financial statements.

The previously issued Condensed Consolidated Balance Sheet as of March 31, 2022, and Condensed Consolidated Statement of Operations and Statements of Other Comprehensive Income for the three and six months ended September 30, 2021, have been revised as follows:

	As of March 31, 2022						
	As previously reported	FF Life acquisition	Elimi-nations	FF Insurance acquisition	Elimi-nations	Recast discontinued operations	As recasted
ASSETS							
Cash and cash equivalents	\$ 625,547	\$ 1,427	\$ (901)	\$ 371	\$ (82)	\$ (400,898)	\$ 225,464
Trading securities	1,203,479	8,875	—	68,520	—	(122,497)	1,158,377
Restricted cash	553,680	—	—	—	—	(5,730)	547,950
Brokerage and other receivables, net	357,567	173	(34)	60	(20)	(210,087)	147,659
Loans issued	94,797	44	—	—	—	(2,395)	92,446
Other assets	25,707	7,244	—	399	—	(7,214)	26,136
Fixed assets, net	21,365	182	—	254	—	(3,978)	17,823
Right-of-use asset	15,669	532	—	152	—	(8,922)	7,431
Deferred income tax assets	12,018	23	—	28	—	(11,161)	908
Intangible assets, net	5,791	1,489	—	161	—	(2,278)	5,163
Goodwill	5,388	359	—	151	—	—	5,898
Available-for-sale securities, at fair value	1	161,363	—	—	—	—	161,364
Insurance contract assets	—	3,555	—	2,157	—	—	5,712
Assets held for sale	—	—	—	—	—	825,419	825,419
TOTAL ASSETS	\$ 2,921,009	\$ 185,266	\$ (935)	\$ 72,253	\$ (102)	\$ 50,259	\$ 3,227,750

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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)

LIABILITIES AND SHAREHOLDERS' EQUITY								
Securities repurchase agreement obligations	\$ 775,178	\$ 47,691	\$ —	\$ 49,824	\$ —	\$ (32,469)	\$ 840,224	
Customer liabilities	1,417,937	—	(901)	—	(82)	(651,326)	765,628	
Trade payables	45,229	—	—	21	(20)	(147)	45,083	
Liabilities from insurance activity	—	106,329	—	13,161	—	—	119,490	
Current income tax liability	14,556	—	—	—	—	—	14,556	
Securities sold, not yet purchased – at fair value	14,103	—	—	—	—	(238)	13,865	
Loans received	3,538	—	—	—	—	—	3,538	
Debt securities issued	99,027	—	—	—	—	(64,637)	34,390	
Lease liability	15,315	543	—	176	—	(8,530)	7,504	
Deferred income tax liabilities	—	—	—	—	—	—	—	
Deferred distribution payments	8,534	—	—	—	—	—	8,534	
Liabilities held for sale	—	—	—	—	—	812,478	812,478	
Other liabilities	19,917	550	(35)	292	—	(4,872)	15,852	
TOTAL LIABILITIES	\$ 2,413,334	\$ 155,113	\$ (936)	\$ 63,474	\$ (102)	\$ 50,259	\$ 2,681,142	
Commitments and Contingent Liabilities (Note 26)	—	—	—	—	—	—	—	
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;	59	9,465	(9,465)	15,577	(15,577)	—	59	
Additional paid in capital	141,340	—	16,499	—	16,906	—	174,745	
Retained earnings	426,563	28,131	(6,666)	(4,811)	(1,293)	—	441,924	
Accumulated other comprehensive loss	(53,291)	(7,443)	(368)	(1,987)	(36)	—	(63,125)	
TOTAL FRHC SHAREHOLDERS' EQUITY	\$ 514,671	\$ 30,153	\$ —	\$ 8,779	\$ —	\$ —	\$ 553,603	
Non-controlling interest	(6,996)	1	—	—	—	—	(6,995)	
TOTAL SHAREHOLDERS' EQUITY	\$ 507,675	\$ 30,154	\$ —	\$ 8,779	\$ —	\$ —	\$ 546,608	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,921,009	\$ 185,267	\$ (936)	\$ 72,253	\$ (102)	\$ 50,259	\$ 3,227,750	

	Three months ended September 30, 2021						
	As previously reported	FF Life acquisition	Elimi-nations	FF Insurance acquisition	Elimi-nations	Recast discontinued operations	As recasted
Revenue:							
Fee and commission income	\$ 116,534	\$ —	\$ (91)	\$ 28	\$ (77)	\$ (21,179)	\$ 95,215
Net gain on trading securities	175,252	329	—	859	—	5,163	181,603
Net realized loss on investments available for sale	—	(622)	—	—	—	—	(622)
Interest income	20,063	5,513	—	2,221	—	(3,368)	24,429
Insurance underwriting income	—	12,804	—	3,218	—	—	16,022
Net gain on foreign exchange operations	1,622	(106)	—	(11)	—	3	1,508
Net loss on derivative	(656)	—	—	—	—	—	(656)

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TOTAL REVENUE, NET	312,815	17,918	(91)	6,315	(77)	(19,381)	317,499
Expense:							
Fee and commission expense	22,968	1,836	(91)	174	(77)	(2,159)	22,651
Interest expense	16,185	1,120	—	1,621	—	(2,210)	16,716
Insurance claims incurred, net of reinsurance	—	9,748	—	3,765	—	—	13,513
Operating expense	36,569	1,336	—	1,630	—	(17,765)	21,770
Provision for impairment losses	366	—	—	662	—	(50)	978
Other expense, net	653	110	—	(1)	—	24	786
TOTAL EXPENSE	76,741	14,150	(91)	7,851	(77)	(22,160)	76,414
INCOME BEFORE INCOME TAX	236,074	3,768	—	(1,536)	—	2,779	241,085
Income tax expense	(31,562)	(13)	—	10	—	—	(32,094)
INCOME FROM CONTINUING OPERATIONS	204,512	3,755	—	(1,526)	—	2,779	208,991
Income/(loss) before income tax (expense)/benefit of discontinued operation	—	—	—	—	—	(2,779)	(2,779)
Income tax (expense)/benefit of discontinued operations	—	—	—	—	—	529	529
Income from discontinued operation	—	—	—	—	—	(2,250)	(2,250)
NET INCOME	\$ 204,512	\$ 3,755	\$ —	\$ (1,526)	\$ —	\$ —	\$ 206,741
Less: Net loss attributable to non-controlling interest in subsidiary	(20)	—	—	—	—	—	(20)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 204,532	\$ 3,755	\$ —	\$ (1,526)	\$ —	\$ —	\$ 206,761
OTHER COMPREHENSIVE INCOME							
Change in unrealized gain on investments available-for-sale, net of tax effect	—	(1,601)	—	—	—	—	(1,601)
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	—	622	—	—	—	—	622
Foreign currency translation adjustments, net of tax effect	930	21	—	96	—	134	1,181
OTHER COMPREHENSIVE INCOME	930	(958)	—	96	—	134	202

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COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	\$ 205,442	\$ 2,797	\$ —	\$ (1,430)	\$ —	\$ 134	\$ 206,943
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(20)	—	—	—	—	—	(20)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 205,462	\$ 2,797	\$ —	\$ (1,430)	\$ —	\$ 134	\$ 206,963

For the three months ended September 30, 2021, the Company's EPS as reported was 3.44 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 3.51, (0.05), and 3.47 for basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

	Six months ended September 30, 2021						
	As previously reported	FF Life acquisition	Elimi-nations	FF Insurance acquisition	Elimi-nations	Recast discontinued operations	As recasted
Revenue:							
Fee and commission income	\$ 213,940	\$ —	\$ (91)	\$ 88	\$ (161)	\$ (39,345)	174,431
Net gain on trading securities	185,152	600	—	1,429	—	3,104	190,285
Net realized loss on investments available for sale	—	(653)	—	—	—	—	(653)
Interest income	38,140	10,100	—	4,218	—	(6,892)	45,566
Insurance underwriting income	—	24,062	—	6,036	—	—	30,098
Net gain on foreign exchange operations	434	38	—	10	—	2,234	2,716
Net loss on derivative	(715)	—	—	—	—	—	(715)
TOTAL REVENUE, NET	436,951	34,147	(91)	11,781	(161)	(40,899)	441,728
Expense:							
Fee and commission expense	44,832	3,128	(91)	362	(161)	(4,226)	43,844
Interest expense	30,457	1,998	—	2,966	—	(4,459)	30,962
Insurance claims incurred, net of reinsurance	—	18,616	—	6,193	—	—	24,809
Operating expense	66,888	2,612	—	3,278	—	(31,587)	41,191
Provision for impairment losses	659	—	—	663	—	(77)	1,245
Other expense/(income), net	664	225	—	(2)	—	(92)	795
TOTAL EXPENSE	143,500	26,579	(91)	13,460	(161)	(40,441)	142,846
INCOME BEFORE INCOME TAX	293,451	7,568	—	(1,679)	—	(458)	298,882
Income tax expense	(37,231)	(1)	—	(7)	—	—	(37,220)
INCOME FROM CONTINUING OPERATIONS	256,220	7,567	—	(1,686)	—	(458)	261,662
Income/(loss) before income tax(expense)/benefit of discontinued operation	—	—	—	—	—	458	458
Income tax (expense)/benefit of discontinued operations	—	—	—	—	—	(537)	(9)

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Income from discontinued operation	—	—	—	—	—	(79)	449
NET INCOME	\$ 256,220	\$ 7,567	\$ —	\$ (1,686)	\$ —	\$ —	\$ 262,111
Less: Net loss attributable to non-controlling interest in subsidiary	(72)	—	—	—	—	—	(72)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 256,292	\$ 7,567	\$ —	\$ (1,686)	\$ —	\$ —	\$ 262,183
OTHER COMPREHENSIVE INCOME							
Change in unrealized gain on investments available-for-sale, net of tax effect	—	(726)	—	—	—	—	(726)
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of tax effect	—	653	—	—	—	—	653
Foreign currency translation adjustments, net of tax effect	4,230	71	—	—	(98)	—	4,203
OTHER COMPREHENSIVE INCOME	4,230	(2)	—	—	(98)	—	4,130
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	\$ 260,450	\$ 7,565	\$ —	\$ (1,686)	\$ (98)	\$ —	\$ 266,241
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(72)	—	—	—	—	—	(72)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	260,522	7,565	—	(1,686)	(98)	—	266,313

For the six months ended September 30, 2021, the Company's EPS as reported was 4.33 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 4.42, 0.01, and 4.43 for basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

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NOTE 4 – RESTATEMENT

During the course of the Company's preparation of this quarterly report on Form 10-Q, it was determined that there was an error in the Company's quarterly report on Form 10-Q for the six months ended September 30, 2021 related to the classification of loans issued and bank customer accounts within the Company's Condensed Consolidated Statements of Cash Flows. Specifically, the Company identified that activities related to certain loans had been classified within "Cash flows from operating activities" and should have been classified within "Cash flows from investing activities". In addition, the Company identified that activities related to bank customer accounts had been classified within "Cash flows from operating activities" and should have been classified within "Cash flows from financing activities". The Company has evaluated the effect of the incorrect classification and concluded that restatement was necessary. The Company determined that the restatement did not have any impact on the Company's operating performance or any per-share amounts.

The following table summarizes the impact of these correction of errors for the period presented:

	Six months ended September 30, 2021					
	As previously reported	FF Life and FF Insurance acquisitions	Adjustments for discontinued operations	As recasted	Correction of errors	As restated
Net cash flows from/(used in) operating activities	\$ (146,141)	\$ 2,119	134,938	\$ (9,084)	\$ 29,931	\$ 20,847
Net cash flows used in investing activities	(7,084)	(37,220)	—	(44,304)	(21,948)	(66,252)
Net cash flows from/(used in) financing activities	99,070	28,909	32,871	160,850	(7,983)	152,867
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	\$ (36,533)	\$ (96)	167,617	\$ 130,988	\$ —	\$ 130,988

The following table summarizes the impact of the correction of errors broken down by continuing and discontinued operations:

	Six months ended September 30, 2021		
	As recasted	Correction of errors	As restated
Net cash flows from/(used in) operating activities from continuing operations	\$ (4,046)	\$ 19,288	\$ 15,242
Net cash flows from/(used in) operating activities from discontinued operations	(5,038)	10,643	5,605
Net cash flows (used in) investing activities from continuing operations	(43,238)	(22,543)	(65,781)
Net cash flows (used in)/from investing activities from discontinued operations	(1,066)	595	(471)
Net cash flows from financing activities from continuing operations	178,496	3,255	181,751
Net cash flows used in financing activities from discontinued operations	(17,646)	(11,238)	(28,884)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	\$ 130,988	\$ —	\$ 130,988

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NOTE 5 – CASH AND CASH EQUIVALENTS

As of September 30, 2022, and March 31, 2022, cash and cash equivalents consisted of the following:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
		(Recasted)
Cash demand accounts in National Bank (Kazakhstan)	\$ 478,567	\$ 42,517
Cash demand accounts in commercial banks	193,944	70,155
Securities purchased under reverse repurchase agreements	47,049	19,947
Cash demand accounts on brokerage accounts	45,653	71,061
Petty cash in bank vault and on hand	12,033	18,607
Cash in transit	8,301	35
Overnight deposits	2,776	—
Cash demand accounts in stock exchanges	1,975	2,828
Cash demand accounts in the Central Depository (Kazakhstan)	92	314
Total cash and cash equivalents	\$ 790,390	\$ 225,464

As of September 30, 2022, and March 31, 2022, cash and cash equivalents were not insured. As of September 30, 2022, and March 31, 2022, the cash and cash equivalents balance included collateralized securities received under reverse repurchase agreements on the terms presented below:

	<u>September 30, 2022</u>			
	<u>Interest rates and remaining contractual maturity of the agreements</u>			
	<u>Average interest rate</u>	<u>Up to 30 days</u>	<u>30-90 days</u>	<u>Total</u>
Securities purchased under reverse repurchase agreements				
Corporate debt	15.81 %	\$ 25,608	\$ —	\$ 25,608
Non-US sovereign debt	1.38 %	13,746	—	13,746
US sovereign debt	13.99 %	7,444	—	7,444
Corporate equity	12.25 %	228	23	251
Total securities sold under repurchase agreements		\$ 47,026	\$ 23	\$ 47,049

	<u>March 31, 2022 (Recasted)</u>			
	<u>Interest rates and remaining contractual maturity of the agreements</u>			
	<u>Average interest rate</u>	<u>Up to 30 days</u>	<u>30-90 days</u>	<u>Total</u>
Securities purchased under reverse repurchase agreements				
US sovereign debt	16.38 %	\$ 9,952	\$ —	\$ 9,952
Non-US sovereign debt	12.51 %	9,786	—	9,786
Corporate equity	16.90 %	152	—	152
Corporate debt	11.88 %	57	—	57
Total securities sold under repurchase agreements		\$ 19,947	\$ —	\$ 19,947

The securities received by the Company 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 Company under reverse repurchase agreements as of September 30, 2022, and March 31, 2022, was \$47,435 and \$19,911, 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 6 – RESTRICTED CASH

Restricted cash for the periods ended September 30, 2022, and March 31, 2022, consisted of:

	September 30, 2022	March 31, 2022
		(Recasted)
Brokerage customers' cash	\$ 428,540	\$ 531,032
Deferred distribution payments	8,534	8,534
Guaranty deposits	2,956	5,540
Restricted bank accounts	—	2,844
Total restricted cash	\$ 440,030	\$ 547,950

As of September 30, 2022, and March 31, 2022, the Company's restricted cash included the cash portion of the funds segregated in a special custody account for the exclusive benefit of its brokerage customers. As of September 30, 2022, and March 31, 2022, the deposited funds of \$8,534 are qualified for FDIC insurance in the amount of \$250.

Restricted cash also included a deferred distribution payment amount, which is a cash held for distribution to shareholders who have not yet claimed their distributions from the 2011 sale of the Company's oil and gas exploration and production operations of \$8,534. This distribution is currently payable, subject to the entitled shareholders completing and submitting to the Company the necessary documentation to claim his, her or its distribution payments. The Company has no control over when, or if, an entitled shareholder will submit the necessary documentation to claim their distribution payment. The deferred distribution payment amount was held in cash at September 30, 2022, and March 31, 2022. A Company shareholder entitled to a portion of the distribution amount died before claiming the distribution. As a result of disputes between the individual's putative heirs, no party has yet established legal and beneficial ownership of the distribution payment. The Company does not claim an ownership interest in the distribution payment. For additional information regarding this matter see Part II, Item 1 *Legal Proceedings* of this quarterly report on Form 10-Q.

NOTE 7 – TRADING AND AVAILABLE-FOR-SALE SECURITIES AT FAIR VALUE

As of September 30, 2022, and March 31, 2022, trading and available-for-sale securities consisted of:

	September 30, 2022	March 31, 2022
		(Recasted)
Corporate debt	\$ 666,137	\$ 712,133
Non-U.S. sovereign debt	634,056	360,570
Corporate equity	32,522	72,354
U.S. sovereign debt	23,883	10,435
Exchange traded notes	2,946	2,884
Total trading securities	\$ 1,359,544	\$ 1,158,377

	September 30, 2022	March 31, 2022
		(Recasted)
Corporate debt	\$ 155,529	\$ 145,836
Non-U.S. sovereign debt	8,293	12,997
U.S. sovereign debt	4,352	2,530
Corporate equity	1	1
Total available-for-sale securities, at fair value	\$ 168,175	\$ 161,364

The following tables present maturity analysis for available-for-sale securities as of September 30, 2022, and March 31, 2022:

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

	September 30, 2022				
	Remaining contractual maturity of the agreements				
	Up to 1 year	1-5 years	5-10 years	More than 10 years	Total
Non-US sovereign debt	—	430	850	7,013	8,293
Corporate debt	50,533	53,456	49,411	2,129	155,529
US sovereign debt	—	1,389	1,694	1,269	4,352
Corporate equity	—	—	—	1	1
Total available-for-sale securities, at fair value	\$ 50,533	\$ 55,275	\$ 51,955	\$ 10,412	\$ 168,175

	March 31, 2022				
	Remaining contractual maturity of the agreements				
	Up to 1 year	1-5 years	5-10 years	More than 10 years	Total
Non-US sovereign debt	1,692	864	1,086	9,355	12,997
Corporate debt	69,364	50,155	26,284	33	145,836
US sovereign debt	—	—	—	2,530	2,530
Corporate equity	—	—	—	1	1
Total available-for-sale securities, at fair value	\$ 71,056	\$ 51,019	\$ 27,370	\$ 11,919	\$ 161,364

As of September 30, 2022, the Company held debt securities of two issuers which individually exceeded 10% of the Company's total trading securities - Kazakhstan Sustainability Fund JSC (Fitch: BBB credit rating) in the amount of \$321,902 and the Ministry of Finance of the Republic of Kazakhstan (S&P Global: BBB- credit rating) in the amount of \$622,251. As of March 31, 2022, the Company held debt securities of two issuers which individually exceeded 10% of the Company's total trading securities - the Ministry of Finance of the Republic of Kazakhstan and the Kazakhstan Sustainability Fund JSC in the amounts of \$357,343 and \$506,472, respectively.

The Company recognized no 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 Company 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 Company is valuing and the selected benchmark. Depending on the type of securities owned by the Company, 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.
- 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.

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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)

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 September 30, 2022, and March 31, 2022:

Fair Value Measurements as of September 30, 2022 using

	Weighted Average Interest Rate	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Units
			(Level 1)	(Level 2)	(Level 3)
Corporate debt	10.90 %	\$ 666,137	\$ 622,933	\$ 42,689	\$ 515
Non-U.S. sovereign debt	10.90 %	634,056	421,301	209,418	3,337
Corporate equity	— %	32,522	19,986	12,213	323
U.S. sovereign debt	4.32 %	23,883	20,997	2,886	—
Exchange traded notes	— %	2,946	2,465	481	—
Total trading securities		\$ 1,359,544	\$ 1,087,682	\$ 267,687	\$ 4,175
Corporate debt	12.20 %	\$ 155,529	\$ 147,582	\$ 7,947	\$ —
Non-US sovereign debt	5.90 %	8,293	7,661	632	—
US sovereign debt	4.05 %	4,352	3,510	842	—
Corporate equity	— %	1	—	—	1
Total available-for-sale securities, at fair value		\$ 168,175	\$ 158,753	\$ 9,421	\$ 1

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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Fair Value Measurements as of March 31, 2022 (Recasted) using					
	Weighted Average Interest Rate	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
			(Level 1)	(Level 2)	(Level 3)
Corporate debt	9.09 %	\$ 712,133	\$ 711,538	\$ —	\$ 595
Non-U.S. sovereign debt	13.15 %	360,571	352,275	—	8,296
Corporate equity	—	72,354	71,827	276	251
U.S. sovereign debt	2.35 %	10,435	10,435	—	—
Exchange traded notes	—	2,884	2,884	—	—
Total trading securities		\$ 1,158,377	\$ 1,148,959	\$ 276	\$ 9,142
Corporate debt	11.09 %	\$ 145,836	\$ 145,836	\$ —	\$ —
Non-U.S. sovereign debt	5.51 %	12,997	12,551	—	446
U.S. sovereign debt	2.17 %	2,530	2,530	—	—
Corporate equity	—	1	—	—	1
Total available-for-sale securities, at fair value		\$ 161,364	\$ 160,917	\$ —	\$ 447

The tables below present the valuation techniques and significant level 3 inputs used in the valuation as of September 30, 2022, and March 31, 2022. 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 September 30, 2022	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	\$ 3,337	Discount rate	48.8%
			Estimated number of years	11 years
Corporate debt	DCF	515	Discount rate	74.0%
			Estimated number of years	3 months
Corporate equity	DCF	323	Discount rate	58.8%
			Estimated number of years	9 years
Total		\$ 4,175		

FREEDOM HOLDING CORP.

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

Type	Valuation Technique	FV as of March 31, 2022	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	\$ 7,524	Discount rate	69.0%
			Estimated number of years	11 years
Non-US sovereign debt	DCF	772	Discount rate	13.9%
			Estimated number of years	1 year
Corporate debt	DCF	595	Discount rate	45.0%
			Estimated number of years	3 months
Corporate equity	DCF	251	Discount rate	20.0%
			Estimated number of years	9 years
Total		\$ 9,142		

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the six months ended September 30, 2022, and the year ended March 31, 2022:

	Trading securities	Available-for-sale securities
Balance as of March 31, 2022 (Recasted)	\$ 9,142	\$ 1
Purchase of investments that use Level 3 inputs	1,750	446
Reclassification to level 2	(1,267)	—
Sale	(4,716)	—
Revaluation of investments that use Level 3 inputs	(160)	—
Translation difference	(574)	—
Balance as of September 30, 2022 (Recasted)	\$ 4,175	\$ 447
Balance as of March 31, 2021 (Recasted)	\$ 19,032	\$ 1
Reclassification to level 3	682	—
Reclassification to level 1	(18,370)	—
Purchase of investments that use Level 3 inputs	10,812	—
Revaluation of investments that use Level 3 inputs	(3,014)	—
Balance as of March 31, 2022 (Recasted)	\$ 9,142	\$ 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)

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 September 30, 2022, and March 31, 2022:

September 30, 2022						
	Assets measured at amortized cost	Recognized impairment loss in Income Statement	Unrealized gain/(loss) accumulated in other comprehensive income/(loss)	Assets measured at fair value	Maturity Date	
Corporate debt	\$ 152,826	\$ (402)	\$ 3,105	\$ 155,529	2022 - 2042	
Non-US sovereign debt	10,002	—	(1,709)	8,293	2024 - indefinite	
U.S. sovereign debt	5,035	—	(683)	4,352	2024 - 2044	
Corporate equity	1	—	—	1	not applicable	
Total available-for-sale securities, at fair value	\$ 167,864	\$ (402)	\$ 713	\$ 168,175		

March 31, 2022 (Recasted)						
	Assets measured at amortized cost	Unrealized gain/(loss) accumulated in other comprehensive income/(loss)	Assets measured at fair value	Maturity Date		
Corporate debt	\$ 146,111	\$ (275)	\$ 145,836	2022 - 2035		
Non-U.S. sovereign debt	13,784	(787)	12,997	2022 - indefinite		
U.S. sovereign debt	2,912	(382)	2,530	2044		
Corporate equity	1	—	1	not applicable		
Total available-for-sale securities, at fair value	\$ 162,808	\$ (1,444)	\$ 161,364			

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 – BROKERAGE AND OTHER RECEIVABLES, NET**

Brokerage and other receivables as of September 30, 2022, and March 31, 2022, consisted of:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
		(Recasted)
Margin lending receivables	\$ 399,857	\$ 138,983
Receivables from brokerage clients	4,377	4,386
Long-term installments receivables	1,287	1,367
Receivable from sale of securities	866	884
Bonds coupon receivable	636	—
Bank commissions receivable	499	598
Receivable for underwriting and market-making services	324	296
Dividends accrued	6	45
Other receivables	2,913	3,207
Allowance for receivables	(2,596)	(2,107)
Total brokerage and other receivables, net	\$ 408,169	\$ 147,659

Margin lending receivables allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Amounts may fluctuate from period to period 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 our right to call for margin when collateral values decline.

As of September 30, 2022, and March 31, 2022, amounts due from a single related party customer were \$327,487 and \$102,680, respectively or 82% and 70% respectively, of total brokerage and other receivables, net. Approximately 97% and 95% of these balances were due from Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) (“FFIN Brokerage”), a company owned by the Company’s controlling shareholder, chairman and chief executive officer, Timur Turlov. Based on historical data, the Company considers receivables due from related parties fully collectible. As of September 30, 2022, and March 31, 2022, using historical and statistical data, the Company recorded an allowance for brokerage receivables in the amounts of \$2,596 and \$2,107, 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 9 – LOANS ISSUED**

Loans issued as of September 30, 2022, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	\$ 249,133	October, 2022 - September, 2047	9.16 %	\$ 250,228	KZT
Uncollateralized bank customer loans	83,475	October, 2022 - September, 2042	18.85 %	—	KZT
Car loans	11,531	October, 2022 - October, 2029	26.76 %	11,738	KZT
Collateralized Bank customer loans	6,840	May, 2023 - September, 2023	1.55 %	6,840	KZT
Subordinated loans	5,122	December, 2022-April, 2024	4.89 %	—	USD
Subordinated loans	1,013	September, 2029	12.00 %	—	UAH
Loans issued to policyholders	103	November, 2022 - June, 2023	14.55 %	180	KZT
Other	140	May, 2022 - May, 2027	2.00 %	—	EUR
Total loans issued	\$ 357,357				

Freedom Bank KZ provides mortgage loans to borrowers on behalf of the JSC Kazakhstan Sustainability Fund ("Program Operator") related to the state mortgage program "7-20-25" and transfers the rights of claim on the loans to the Program Operator. Under this program, borrowers can receive a mortgage at an interest rate of 7%, for 20 years. In accordance with the program and trust management agreement, Freedom Bank KZ carries out trust management of transferred mortgage loans, and transfers all repayments of principal amounts of mortgages plus 3% of the 7% interest to the Program Operator. The remaining 4% of the 7% interest is retained by Freedom Bank KZ as margin. Under the program and trust management agreement, Freedom Bank KZ is required to repurchase the rights of claims on transferred mortgage loans, when the loan principal amount and interest payments are overdue 90 days or more. The repurchase of delinquent loans is performed at the loan nominal value.

Since the Freedom Bank KZ sells those loans with recourse for uncollectible amounts, retains part of interest from those loans, and agrees to service those loans after the sale, Freedom Bank KZ has determined that it retains control over the mortgage loans transferred and continues recognizing the loans. As Freedom Bank KZ continues to recognize the loans, it also recognizes the associated liability in the amount of \$150,340 as of September 30, 2022, which is included within other liabilities in the Condensed Consolidated Balance Sheets. As of March 31, 2022 the corresponding liability amounted to \$6,447.

As of September 30, 2022, mortgage loans include the state mortgage program "7-20-25" with a principal amount of \$203,213.

Microfinance organization Freedom Finance Credit ("FFIN Credit") is a start-up created by the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov. It 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 launch, it is anticipated that the ownership of FFIN Credit will be transferred by Mr. Turlov to the Company.

During the six months ended September 30, 2022, the Company entered into agreements with FFIN Credit to purchase uncollateralized consumer retail loans. The agreements provide the Company the ability to sell back to FFIN Credit up to \$36,010 of the total loans purchased.

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 Company has determined that it has received control over the transferred loans, with the exception of the amount it has the right to sell back to the transferor, accordingly the Company has recognized the loans on its Condensed Consolidated Balance Sheets.

During the three and six months ended September 30, 2022, the Company purchased loans in the aggregate amount of \$18,115 and \$74,796 and sold back loans totaling \$9,713 and \$19,545 to the FFIN Credit, respectively. During the three and six months ended September 30, 2021, the Company purchased loans in the aggregate amount of \$14,204 and \$19,474 and sold back loans totaling \$2,860 and \$2,860 to the microfinance organization, respectively.

As of September 30, 2022, the Company held outstanding loans purchased from the FFIN Credit totaling \$87,543, net of an allowance of \$4,137.

Loans issued as of March 31, 2022, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	\$ 51,924	April 2022 - March 2047	11.86 %	52,134	KZT
Uncollateralized bank customer loans	34,067	April 2022 - March 2047	17.56 %	—	KZT
Subordinated loan	5,033	December 2022-April 2024	4.89 %	—	USD
Subordinated loan	1,256	December 2022-April 2024	7.00 %	—	UAH
Other	123	February 2022-February 2027	2.50 %	—	USD
Loans to policyholders	43	July 2022 - March 2023	12.02 %	284	KZT
Total loans issued (recasted)	\$ 92,446				

NOTE 10 – PROVISION FOR INCOME TAXES

The Company is subject to taxation in Kazakhstan, Russia, Kyrgyzstan, Cyprus, Ukraine, Uzbekistan, Germany and the United States of America.

The tax rates used for deferred tax assets and liabilities as of September 30, 2022, and March 31, 2022, were 21% for the U.S., 20% for Kazakhstan, the Russian Federation and Azerbaijan, 10% for Kyrgyzstan, 31% for Germany, 12.5% for Cyprus, 18% for Ukraine, 25% for United Kingdom, 18% for Armenia and 15% for Uzbekistan.

During the six months ended September 30, 2022, and 2021, the effective tax rate was equal to 18.9% and 12.5%, 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 11 – SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

As of September 30, 2022, and March 31, 2022, trading securities included collateralized securities subject to repurchase agreements as described in the following table:

	September 30, 2022			
	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				
Corporate debt	14.48 %	\$ 508,658	\$ 6,286	\$ 514,944
Non-US sovereign debt	13.94 %	464,858	—	464,858
US sovereign debt	0.80 %	1,388	—	1,388
Total securities sold under repurchase agreements		\$ 974,904	\$ 6,286	\$ 981,190

	March 31, 2022 (Recasted)			
	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				
Corporate debt	11.96 %	\$ 609,405	\$ 142	\$ 609,547
Non-US sovereign debt	10.85 %	222,893	—	222,893
US sovereign debt	0.77 %	7,396	—	7,396
Corporate equity	14.00 %	388	—	388
Total securities sold under repurchase agreements		\$ 840,082	\$ 142	\$ 840,224

The fair value of collateral pledged under repurchase agreements as of September 30, 2022, and March 31, 2022, was \$989,306 and \$834,583, respectively.

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

NOTE 12 – CUSTOMER LIABILITIES

The Company recognizes customer liabilities associated with funds held by its brokerage and bank customers. As of September 30, 2022, and March 31, 2022, customer liabilities consisted of:

	September 30, 2022	March 31, 2022
		(Recasted)
Brokerage customers	\$ 847,517	\$ 519,344
Banking customers	719,941	246,284
Total customer liabilities	\$ 1,567,458	\$ 765,628

As of September 30, 2022, banking customer liabilities consisted of demand deposits and term deposits of \$356,092 and \$363,849, respectively. As of March 31, 2022, banking customer liabilities consisted of demand deposits and term deposits of \$155,494 and \$90,790, respectively.

In accordance with Kazakhstan local law requirements, commercial banks conclude agreements with JSC Kazakhstan Deposit Insurance Fund ("KDIF"), under which banks have to pay commissions to KDIF on a recurring basis, the amount

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of which, depends on the term and demand deposits received by banks from the customers. Under the agreement, KDIF insures the term and demand deposits up to \$42 to each customer. As at September 30, 2022 and March 31, 2022, Freedom Bank KZ had the total amount of insured bank deposits for amounts of \$96,785 and \$42,697 for all customers.

NOTE 13 – TRADE PAYABLES

As of September 30, 2022, and March 31, 2022, trade payables of the Company was comprised of the following:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
		(Recasted)
Margin lending payable	\$ 67,966	\$ 39,250
Trade payable for securities operations	448	462
Payables to suppliers of goods and services	18	4,462
Other	656	909
Total trade payables	\$ 69,088	\$ 45,083

On September 30, 2022, and March 31, 2022, trade payables due to a single related party were \$5,650 or 8% and \$38,889 or 86%, respectively.

NOTE 14 – SECURITIES SOLD, NOT YET PURCHASED – AT FAIR VALUE

The following table provides a reconciliation of the beginning and ending balances for securities sold, not yet purchased - at fair value by the Company, as of September 30, 2022, and March 31, 2022:

	<u>Total</u>
Balance as of March 31, 2021 (Recasted)	\$ 8,569
Short sales	7,055
Repurchase	(346)
Net gain on trading securities	(1,413)
Balance as of March 31, 2022 (Recasted)	\$ 13,865
Balance as of March 31, 2022 (Recasted)	\$ 13,865
Short sales	410
Repurchase	(7,665)
Net loss on trading securities	766
Balance as of September 30, 2022	\$ 7,376

A short sale involves the sell of a security that is not owned with the expectation of purchasing the same security (or a security exchangeable) at a later date at a lower price. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss.

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 15 – LOANS RECEIVED**

As of September 30, 2022, and March 31, 2022, loans received by the Company included:

Company that received loan	Lender	September 30, 2022	March 31, 2022	Interest Rate	Term	Maturity dates
			(Recasted)			
Freedom Holding Corp.	Non-Bank	\$ 3,622	\$ 3,538	5 %	26 months	12/31/2022
Freedom Global	Non-Bank	1,803	—	3 %	6 months	12/27/2022
Total loans received		\$ 5,425	\$ 3,538			

As of September 30, 2022, and March 31, 2022, the Company had loans received from a related party totaling \$1,803 and \$0, respectively.

As of September 30, 2022, non-bank loans received were unsecured. As of September 30, 2022, and March 31, 2022, accrued interest on the loans amounted to \$334 and \$238, respectively.

NOTE 16 – DEBT SECURITIES ISSUED

As of September 30, 2022, and March 31, 2022, outstanding debt securities of the Company included the following:

Debt securities issued by:	September 30, 2022	March 31, 2022
		(Recasted)
Freedom SPC	\$ 30,184	\$ 13,203
Freedom Holding Corp.	20,500	20,499
Accrued interest	1,114	688
Total debt securities issued	\$ 51,798	\$ 34,390

As of September 30, 2022, and March 31, 2022, the Company's outstanding debt securities had fixed annual coupon rates ranging from 5.5% to 7% and maturity dates ranging from December 2022 to October 2026.

The Company's debt securities include \$20,500 of FRHC notes issued from December 2019 to February 2020. The FRHC notes denominated in U.S. dollars, bear interest at an annual rate of 7% and are due in December 2022. The FRHC notes were issued under Astana International Financial Centre law and trade on the AIX.

The Company's debt securities also include \$30,184 of Freedom SPC bonds issued in October 2021. The Freedom SPC bonds are denominated in U.S. dollars, bear interest at an annual rate of 5.5% and are due in October 2026. The Freedom SPC bonds were issued under Astana International Financial Centre law and trade on the AIX. FRHC is a guarantor of the Freedom SPC bonds. The proceeds from the issuance of the Freedom SPC bonds were loaned to FRHC pursuant to a loan agreement dated November 22, 2021. The interest rate under the loan agreement is 5.5% per annum. Interest payments are duly semi-annually in April and October. Repayment of the loan is due October 2026. Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. The group has no covenants to comply with.

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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)
NOTE 17 – INSURANCE CONTRACTS ASSETS AND LIABILITIES FROM INSURANCE ACTIVITIES

As of September 30, 2022, and March 31, 2022, insurance and reinsurance receivables of the Company was comprised of the following:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
Assets:		(Recasted)
Amounts due from policyholders	\$ 6,061	\$ 3,500
Claims receivable from reinsurance	993	769
Amounts due from reinsured	61	23
Less provision for impairment losses	(880)	(343)
Insurance and reinsurance receivables:	6,235	3,949
Unearned premium reserve, reinsurers' share	4,714	143
Reserves for claims and claims' adjustment expenses, reinsurers' share	1,763	1,620
Total	\$ 12,712	\$ 5,712

As of September 30, 2022, and March 31, 2022, the premium receivables from policyholders increased due to the expansion of operations.

As of September 30, 2022, and March 31, 2022, insurance and reinsurance payable of the Company was comprised of the following:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
Liabilities:		(Recasted)
Amounts payable to reinsurers	\$ 2,109	\$ 402
Amounts payable to insured	1,768	685
Amounts payable to agents and brokers	734	1,981
Insurance and reinsurance payables:	4,611	3,068
Unearned premium reserve	31,535	17,985
Reserves for claims and claims' adjustment expenses	113,931	98,437
Total	\$ 150,077	\$ 119,490

As of September 30, 2022, and March 31, 2022, the amount payable to agents and brokers increased due to the expansion of operations.

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 18 – NET GAIN ON TRADING SECURITIES

During the three and six months ended September 30, 2022, and September 30, 2021, net gain on trading securities was comprised of:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021 (Recasted)
Net gain recognized during the period on trading securities sold during the period	\$ 3,498	\$ 36,395
Net unrealized gain recognized during the reporting period on trading securities still held at the reporting date	5,507	145,208
Net gain recognized during the period on trading securities	\$ 9,005	\$ 181,603

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021 (Recasted)
Net (loss)/gain recognized during the period on trading securities sold during the period	\$ (8,232)	\$ 41,966
Net unrealized gain recognized during the reporting period on trading securities still held at the reporting date	21,671	148,319
Net gain recognized during the period on trading securities	\$ 13,439	\$ 190,285

During the three months ended September 30, 2021, the Company exchanged approximately 11,500 shares of its stock of SPBX for units in the closed-end unit investment combined fund “SPB fund” (the “SPBX ETF”). In September 2021, the Company sold its SPBX ETF units to approximately 15,000 investors through placement agents for net proceeds of \$155,673. As a result, during the three months ended September 30, 2021, the Company recognized gains on trading securities of \$179,015, which included \$141,067 of realized gain and \$37,948 of net unrealized gain from revaluation of the SPBX shares the Company still held at September 30, 2021.

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 19 – FEE AND COMMISSION INCOME

Fee and commission income is recognized when, or as, the Company 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 Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company'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 Company expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any.

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

Brokerage and bank services

Commissions from brokerage services — The Company earns commission revenue by executing, settling and clearing transactions with clients primarily in exchange-traded and over-the-counter corporate equity and debt securities, money market instruments and exchange-traded options and futures contracts. Commissions from bank services — The Company earns bank commissions by executing client order for money transfer, purchase and sale of foreign currency, and other bank services. A substantial portion of the Company's revenue is derived from commissions from private clients through accounts with transaction-based pricing. 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.

Commission revenue is generally paid on settlement date, which is generally two business days after trade date for equity securities and corporate bond transactions and one day for government securities, options and commodities transactions. The Company records a receivable on the trade date and receives a payment on the settlement date.

Investment Banking

The Company 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 trade date, as the client obtains the control and benefit of the capital markets offering at that point. These fees are generally received within 90 days after the transactions are completed. Transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred and recognized in the same period as the related investment banking transaction revenue. Underwriting revenues and related expenses are presented gross on the condensed consolidated income statements.

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 six months ended September 30, 2022, and September 30, 2021, fee and commission income was comprised of:

	Three months ended September 30, 2022				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	\$ 11,512	\$ 72,747	\$ 1,050	\$ —	\$ 85,309
Bank services	5,779	—	—	—	5,779
Underwriting and market-making services	1,587	—	—	—	1,587
Other fee and commission income	189	259	—	—	448
Total fee and commission income	\$ 19,067	\$ 73,006	\$ 1,050	\$ —	\$ 93,123

	Six months ended September 30, 2022				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	\$ 15,115	\$ 156,524	\$ 2,184	\$ —	\$ 173,823
Bank services	9,592	—	—	—	9,592
Underwriting and market-making services	3,230	—	—	—	3,230
Other fee and commission income	322	516	—	—	838
Total fee and commission income	\$ 28,259	\$ 157,040	\$ 2,184	\$ —	\$ 187,483

	Three months ended September 30, 2021 (Recasted)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	\$ 2,091	\$ 88,247	\$ 1,165	\$ —	\$ 91,503
Bank services	1,029	—	—	—	1,029
Underwriting and market-making services	1,780	—	—	—	1,780
Other fee and commission income	366	537	—	—	903
Total fee and commission income	\$ 5,266	\$ 88,784	\$ 1,165	\$ —	\$ 95,215

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

	Six months ended September 30, 2021 (Recasted)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	\$ 3,652	\$ 160,053	\$ 2,134	\$ —	\$ 165,839
Bank services	1,733	—	—	—	1,733
Underwriting and market-making services	4,004	—	—	—	4,004
Other fee and commission income	2,133	722	—	—	2,855
Total fee and commission income	\$ 11,522	\$ 160,775	\$ 2,134	\$ —	\$ 174,431

Receivables and Contract Balances

Receivables arise when the Company has an unconditional right to receive payment under a contract with a customer and are derecognized when the cash is received. Brokerage and other receivables are disclosed in Note 8 in the notes to condensed consolidated financial statements.

Contract assets arise when the revenue associated with the contract is recognized before the Company'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 September 30, 2022 and March 31, 2022, contract asset balances were not material.

Contract liabilities arise when customers remit contractual cash payments in advance of the Company 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 September 30, 2022 and March 31, 2022, contract liability balances were not material.

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 20 – RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2022 and 2021, the Company earned commission income from related parties in the amounts of \$68,541 and \$81,524, respectively. Fee and commission income generated from FFIN Brokerage accounted for approximately 100% of the Company's total related party commission income for the three months ended September 30, 2022, as compared to approximately 99% of the Company's total related party commission income for the three months ended September 30, 2021. During the six months ended September 30, 2022 and 2021, the Company earned commission income from related parties in the amounts of \$147,669 and \$150,416, respectively. Fee and commission income generated from FFIN Brokerage accounted for approximately 100% and 55% of the Company's total related party commission income for the six months ended September 30, 2022, and 2021. Commission income earned from related parties is comprised primarily of brokerage commissions and commissions for money transfers by brokerage clients.

During the three months ended September 30, 2022 and 2021, the Company paid commission expense to related parties in the amount of \$196 and \$5,227, respectively. Commission expense paid to FFIN Brokerage accounted for approximately 20% of the Company's total related party commission expense for the three months ended September 30, 2022, as compared to approximately 62% of the Company's total related party commission expense for three months ended September 30, 2021. During the six months ended September 30, 2022 and 2021, the Company paid commission expense to related parties in the amounts of \$353 and \$10,527, respectively. Commission expense paid to FFIN Brokerage accounted for approximately 21% and 31% of the Company's total related party commission expense for the six months ended September 30, 2022, and 2021.

During the three months ended September 30, 2022 and 2021, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of \$302 and \$385, respectively. During the six months ended September 30, 2022, and 2021, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of \$683 and \$565, respectively.

As of September 30, 2022, and March 31, 2022 the Company had cash and cash equivalents held in brokerage accounts of related parties totaling \$21,331 and \$22,787 respectively. 100% and 100% of these balances were due to Wisdompoint Capital LTD.

As of September 30, 2022, and March 31, 2022, the Company had bank commission receivables and receivables from brokerage clients from related parties totaling \$64 and \$190, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of September 30, 2022, and March 31, 2022, the Company had margin lending receivables with related parties totaling \$335,992 and \$107,649, respectively. 97% and 95% of these balances were due from FFIN Brokerage.

As of September 30, 2022, and March 31, 2022, the Company had margin lending payables to related parties, totaling \$5,650 and \$38,889, respectively. 100% of these balances were due to Wisdompoint Capital LTD, as of September 30, 2022, and March 31, 2022, respectively.

As of September 30, 2022, and March 31, 2022, the Company had accounts payable due to a related party totaling \$211 and \$313, respectively.

As of September 30, 2022, and March 31, 2022, the Company had amounts due to the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov related to the acquisition of the two insurance companies, Freedom Life and Freedom Insurance, totaling \$23,751 and \$15,852, respectively.

As of September 30, 2022, and March 31, 2022, the Company had loans received from related party totaling \$1,803 and \$0, respectively.

As of September 30, 2022, and March 31, 2022, the Company had financial liability with related parties totaling \$0 and \$1,637, 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 September 30, 2022, and March 31, 2022, the Company had customer liabilities to related parties totaling \$128,700 and \$325,904, respectively. As of September 30, 2022, and March 31, 2022, 52% and 54%, respectively, of these balances were deposits from FFIN Brokerage.

As of September 30, 2022, and March 31, 2022, the Company had restricted customer cash deposited in current and brokerage accounts with related parties in the amounts of \$246,965 and \$222,651. As of September 30, 2022, and March 31, 2022, 83% and 78%, respectively, of these balances were from FFIN Brokerage.

During the the three and six months ended September 30, 2022, the Company purchased loans in the aggregate amount of \$18,115 and \$74,796 and sold back loans totaling \$9,713 and \$19,545 to FFIN Credit, respectively.

In July 2021 the Company sold 23.88% of the outstanding equity interest of Freedom UA to Askar Tashtitov, the Company's president, for \$415 to comply with certain foreign ownership restrictions relating to registered Ukrainian broker-dealers. For additional information regarding this transaction, see Note 1 *Description of Business* to the condensed consolidated financial statements.

Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) ("FFIN Brokerage") is owned personally by Timur Turlov and is not part of the FRHC group of companies. FFIN Brokerage has its own brokerage customers, which include individuals and market-maker institutions and conducts business with the Company through a client omnibus account at Freedom EU.

Wisdompoint Capital LTD is a party related to Freedom EU through common management. Wisdompoint Capital LTD provides brokerage services to the Company.

Brokerage and related banking services, including margin lending, were provided to related parties pursuant to standard client account agreements and at standard market rates.

NOTE 21 – STOCKHOLDERS' EQUITY

During the six months ended September 30, 2022, and 2021, no outstanding non-qualified stock options were exercised.

In May 2022, Freedom KZ completed the acquisition of two insurance companies, Freedom Life and Freedom Insurance. These two companies were 100% controlled by the Company's chief executive officer, chairman and majority shareholder, Timur Turlov. The consideration for closing of the sale was \$26,588. The Company is required to make these payments to Timur Turlov by no later than December 31, 2022.

During the three and six months ended September 30, 2022, Timur Turlov made a capital contribution to the Company in the amount of \$0 and \$677, respectively.

On March 30, 2022, the Company awarded a restricted stock grant totaling 7,500 shares of its common stock to one executive officer of the Company. Of the 7,500 shares awarded pursuant to the restricted stock grant awards, 3,000 shares vest on May 18, 2023, 1,500 shares vest on May 18, 2024, 1,500 shares vest on May 18, 2025 and 1,500 shares vest on May 18, 2026.

On May 18, 2021, the Company awarded restricted stock grants totaling 1,031,500 shares of its common stock to 56 employees and consultants of the Company, including two executive officers of the Company. Of the 1,031,500 shares awarded pursuant to the restricted stock grant awards, 200,942 shares are subject to one-year vesting, 211,658 shares are subject to two-year vesting and 206,300 shares per year are subject to three, four and five-year vesting schedule, respectively.

The Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of \$3,103 and \$6,801 during the three and six months ended September 30, 2022. The Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of \$4,561 and \$6,722 during the three and six months ended September 30, 2021.

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 – STOCK BASED COMPENSATION**

During the six months ended September 30, 2022, no restricted shares were awarded to key employees. The compensation expense related to restricted stock grants was \$3,103 during the three months ended September 30, 2022, and \$4,561 during the three months ended September 30, 2021. As of September 30, 2022 and March 31, 2022, there was \$17,094 and \$24,731 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 3.82 years.

The Company has determined the fair value of restricted shares awarded as of grant date, using the Monte Carlo valuation model based on the following key assumptions:

Term (years)	5
Volatility	41.5 %
Risk-free rate	0.06 %

The table below summarizes the activity for the Company's restricted stock outstanding during the six months ended September 30, 2022:

	Shares	Weighted Average Fair Value
Outstanding, at March 31, 2022	1,049,500	\$ 40,303
Granted	—	—
Vested	(224,942)	(7,688)
Forfeited/cancelled/expired	(32,000)	(2,678)
Outstanding, at September 30, 2022	<u>792,558</u>	<u>\$ 29,937</u>

NOTE 23 – LEASES

The Company determines whether a contract contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When readily determinable, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. 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 September 30, 2022:

	Classification on Balance Sheet	September 30, 2022
Assets		
Operating lease assets	Right-of-use assets	\$ 13,602
Total lease assets		<u>\$ 13,602</u>
Liabilities		
Operating lease liability	Lease liability	\$ 13,348
Total lease liability		<u>\$ 13,348</u>

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 following table presents as of September 30, 2022, the annual maturities of the lease liabilities:

Twelve months ending March 31,

2023	\$	2,505
2024		3,555
2025		2,922
2026		2,409
2027		1,681
Thereafter		3,607
Total payments		16,679
Less: amounts representing interest		3,331
Lease liability, net	\$	13,348
Weighted average remaining lease term (in months)		23
Weighted average discount rate		12 %

Lease commitments for short term operating leases as of September 30, 2022, was approximately \$296. The Company's lease expense for office space was \$573 and \$1,116 for the three and six months ended September 30, 2022, and \$398 and \$550 September 30, 2021, 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 24 – ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES***Acquisition of London-Almaty*

On September 1, 2022, the Company completed the acquisition of Insurance Company IC "London-Almaty", following receipt of the approval from the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, by purchasing 100% of its outstanding shares. The Company acquired the London-Almaty to expand its presence in insurance segment.

As of September 1, 2022, the date of the acquisition of IC "London-Almaty", the fair value of IC "London-Almaty" was \$15,858. The total purchase price was allocated as follows:

	<u>As of September 1, 2022</u>
ASSETS	
Cash and cash equivalents	\$ 8,077
Due from banks	2,176
Trading securities	6,178
Value of business acquired	1,677
Assets from insurance activities	3,401
Fixed assets	806
Intangible assets	127
Other assets	1,505
TOTAL ASSETS	23,947
Insurance reserves	6,380
Liabilities from insurance activity	1,429
Other liabilities	280
TOTAL LIABILITIES	8,089
Net assets acquired	15,858
Goodwill	485
Total purchase price	\$ 16,343

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

As of September 30, 2022, the date of the acquisition of Ticketon by purchasing 100% of its authorized capital. The Company acquired the Ticketon to accelerate our growth in fintech industry. The negative fair value of Ticketon was \$172. The total purchase price was allocated as follows:

	<u>As of September 30, 2022</u>
ASSETS	
Cash and cash equivalents	\$ 3,029
Brokerage and other receivables	169
Fixed assets	20
Intangible assets	33
Right-of-use asset	63
Other assets	606
TOTAL ASSETS	3,920
Deferred income tax liabilities	34
Lease liability	63
Other liabilities	3,995
TOTAL LIABILITIES	4,092
Net assets acquired	(172)
Goodwill	3,172
Total purchase price	\$ 3,000

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 – ASSETS AND LIABILITIES HELD FOR SALE

In the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2022, the Company announced its plans to divest its interests in its Russian securities brokerage and complementary banking operations in Russia ("Russian Segment"). On October 17, 2022, the Company entered into an agreement with Maxim Povalishin for the sale of 100% of the share capital of its Russian segment. Maxim Povalishin, the purchaser, is currently the Deputy General Director and a member of the Board of Directors of Freedom RU. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to be completed within the next fiscal quarter.

The consideration for the purchase of the Russian Subsidiaries consists of the following:

- Mr. Povalishin will be assigned the Company's obligation to Freedom RU under an outstanding deferred payment in the amount of approximately RUB 6.6 billion (at foreign exchange rate on the reporting date approximately \$115 million) (the "Deferred Payment Obligation") which resulted from the purchase by the Company of 90.43% of the share capital of Freedom RU's Kazakhstan subsidiary Freedom Finance JSC ("Freedom KZ") (with its subsidiaries) from Freedom RU as part of a corporate restructuring, as a result of which the Company will become the 100% direct owner of Freedom KZ. The agreement for the purchase of Freedom KZ was entered on September 13, 2022. The transaction was approved by regulatory body and is expected to be finalized during November 2022; and
- Mr. Povalishin will pay cash in an amount equal to (x) \$140 million less (y) the amount of the Deferred Payment Obligation as translated into U.S. dollars at the official exchange rate on the closing date.

The Company has classified the Russia Segment as discontinued operations as of September 30, 2022 and for the three and six months ended September 30, 2022, because the subsidiaries to be disposed of in this transaction met the held for sale criteria as of September 30, 2022.

The cumulative translation adjustment attributable to the Russian Segment of \$642 is included within Accumulated Other Comprehensive Income within the Condensed Consolidated Balance Sheet as of September 30, 2022. In light of the Russia/Ukraine Conflict, and the consequent U.S., UK and EU economic sanctions and Russian countersanctions, we were seeking to sell our interests in our three Russian subsidiaries that resulted in a non-cash \$41,464 impairment charge, which was recorded as of September 30, 2022, within the line item Net income from discontinued operation on the Condensed Consolidated Statements of Operations. The Company will continue to evaluate the Russian Segment for changes in the valuation until it is sold.

In accordance with US GAAP, the Company has reported separately the discontinued operations in the condensed consolidated financial statements. As of September 30, 2022 and March 31, 2022, the major classes of assets and liabilities from discontinued operations included the following:

FREEDOM HOLDING CORP.

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

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 712,116	\$ 428,480
Restricted cash	19,040	28,406
Trading securities	120,162	122,497
Brokerage and other receivables, net	249,980	210,087
Loans issued	14,464	2,395
Other assets	41,317	33,554
Less: valuation allowance	(41,464)	—
Total assets held for sale	\$ 1,115,615	\$ 825,419
Customer liabilities	\$ 966,869	\$ 701,584
Securities repurchase agreement obligations	30,961	32,469
Debt securities issued	64,647	64,637
Other liabilities	27,403	13,788
Total liabilities held for sale	1,089,880	812,478

The results of operations for discontinued operations for the three and six months ended September 30, 2022, and 2021, consist of the following:

	<u>For The Three Months Ended</u>		<u>For The Six Months Ended</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Fee and commission income	\$ 29,585	\$ 21,179	\$ 66,867	\$ 39,346
Net gain/(loss) on trading securities	1,950	(5,164)	13,099	(3,105)
Interest income	5,250	3,367	11,054	6,892
Net gain/(loss) on foreign exchange operations	19,989	(3)	20,414	(2,235)
TOTAL REVENUE, NET	56,774	19,379	111,434	40,898
Fee and commission expense	2,324	2,159	4,250	4,226
Interest expense	4,261	2,210	10,019	4,459
Operating expense	26,072	17,764	53,540	31,587
Provision for impairment losses	212	50	582	76
Provision for impairment of discontinued operations	41,464	—	41,464	—
Other expense/(income), net	743	(25)	779	92
TOTAL EXPENSE	75,076	22,158	110,634	40,440
INCOME/(LOSS) BEFORE INCOME TAX	\$ (18,302)	\$ (2,779)	\$ 800	\$ 458

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 net cash flows from/(used in) operating and investing activities for discontinued operations for the six months ended September 30, 2022, and 2021, consist of the following:

	For the Six Months Ended September 30,	
	2022	2021*
		(Recasted)
Cash Flows From Operating Activities		
Net income from discontinued operations	\$ (6,080)	\$ 449
Adjustments to reconcile net income used in operating activities:		
Depreciation and amortization	1,143	993
Noncash lease expense	3,289	2,453
Change in deferred taxes	6,234	(929)
Stock compensation expense	3,220	3,358
Unrealized loss/(gain) on trading securities	(20,382)	4,228
Net change in accrued interest	682	(1,203)
Provision for impairment of discontinued operations	41,464	—
Allowances for receivables	155	—
Changes in operating assets and liabilities:		
Trading securities	81,229	(24,850)
Brokerage and other receivables	56,513	(59,162)
Other assets	360	(843)
Securities sold, not yet purchased – at fair value	244	(24)
Customer liabilities	(142,647)	81,632
Current income tax liability	—	(582)
Trade payables	93	2,725
Lease liabilities	(3,721)	(2,603)
Other liabilities	7,787	(37)
Net cash flows used in operating activities from discontinued operations	29,583	5,605
Cash Flows Used In Investing Activities		
Purchase of fixed assets	(2,560)	(1,066)
Proceeds from sale of fixed assets	750	—
Loans issued	(10,263)	595
Net cash flows used in investing activities from discontinued operations	(12,073)	(471)

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 following table presents reconciliation of anticipated provision for impairment from sale of net assets held for sale as of disposal date:

	September 30, 2022		
	<u>Pre-elimination balance</u>	<u>Eliminations</u>	<u>Post-elimination balance</u>
Cash and cash equivalents	\$ 712,116	\$ —	\$ 712,116
Restricted cash	19,040	—	19,040
Trading securities	120,162	—	120,162
Brokerage and other receivables, net	249,980	—	249,980
Loans issued	14,464	—	14,464
Other assets	41,363	(46)	41,317
Investment in subsidiaries	114,957	(114,957)	—
Total assets held for sale	\$ 1,272,082	\$ (115,003)	\$ 1,157,079
Customer liabilities	\$ 966,869	\$ —	\$ 966,869
Securities repurchase agreement obligations	30,961	—	30,961
Debt securities issued	64,647	—	64,647
Other liabilities	27,499	(96)	27,403
Total liabilities held for sale	\$ 1,089,976	\$ (96)	\$ 1,089,880
Net assets held for sale	\$ 182,106		\$ 67,199
Unrealized gain from cumulative translation adjustment	(642)		
Adjusted net assets held for sale	\$ 181,464		
Expected selling price	140,000		
Provision for impairment of discontinued operations	\$ (41,464)		

NOTE 26 – COMMITMENTS AND CONTINGENCIES

Freedom Bank KZ is a party to certain off-balance sheet financial instruments. These financial instruments include guarantees and unfunded 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 the Company's credit evaluation of the counterparty. The Company's maximum exposure to credit loss is represented by the contractual amount of these commitments.

Unfunded commitments under lines of credit

Unfunded 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.

Unfunded commitments under guarantees

Unfunded 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.

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

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 by cash. Total lending related commitments outstanding as of September 30, 2022, and March 31, 2022, were as follows:

	<u>As of September 30, 2022</u>	<u>As of March 31, 2022</u>
		(Recasted)
Unfunded commitments under lines of credits and guarantees	\$ 11,229	\$ 11,292
Bank guarantees	3,541	6,384
Total	\$ 14,770	\$ 17,676

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 27 – SEGMENT REPORTING

During the fourth quarter of 2022 fiscal year, the Company's CODM restructured the way he views the Company's business from a single operating segment to five geographic regional segments including Central Asia, Europe, United States, Russia and Middle East/Caucasus. The Company has classified the Russia Segment as discontinued operations for the periods presented because the assets and liabilities to be disposed of in connection with this transaction met the held for sale criteria as of September 30, 2022. The Company's CODM do not review inter-segment revenues as part of Segment reporting.

The following tables summarize the Company's Statement of Operations and Statements of Other Comprehensive Income by its geographic segments. Intercompany balances were eliminated for separate disclosure:

STATEMENTS OF OPERATIONS	Three months ended September 30, 2022					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Eliminations	Total
Fee and commission income ⁽¹⁾	\$ 19,067	\$ 73,006	\$ 1,050	\$ —	\$ —	\$ 93,123
Net gain on trading securities	15,828	(7,210)	387	—	—	9,005
Net realized gain on investments available for sale	716	—	—	—	—	716
Interest income	46,275	211	2,547	—	—	49,033
Insurance underwriting income	26,200	—	—	—	—	26,200
Net gain/(loss) on foreign exchange operations	7,601	(2,400)	(665)	19	—	4,555
Net loss on derivative	(2,320)	—	—	—	—	(2,320)
TOTAL REVENUE, NET	113,367	63,607	3,319	19	—	180,312
Fee and commission expense	11,812	6,474	144	9	—	18,439
Interest expense	34,562	2,964	3,337	—	—	40,863
Insurance claims incurred, net of reinsurance	17,475	—	—	—	—	17,475
Operating expense ⁽²⁾	21,715	10,534	5,093	418	—	37,760
Provision for impairment losses/(recoveries)	3,732	(1)	(5)	—	—	3,726
Other expense/(income), net	94	101	(3)	—	—	192
TOTAL EXPENSE	89,390	20,072	8,566	427	—	118,455
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 23,977	\$ 43,535	\$ (5,247)	\$ (408)	\$ —	\$ 61,857
Income tax (expense)/benefit	(534)	(6,623)	(5,472)	10	—	(12,619)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	\$ 23,443	\$ 36,912	\$ (10,719)	\$ (398)	\$ —	\$ 49,238

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	Six months ended September 30, 2022					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Eliminations	Total
Fee and commission income ⁽¹⁾	\$ 28,259	\$ 157,040	\$ 2,184	\$ —	\$ —	\$ 187,483
Net gain/(loss) on trading securities	37,417	(22,634)	(1,344)	—	—	13,439
Net realized loss on investments available for sale	123	—	—	—	—	123
Interest income	85,185	508	6,989	—	—	92,682
Insurance underwriting income	50,440	—	—	—	—	50,440
Net gain/(loss) on foreign exchange operations	11,869	(1,830)	(899)	8	—	9,148
Net gain on derivative	(1,054)	—	—	—	—	(1,054)
TOTAL REVENUE, NET	212,239	133,084	6,930	8	—	352,261
Fee and commission expense	22,527	18,901	297	29	—	41,754
Interest expense	66,530	5,660	8,744	—	—	80,934
Insurance claims incurred, net of reinsurance	34,167	—	—	—	—	34,167
Operating expense	42,482	22,099	10,360	818	—	75,759
Provision for impairment losses/(recoveries)	6,164	(2)	(8)	—	—	6,154
Other (income)/expense, net	(407)	97	(8)	(50)	—	(368)
TOTAL EXPENSE	171,463	46,755	19,385	797	—	238,400
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 40,776	\$ 86,329	\$ (12,455)	\$ (789)	\$ —	\$ 113,861
Income tax (expense)/benefit	(596)	(13,846)	(7,077)	21	—	(21,498)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	\$ 40,180	\$ 72,483	\$ (19,532)	\$ (768)	\$ —	\$ 92,363

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 September 30, 2021 (Recasted)					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Eliminations	Total
Fee and commission income	\$ 5,266	\$ 88,784	\$ 1,165	\$ —	\$ —	\$ 95,215
Net gain/(loss) on trading securities	2,756	178,951	(104)	—	—	181,603
Net realized loss on investments available for sale	(622)	—	—	—	—	(622)
Interest income	24,206	210	13	—	—	24,429
Insurance underwriting income	16,022	—	—	—	—	16,022
Net gain on foreign exchange operations	1,304	166	38	—	—	1,508
Net loss on derivative	(656)	—	—	—	—	(656)
TOTAL REVENUE, NET	48,276	268,111	1,112	—	—	317,499
Fee and commission expense	2,123	20,360	168	—	—	22,651
Interest expense	14,490	1,805	421	—	—	16,716
Insurance claims incurred, net of reinsurance	13,513	—	—	—	—	13,513
Operating expense	12,206	4,952	4,583	29	—	21,770
Provision for impairment losses	978	—	—	—	—	978
Other expense/(income), net	794	(8)	—	—	—	786
TOTAL EXPENSE	44,104	27,109	5,172	29	—	76,414
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 4,172	\$ 241,002	\$ (4,060)	\$ (29)	\$ —	\$ 241,085
Income tax benefit/(expense)	135	(8,152)	(24,077)	—	—	(32,094)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	\$ 4,307	\$ 232,850	\$ (28,137)	\$ (29)	\$ —	\$ 208,991

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	Six months ended September 30, 2021 (Recasted)					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Eliminations	Total
Fee and commission income	\$ 11,522	\$ 160,775	\$ 2,134	\$ —	\$ —	\$ 174,431
Net gain/(loss) on trading securities	11,698	178,993	(406)	—	—	190,285
Net realized loss on investments available for sale	(653)	—	—	—	—	(653)
Interest income	45,035	471	60	—	—	45,566
Income from insurance activity	30,098	—	—	—	—	30,098
Net gain/(loss) on foreign exchange operations	2,774	(60)	2	—	—	2,716
Net loss on derivative	(715)	—	—	—	—	(715)
TOTAL REVENUE, NET	99,759	340,179	1,790	—	—	441,728
Fee and commission expense	4,654	38,840	350	—	—	43,844
Interest expense	26,758	3,503	701	—	—	30,962
Expense from insurance activity	24,809	—	—	—	—	24,809
Operating expense	23,081	9,744	8,372	(6)	—	41,191
Provision for impairment losses	1,233	12	—	—	—	1,245
Other expense, net	800	(5)	—	—	—	795
TOTAL EXPENSE	81,335	52,094	9,423	(6)	—	142,846
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 18,424	\$ 288,085	\$ (7,633)	\$ 6	\$ —	\$ 298,882
Income tax benefit/(expense)	22	(14,014)	(23,228)	—	—	(37,220)
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS	\$ 18,446	\$ 274,071	\$ (30,861)	\$ 6	\$ —	\$ 261,662

⁽¹⁾ All trading of U.S. and European exchange traded and OTC securities by all of the Company's securities brokerage firms, excluding PrimeEx, are routed to and executed through Freedom EU and all fee and commission income for those transactions is recognized at Freedom EU.

⁽²⁾ Operating expense includes significant noncash items stock based compensation expenses. The following table summarizes the Company's stock based compensation by its geographic segments:

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 September 30,		Six Months Ended September 30,	
	2022	2021*	2022	2021*
Central Asia	\$ 1,036	\$ 1,384	\$ 2,138	\$ 2,032
U.S.	533	691	1,152	1,045
Europe	135	196	291	288
Middle East/Caucasus	—	—	—	—
Total stock based compensation	\$ 1,704	\$ 2,271	\$ 3,581	\$ 3,365

The following tables summarize the Company's total asset and total liabilities by its geographic segments. Intercompany balances were eliminated for separate disclosure:

	September 30, 2022					
	Central Asia	Europe	U.S.	Russia (Discontinued operations)	Middle East/Caucasus	Total
Total assets	\$ 2,837,687	\$ 685,110	\$ 143,833	\$ 1,115,615	\$ 2,120	\$ 4,784,365
Total liabilities	2,561,607	373,466	137,716	1,089,880	365	4,163,034
Net assets	\$ 276,080	\$ 311,644	\$ 6,117	\$ 25,735	\$ 1,755	\$ 621,331

	March 31, 2022 (Recasted)					
	Central Asia	Europe	U.S.	Russia (Discontinued operations)	Middle East/Caucasus	Total
Total assets	\$ 1,423,539	\$ 805,768	\$ 172,679	\$ 825,409	\$ 355	\$ 3,227,750
Total liabilities	1,203,486	489,883	175,136	812,465	172	2,681,142
Net assets	\$ 220,053	\$ 315,885	\$ (2,457)	\$ 12,944	\$ 183	\$ 546,608

FREEDOM HOLDING CORP.

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

Central Asia Segment

Central Asia segment comprises Kazakhstan headquarters and operations in Kazakhstan (including the AIFC), Kyrgyzstan, Uzbekistan, Ukraine and Turkey.

Recently acquired insurance companies, Freedom Insurance, Freedom Life, and London Almaty, are included within Central Asia segment.

Europe Segment

Cyprus securities brokerage firm, Freedom EU, oversees Europe segment operations (consisting of operations in Cyprus, the UK, Germany, Spain, Greece, and France).

U.S. Segment

U.S. segment currently consists of FRHC and our PrimeEx subsidiary.

Middle East/Caucasus Segment

As of September 30, 2022, our Middle East/Caucasus region consisted of three offices, in Azerbaijan, Armenia and the United Arab Emirates, that provide brokerage and investment education services. The Company entered into the Caucasus market during fiscal year 2022 by establishing subsidiaries in Azerbaijan and Armenia, and in April 2022, entered into the Middle East market by establishing a subsidiary in the United Arab Emirates.

Russia Segment

Russia segment, that was classified as asset and liabilities held for sales, includes securities brokerage subsidiary Freedom RU and its subsidiaries Freedom Bank RU and Freedom Auto.

NOTE 28 – 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 other than as set forth below.

On October 19, 2022, Freedom UA's brokerage license was suspended for a period of five years and its assets frozen by the Ukrainian authorities following its inclusion on a sanctions list of the Ukrainian government. As of September 30, 2022, Freedom UA's total assets and total liabilities were \$6,909 and \$9,970, respectively. The Company believes that the decision to include Freedom UA on such list was erroneous and it is in the process of appealing such decision.

On November 11, 2022, the Company has finalized transaction for purchase of 90.43% of the share capital of Freedom KZ (with its subsidiaries) from Freedom RU as part of a corporate restructuring, as a result of which the Company became the 100% direct owner of Freedom KZ. The transaction was finalized after receipt of the regulatory approval in Kazakhstan.

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

The following discussion and analysis is intended to assist you in understanding the results of operations and present financial condition of Freedom Holding Corp (referred to herein as the "Company," "FRHC," "we," "our," and "us"). References to "fiscal year(s)" means the 12-month periods ended March 31 for the referenced year. Our unaudited condensed consolidated financial statements and the accompanying notes included in this quarterly report on Form 10-Q contain additional information that should be referred to when reviewing this material and this document should be read in conjunction with our financial statements and the related notes contained elsewhere in this report and in our other filings with the Securities Exchange Commission ("SEC") including our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

Special Note About Forward-Looking Information

All statements other than statements of historical fact included herein and in the documents incorporated by reference in this quarterly report on Form 10-Q, if any, including without limitation, statements regarding our future financial position, business strategy, potential acquisitions or divestitures, budgets, projected costs, and plans and objectives of management for future operations, 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. 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 sanctions imposed by the U.S., UK, EU and other countries against Russia in response to the ongoing large-scale Russian military action against Ukraine ("Russia/Ukraine Conflict"), as well as, Russian countersanctions enacted in response to such economic sanctions;
- a failure to successfully complete the sale of our Russian subsidiaries or to achieve the intended effects of such sale;
- general economic and political conditions globally and in the particular markets where we operate;
- declines in global financial markets;
- trading volumes and demand for brokerage services in our key markets;
- changes in our relationships or arrangements with related parties and third party service providers;
- the continuing impacts of the COVID-19 pandemic, including viral variants, future outbreaks and the effectiveness of measures implemented to contain its spread;
- a lack of liquidity, e.g., access to funds or funds at reasonable rates for use in our businesses;
- the inability to meet regulatory capital or liquidity requirements;
- increased competition, including downward pressures on commissions and fees;
- risks inherent to brokerage, market making, banking and insurance businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- failure to protect or enforce our intellectual property rights in our proprietary technology;
- risks associated with being a "controlled company" within the meaning of the rules of Nasdaq;
- the loss of key executives or failure to recruit and retain personnel;
- our ability to keep up with rapid technological change;
- information technology, trading platform and other electronic system failures, cyber security breaches and other disruptions;
- losses caused by non-performance by third parties;
- decreased profitability if loan payment delinquencies in our lending portfolio increase;
- losses (whether realized or unrealized) on our investments;
- our inability to integrate any businesses we acquire or otherwise adapt to expansion and rapid growth in our business;
- risks inherent in doing business in Russia and the other developing markets in which we do business;
- the impact of tax laws and regulations, and their changes, in any of the jurisdictions in which we operate;
- non-compliance with laws and regulations in each of the jurisdictions in which we operate, particularly those relating to the securities and banking industries;

- the creditworthiness of our trading counterparties, and banking and margin customers;
- litigation and regulatory liability;
- unforeseen or catastrophic events, including the emergence of pandemics, terrorist attacks, extreme weather events or other natural disasters, military conflict, political discord and social unrest;
- risks associated with our insurance businesses, such as inaccuracies in our modeling and risk assumptions, or inability to obtain or collect on reinsurance; and
- other factors discussed in this report, as well as in our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

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 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 obligations 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. (referred to herein as the "Company," "FRHC," "we," "our," and "us") is a holding company that operates internationally through our diversified financial services subsidiary businesses. Our subsidiaries engage in a broad range of activities, including securities dealing, market making, retail securities brokerage, investment research, investment counseling, investment banking and underwriting services, commercial banking and insurance. Our principal executive office is in Almaty, Kazakhstan and we have regional administrative offices in the United States ("U.S."), Europe, and Russia. On October 19, 2022, we announced that we had entered into an agreement to sell our three Russian subsidiaries.

Our securities brokerage subsidiaries are professional participants on the Kazakhstan Stock Exchange (KASE), Astana International Exchange (AIX), Moscow Exchange (MOEX), Saint-Petersburg Exchange (SPBX), the Ukrainian Exchange (UX), the Republican Stock Exchange of Tashkent (UZSE), the Uzbek Republican Currency Exchange (UZCE) and a member of the New York Stock Exchange (NYSE) and Nasdaq Stock Exchange (Nasdaq). All of our securities broker dealer activities are subject to extensive regulation in the various jurisdiction where they conduct business.

Our target retail customers include individuals and small and medium-sized enterprises seeking to diversify their investment portfolios to manage economic risk associated with political, regulatory, currency, banking, and national uncertainties. We also provide broker dealer services to other financial institutions. We provide online tools and retail locations for our customers to establish accounts and conduct securities trading on transaction-based pricing, to engage in banking activities and to purchase insurance products. We market our products and services through a number of channels, including telemarketing, training seminars and investment conferences, print and online advertising using social media, our mobile app and search engine optimization activities.

Regional Segments

Recently our chief operating decision maker (“CODM”), who is our CEO, restructured the way he views our business from a single operating segment to five geographic regional segments: Central Asia, Europe, the U.S., Russia and Middle East/Caucasus.

Central Asia Segment

Our Central Asia segment comprises our Kazakhstan headquarters and our operations in Kazakhstan (including the AIFC), Kyrgyzstan, Uzbekistan, Ukraine and Turkey. As of September 30, 2022, our Central Asia segment had 49 securities brokerage offices, including offices in Kazakhstan, Ukraine, Uzbekistan and Kyrgyzstan, that provide brokerage and financial services and investment consulting and education. As of September 30, 2022, our Central Asia segment had 11 bank offices, all in Kazakhstan, that provide commercial banking services.

During the six months ended September 30, 2022, we completed the acquisition of three insurance companies with a total of 55 insurance offices in Kazakhstan. The insurance companies provide consumer life and general insurance services including life insurance, health insurance, annuity insurance, accident insurance, obligatory worker emergency insurance, travel insurance, and general insurance products in property (including automobile), casualty, civil liability, personal insurance and reinsurance.

Freedom KZ and Freedom Bank KZ are members of the Association of Financiers of Kazakhstan. Freedom UA is a member of the Professional Association of Capital Market participants and Derivatives (“PARD”) in Ukraine.

On October 19, 2022, Freedom UA's brokerage license was suspended for a period of five years and its assets frozen by the Ukrainian authorities following its inclusion on a sanctions list of the Ukrainian government. We believe that the decision to include Freedom UA on such list was erroneous and we are in the process of appealing such decision.

The Central Asia segment accounted for approximately \$113.4 million, or 62.9%, of our total revenue, net and approximately \$89.4 million, or 75.5% of our total expense, during the three months ended September 30, 2022.

Europe Segment

Our Cyprus securities brokerage firm, Freedom EU, oversees our Europe segment operations (consisting of operations in Cyprus, the UK, Germany, Spain, Greece, and France). Freedom EU is licensed to receive, transmit and execute customer orders, establish custodial accounts, engage in foreign currency exchange services and margin lending. Through our Cyprus subsidiary we provide transaction processing and intermediary services to our non-U.S. segment customers and to institutional customers seeking access to securities markets in the U.S. and Europe. All trading of U.S. and European exchange traded and OTC securities by our brokerage firms, excluding our U.S. subsidiary, PrimeEx, are routed to and executed through Freedom EU. Freedom EU is a member of the Association for Financial Markets in Europe (“AFME”).

As of September 30, 2022, our Europe segment had seven brokerage offices, including offices in Cyprus, the UK, Germany, France, Spain and Greece, that provide securities broker dealer and financial services and investment consulting and education. During the three months ended September 30, 2022, our Europe segment generated approximately \$63.6 million, or 35%, of our total revenue, net and approximately \$20.1 million, or 17%, of our total expense.

U.S. Segment

Our U.S. segment currently consists of FRHC and our PrimeEx subsidiary. PrimeEx is a registered agency-only execution broker-dealer on the floor of the NYSE. PrimeEx is a member of the NYSE, Nasdaq, the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). In January 2022, PrimeEx received regulatory approval from FINRA to establish an investment banking and equity capital markets arm, which does business as Freedom Capital Markets (“FCM”). FCM is authorized to provide its corporate and institutional customers with a full array of investment banking, corporate finance, and capital markets advisory services, with capabilities including initial and follow-on offerings, PIPEs (Private Investment in Public Equity), SPACs (Special Purpose Acquisition Company), private placements, convertible issues, debt capital, mergers and acquisitions, corporate access, and corporate restructuring. During the three months ended September 30, 2022, the U.S. segment generated approximately \$3.3 million, or 0.00%, of our total revenue, net and approximately \$8.6 million, or 7.2%, of our total expense.

Middle East/Caucasus Segment

As of September 30, 2022, our Middle East/Caucasus region consisted of three offices, in Azerbaijan, Armenia and the United Arab Emirates, that provide brokerage and investment education services. We entered into the Caucasus market during fiscal year 2022 by establishing subsidiaries in Azerbaijan and Armenia, and in April 2022 we entered into the Middle East market by establishing a subsidiary in the United Arab Emirates. The Middle East/Caucasus region generated minimal revenue and incurred minimal expense during the three months ended September 30, 2022, as we are still in the process of setting up our operations in these three locations.

Russia Segment

Our Russia segment includes our securities brokerage subsidiary Freedom RU, its subsidiary Freedom Bank RU, which provides complementary banking operations and Freedom Auto, that provides car loans. As of September 30, 2022, our Russia segment had 41 offices and branches. Freedom RU is a member of the Russian National Association of Securities Market Participants ("NAUFOR"), a statutory self-regulatory organization with wide responsibility in regulation, supervision and enforcement of its broker-dealer, investment banking, commercial banking and other member firms in Russia. Freedom Bank RU is a member of the National Financial Association in Russia.

During the three months ended September 30, 2022, the Russia segment generated approximately \$56.8 million or 31% of our total revenue, net and approximately \$75.1 million, or 63% of total expense, net. Although we currently continue to operate our Russian segment, we have agreed to sell our three Russian subsidiaries and accordingly this segment is accounted for as discontinued operations. See "*Sale of Russian Subsidiaries and Corporate Restructuring*" below.

Sale of Russian Subsidiaries

On October 19, 2022, we announced that we had entered into an agreement to sell our two Russian subsidiaries. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to close in the coming months. Until such time as the sale is completed, in a manner consistent with U.S. sanctions, we intend to provide financial support only for "maintenance" of our investment in our Russian subsidiaries consistent with our previously established practices and in support of pre-existing projects and operations in conformity with OFAC guidance concerning such activities. We do not intend to engage in funding of new projects or expansion of pre-existing projects of our Russian subsidiaries. Because the Russian subsidiaries met the held for sale criteria as of September 30, 2022, we have classified them as discontinued operations as of September 30, 2022 and for the three and six months ended September 30, 2022, in accordance with ASC 205 and 360.

Corporate Restructuring

In conjunction with the sale of our Russian subsidiaries, we are in the process of undertaking a corporate restructuring which will result in Freedom KZ (together with its wholly owned subsidiaries Freedom Bank KZ, Freedom Life and Freedom Insurance) being wholly owned by FRHC directly. Currently, Freedom RU owns approximately 90% of Freedom KZ, with the remaining interest being owned by FRHC directly. The transfer of ownership from Freedom RU to FRHC has been approved by the Kazakhstan financial sector regulator, and completion of the transfer is expected to occur prior to the closing of the sale of our Russian subsidiaries.

Acquisitions

Historically we have been active in pursuing inorganic growth through mergers and acquisitions. We expect this trend to continue in the future.

We continue to pursue our previously disclosed planned acquisition of each of the following companies: Paybox Technologies LLP and its subsidiaries ("Paybox"); and the company that developed and owns the ReKassa PCI Reader ("ReKassa"). Paybox developed and owns the Paybox Payment Platform, which is a dynamically developing project in the field of aggregation of payment systems services. Paybox is widely used in Kazakhstan and is actively developing a market in Kyrgyzstan. The ReKassa PCI Reader is a mobile and web application that replaces traditional cash registers. The ReKassa PCI Reader is currently available in Kazakhstan. While we believe that it is probable that the above planned acquisitions will be completed in the near future, there can be no assurance that this will be the case. We do not consider the acquisitions of Paybox and ReKassa to be material in the context of our overall operations.

Credit Ratings

In June 2022, S&P Global Ratings ("S&P") affirmed its "B-/B" rating of FRHC and its brokerage and banking subsidiaries Freedom KZ, Freedom Bank KZ, Freedom Europe and Freedom Global and removed them from CreditWatch negative. The outlook on FRHC is stable and the outlooks for the aforementioned subsidiaries are positive. S&P also raised

the Kazakhstan national scale ratings of Freedom KZ and Freedom Bank KZ to “kzBB” from “kzBB-”. Freedom Life has an S&P Global Rating of "B" on the international scale and long-term rating on the national scale of "kzBBB-" with a positive outlook. Freedom Insurance has been assigned a "B" rating by S&P and a "kzBB+" national scale rating and a stable outlook. As a result of the Russia/Ukraine Conflict, S&P is no longer rating Russian entities, including our Russian subsidiaries.

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 and actions. The key factors affecting our business and results of operations include: the business environment in which we operate, the growth of retail brokerage activity in our key markets, the Russia/Ukraine Conflict (including but not limited to related sanctions and countersanctions), our decision to sell our Russian subsidiaries, relationships with related parties, governmental policies and the impact of COVID-19, as discussed below.

Business Environment

Financial services industry performance is closely correlated to economic conditions and financial market activity. The Russia/Ukraine Conflict which began in February 2022 has caused significant disruption in the currency and securities markets, affected interest rates, and negatively impacted Russian and Ukrainian customer confidence. Additionally, general market conditions and investor activity are products of many factors, most of which are generally beyond our control and unpredictable, and which may affect our clients' financial and investing decisions and resulting use of our services.

Growth of Retail Brokerage Activity In Our Key Markets

The retail brokerage markets in Kazakhstan and Russia have grown rapidly in recent years. This growth has had a significant positive effect on our results of operations. According to data from the KASE, the number of active accounts of retail investors on the KASE equity market increased from approximately 150.2 thousand in March 31, 2021 to 218.3 thousand in March 31, 2022. According to data provided by the Russian National Association of Securities Market Participants ("NAUFOR"), the number of retail customer accounts on the MOEX increased from approximately 11.1 million as of March 31, 2021 to 16.8 million as of March 31, 2022. There is no assurance that such growth rates will continue in future periods.

The growth in these retail markets has contributed to growth in the number of our customer accounts. Our number of total customer accounts increased from approximately 170,000 as of March 31, 2021, to approximately 250,000 as of March 31, 2022, to approximately 310,000 as of September 30, 2022. As of September 30, 2022, more than 53% of those customer accounts carried positive cash or asset account balances. Internally, we designate “active accounts” as those in which at least one transaction occurs per quarter. For the three months ended September 30, 2022, we had approximately 44,000 active accounts. The increases in the number of our customer accounts have in turn contributed to increases in our customer liabilities over these periods.

Effect of the Russia/Ukraine Conflict

In February 2022, without provocation, Russia invaded Ukraine. The war has lasted longer than previously anticipated, and it seems likely will last for an extended period of time as the Ukrainians continue to be more successful than initially expected at turning back Russian forces and as NATO countries supply the Ukrainians with armaments and supplies. The European Union and the United States have imposed broad-based sanctions and impounded financial assets of Russia, its companies and various notable Russian individuals. The impact of the sanctions has led to the increase of the price of hydrocarbons and the costs of various agricultural products produced by both Russia and Ukraine to disrupt supplies for those products, which has further increased inflationary pressures in Europe as well as the rest of the world. It has also had the indirect effect of lowering consumer confidence and consumer spending, all of which could have an adverse impact on financial markets and thus on our business.

Planned Divestiture of Russian Subsidiaries

In our 10-K report for the fiscal year ended March 31, 2022, the Company announced its plans for divesting its interests in its Russian securities brokerage and complementary banking operations in Russia ("Russian Segment"). On October 17, 2022, the Company entered into an agreement with Maxim Povalishin for the sale of 100% of the share capital of its Russian segment. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to be completed within the next fiscal quarter. Because the assets and liabilities to be disposed of in connection with this transaction met the held for sale criteria as of September 30, 2022, in accordance with ASC 205 and 360 our

Russian subsidiaries are presented as discontinued operations in the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes.

Following our planned divestiture of our Russian subsidiaries, the scale of our operations will contract significantly. As of September 30, 2022, our Russian subsidiaries had 41 offices and branches and 1,941 employees. We expect that the sale of our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in other markets. We also expect that, following the completion of the sale of the Russian Subsidiaries, a number of existing clients of our Russian subsidiaries will invest in the non-Russian international capital markets going forward through accounts at other companies within our group, subject to appropriate on-boarding for compliance purposes. However, these matters are subject to uncertainty and changes in circumstances. A failure by us to achieve the intended effects of the sale of our Russian subsidiaries could have a material adverse effect on our results of operations in future periods.

Relationships with Related Parties

Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) (“FFIN Brokerage”) is a corporation registered in and licensed as a broker dealer in Belize to service the investment needs of customers desiring broader investments options in international securities markets. FFIN Brokerage was formed in 2014 and is owned personally by the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov. FFIN Brokerage is not part of our group of companies. FFIN Brokerage has its own brokerage customers, which include individuals, some entities and three institutional market-makers. FFIN Brokerage holds four transparent omnibus brokerage accounts with Freedom EU. The majority of the order flow from FFIN Brokerage relates to customer activities within FFIN Brokerage's omnibus accounts. We estimate that more than 40% of FFIN Brokerage's customers also hold brokerage accounts with us through our brokerage subsidiaries. Our cross border agreement with FFIN Brokerage requires FFIN Brokerage to conduct AML/CTF and sanctions screening on its individual and business entity customers permitted to trade through its omnibus accounts at Freedom EU. Our relationship with FFIN Brokerage has also provided us and our customers with a substantial liquidity pool for trading. We expect FFIN Brokerage will continue to process brokerage transactions for its customers through us for the foreseeable future, subject to our standard compliance requirements.

Fee and commission income generated from FFIN Brokerage accounted for approximately 38% and 42% of our total revenue for the three and six months ended September 30, 2022, respectively, and approximately 25% of our total revenue for the three months ended September 30, 2021. For additional information regarding our transactions with FFIN Brokerage, see Note 20 *Related Party Transactions* to the condensed consolidated financial statements included in this quarterly report on Form 10-Q. Our transactions with FFIN Brokerage were performed in the ordinary course of our brokerage and banking businesses and such transactions were made on substantially the same terms and conditions as those prevailing at the time for comparable transactions with similarly situated unaffiliated third parties.

Governmental Policies

Our earnings are and will be affected by the monetary and fiscal policies of the governments of the countries in which we operate, including among others Kazakhstan, Cyprus and the United States. The monetary policies of these countries may have a significant effect upon our operating results. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

Impact of COVID-19

We continue to monitor conditions surrounding COVID-19, as well as economic and capital market conditions and their potential impact on our employees, business and operations. The extent to which developments (such as the duration and severity of future outbreaks of the same or new strains or variants of the disease, the effectiveness of vaccines, or new or additional measures implemented by governments) might impact our customers, employees, business, the general financial markets, the global economy and the economies of the countries in which we operate is highly uncertain and cannot be predicted. For further information on the possible future impact of the COVID-19 pandemic on our business, results of operations and financial condition, see Part 1A – *Risk Factors* of our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

Key Income Statement Line Items

Revenue

We derive revenue primarily from fee and commission income earned from our retail brokerage and banking customers and investment banking services, net gains from our proprietary trading activities, interest income and insurance underwriting premiums. Fee and commission income as a percentage of our total revenue was 52% and 30% in the three months ended September 30, 2022 and 2021, 53% and 39% in the six months ended September 30, 2022 and 2021, respectively.

Fee and Commission Income

Fee and commission income consists principally of retail brokerage fees from customer trading, including fees charged for providing margin lending and related banking services, and fees for underwriting, market making and consulting services.

A substantial portion of our revenue is derived from commissions from customers through accounts with transaction-based pricing. Brokerage commissions are charged on investment products in accordance with a schedule we have formulated that aligns with local practice in the relevant market. Retail brokerage service fee and commission income as a percentage of our total fee and commission income was 92% and 96% in the three month ended September 30, 2022 and 2021.

Net Gain on Trading Securities

Net gain on trading securities reflects the change in value of the securities held in our proprietary trading portfolio in the relevant period. A net gain or loss is comprised of both realized and unrealized gains and losses during the period being presented. Realized gains or losses are recognized when we close an open position in a security and recognize a gain or a loss on that position. U.S. GAAP requires that we also reflect in our Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income any unrealized gain or loss on each open securities positions as of the end of each period based on whether the value of the open position is higher or lower at the period end than it was at either: (i) the beginning of the period, if the position was held for the full period; or (ii) at the time the position was opened, if the position was opened during the period.

Fluctuations in unrealized gains or losses from one period to another can occur as a result of factors beyond our control, such as fluctuations in the market prices of the open securities positions we hold or the short or long term halting of trading in certain markets, either of which may result from unpredictable factors such as significant market volatility stemming from market and economic uncertainty related to global or local events. Fluctuations might also result from factors within our control, such as when we elect to close an open securities position, which would have the effect of reducing our open positions and, thereby potentially reducing or increasing the amount of unrealized gains or losses we might recognize in a period. These fluctuations can adversely affect the ultimate value we realize from our proprietary trading activities. Unrealized gains or losses in a particular period may or may not be indicative of the gain or loss we will ultimately realize on a securities position when the position is closed. As a result, we might realize significant fluctuations in net gains and losses realized on our trading securities year-over-year or from one quarter to the next.

Interest Income

We earn interest income from trading securities, reverse repurchase transactions and loans to customers. Interest income on trading securities consists of interest earned from investments in debt securities and dividends earned on equity securities held in our proprietary trading account.

Insurance Underwriting Income

Life insurance premiums are recognized as revenue when due; accident and health insurance premiums are recognized as revenue over the premium paying period and property and casualty insurance premiums are recognized as revenue over the period of the contract in proportion to the amount of insurance protection provided.

Net Gain on Foreign Exchange Operations

Net gain on foreign exchange operations reflects the net gain from: (i) the change in value resulting from currency fluctuations of monetary assets and liabilities denominated in any currency other than the functional currency of the entity holding such asset or liability; and (ii) purchases and sales of foreign currency. Under U.S. GAAP, we are required to revalue assets and liabilities denominated in foreign currencies into our reporting currency, the U.S. dollar, which can result in gains or losses on foreign exchange operations. Fluctuations in foreign currency exchange rates are beyond the Company's control, and the Company may suffer losses as a result of such fluctuations.

Fee and Commission Expense

We incur fee and commission expense in our brokerage, banking, and insurance activities. Fee and commission expense consists of expenses related to brokerage, banking, stock exchange, clearing, depository and agent services. Generally, we expect fee and commission expense from brokerage and banking activities to increase and decrease corresponding to increases and decreases in fee and commission income. For our insurance operations, fee and commission expense arises from the deferral and subsequent amortization of the costs of acquiring business, which are referred to as “deferred acquisition costs” (principally commissions, and other incremental direct costs of issuing policies). Deferred acquisition costs (“DAC”) are amortized over the estimated premium-paying period of the related policies. DAC for property insurance, accident insurance and health insurance is amortized over the effective period of the related insurance policies. Acquisition costs for life insurance policies, except for accident insurance and health insurance, are not capitalized in DAC, and recognized as they arise and are included in commission expense.

Interest Expense

Interest expense includes the expenses associated with our short-term and long-term financing, which consist of interest on securities repurchase agreement obligations, customer accounts and deposits, debt securities issued and loans received.

Operating Expense

Operating expense includes payroll and bonuses, advertising expenses, lease cost, professional expenses, depreciation and amortization, communication services, software support, stock compensation expense, representative expenses, business trip expenses, utilities, charity and other expenses.

Insurance Claims Incurred, Net of Reinsurance

Insurance claims incurred are expenses directly associated with our insurance activity, and represent actual amounts paid or to be paid to policyholders when insurable events occur, minus any amounts we receive from reinsurers related to the insurable event. This amount is adjusted for changes in loss reserves, including claims reported but not settled (RBNS), claims incurred but not reported (IBNR) and not incurred claims reserve (NIC).

Foreign Currency Translation Adjustments, Net of Tax

The functional currencies of our operating subsidiaries are the Kazakhstan tenge, Russian ruble, European euro, U.S. dollar, Ukrainian hryvnia, Uzbekistan sum, Kyrgyzstani som, Azerbaijani manat, Armenian dram, British pound sterling and United Arab Emirates dirham. Our reporting currency is the U.S. dollar. Pursuant to U.S. GAAP we are required to revalue our assets from our functional currencies to our reporting currency for financial reporting purposes.

Net Income/(Loss) Attributable to Non-controlling Interest

Net income/(loss) attributable to non-controlling interest includes our net income/(loss) attributable to our non-controlling interest in Freedom UA. We own a 9% interest in Freedom UA, with the remaining 91% interest controlled by Askar Tashtitov, the president of our Company. Through a series of agreements entered into with Freedom UA that obligate us to guarantee the performance of all Freedom UA obligations, provide Freedom UA adequate funding to cover its operating losses and net capital requirements, provide the management competence and operational support and ongoing access to our significant assets, technology resources and expertise in exchange for 90% of all net profits of Freedom UA after tax, we account for Freedom UA as a variable interest entity.

All U.S. dollar amounts reflected in "Results of Operations", "Liquidity and Capital Resources", "Contractual Obligations" and "Critical Accounting Policies" of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are presented in thousands of U.S. dollars unless the context indicates otherwise.

RESULTS OF OPERATIONS

Comparison of the Three-month Periods Ended September 30, 2022 and 2021

The following comparison of our financial results for the three-month periods ended September 30, 2022 and 2021 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 September 30, 2022		Three months ended September 30, 2021 (Recasted)		Change	
	Amount	%*	Amount	%*	Amount	%
Fee and commission income	\$ 93,123	51 %	\$ 95,215	30 %	\$ (2,092)	(2) %
Net gain on trading securities	9,005	5 %	181,603	57 %	(172,598)	(95) %
Net realized gain/(loss) on investments available for sale	716	— %	(622)	— %	1,338	(215) %
Interest income	49,033	27 %	24,429	8 %	24,604	101 %
Insurance underwriting income	26,200	15 %	16,022	5 %	10,178	64 %
Net gain on foreign exchange operations	4,555	3 %	1,508	— %	3,047	202 %
Net loss on derivative	(2,320)	(1) %	(656)	— %	(1,664)	254 %
Total revenue, net	\$ 180,312	100 %	\$ 317,499	100 %	\$ (137,187)	(43) %

* Percentage of total revenue, net.

For the three months ended September 30, 2022, we realized total revenue, net of \$180,312, a \$137,187 decrease compared to three months ended September 30, 2021. Revenue during the three months ended September 30, 2022, was significantly lower than the three months ended September 30, 2021, primarily due to a 95% decrease in net gain on trading securities between the two periods. This decrease was offset in part by increases in interest income and insurance underwriting income. Fee and commission income decreased by 2% between the two periods.

Fee and commission income

The following table presents our fee and commission income as a percentage of our total revenue by type for the periods presented.

	Three months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Retail brokerage fee and commission income	\$ 85,309	\$ 91,503	\$ (6,194)	(7) %
Commission income from bank services	5,779	1,029	4,750	462 %
Investment banking fee and commission income	1,587	1,780	(193)	(11) %
Other fee and commission income	448	903	(455)	(50) %
Total fee and commission income	\$ 93,123	\$ 95,215	\$ (2,092)	(2) %

	Three months ended September 30,	
	2022	2021 (Recasted)
	(as a % of total revenue)	
Retail brokerage fee and commission income	92 %	96 %
Commission from bank services	6 %	1 %
Investment banking fee and commission income	2 %	2 %
Other fee and commission income	— %	1 %
Total fee and commission income as a percentage of total revenue	100 %	100 %

During the three months ended September 30, 2022, fee and commission income was \$93,123, a decrease of \$2,092, or 2%, as compared to fee and commission income of \$95,215 for the three months ended September 30, 2021. This decrease in fee and commission income was primarily attributable to the decrease of fee and commission income from retail brokerage services of \$6,194. The decrease in fee and commission income from retail brokerage services was attributable to lower volume of trades by clients in comparison with three months ended September 30, 2021. The decrease was offset in part by an increase in fee and commission income from bank services by \$4,750 due to the expansion of Freedom Bank KZ and the growing activity of its clients between the two periods.

Net gain on trading securities

Net gain on trading securities was \$9,005 for the three months ended September 30, 2022, a decrease of \$172,598 as compared to \$181,603 for the three months ended September 30, 2021. See the following table for information regarding our net gains and losses during the three months ended September 30, 2022 and 2021:

	Realized Net Gain	Unrealized Net Gain	Net Gain
Three months ended September 30, 2022	\$ 5,507	\$ 3,498	\$ 9,005
Three months ended September 30, 2021 (Recasted)	\$ 145,208	\$ 36,395	\$ 181,603

During the three months ended September 30, 2022, we sold securities for a realized gain of \$5,507. Similarly, securities positions we continued to hold at September 30, 2022, had appreciated by \$11,201 as compared to June 30, 2022. This unrealized gain was partially offset by an unrealized net loss on SPBX ETF units held in our portfolio at September 30, 2022, in the amount of \$7,703, resulting in an unrealized net gain of \$3,498 for such three month period.

During the quarter ended September 30, 2021, we exchanged approximately 11,500 shares of stock in the SPBX we held in our proprietary trading account for units in the SPBX ETF. The main contributing factors to the increase in net gain on trading securities during the three months ended September 30, 2021, were the sale of those SPBX ETF units and an increase in unrealized net gain resulting from the revaluation of securities held in our proprietary trading account at September 30, 2021. We do not consider the significant increases in realized and unrealized net gain on trading securities to be indicative of a trend toward higher net gains on trading securities in the future.

Interest income

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

	Three months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Interest income on trading securities	\$ 33,787	\$ 21,132	\$ 12,655	60 %
Interest income on loans to customers	7,203	798	6,405	803 %
Interest income on available-for-sale securities	6,553	2,221	4,332	195 %
Interest income on reverse repurchase agreements and amounts due from banks	1,349	234	1,115	476 %
Interest income from dividends	141	44	97	220 %
Total interest income	\$ 49,033	\$ 24,429	\$ 24,604	101 %

	Three months ended September 30,	
	2022	2021 (Recasted)
	(as a % of total interest income)	
Interest income on reverse repurchase agreements and amounts due from banks	3 %	1 %
Interest income on available-for-sale securities	13 %	9 %
Interest income on loans to customers	15 %	3 %
Interest income on trading securities	69 %	87 %
Interest income from dividends	— %	— %
Total interest income as a percentage of total revenue	100 %	100 %

During the three months ended September 30, 2022, interest income was \$49,033, an increase of \$24,604, or 101%, compared to the three months ended September 30, 2021. The increase in interest income was primarily attributable to a \$12,655, or 60%, increase in interest income from trading securities between the two periods, which increase was in turn the result of an increase in the total size of our trading portfolio and an increase in the amount of bonds we held as a percentage of our total trading portfolio between the two periods. In addition, we recognized a \$6,405, or 803%, increase in interest income from new loans issued to customers due to the expansion of the operations of Freedom Bank KZ between the two periods. We also recognized a \$4,332, or 195%, increase in interest income from available-for-sale securities.

Net gain on foreign exchange operations

Under U.S. GAAP, we are required to revalue assets and liabilities denominated in any currency other than the functional currency of the entity holding such asset or liability to the functional currency of that entity.

During the three months ended September 30, 2022, we had a net gain on foreign exchange operations of \$4,555, compared to a net gain of \$1,508 during the three months ended September 30, 2021. The increase was primarily due to a net gain of \$7,687 in the three months ended September 30, 2022 from the purchase and sale of foreign currency by our subsidiary Freedom Bank KZ, which conducted a higher volume of currency transactions in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This net gain was offset in part by a net loss on foreign exchange operations of \$2,512 in the three months ended September 30, 2022 due to the large amount of Ukrainian hryvnia (UAH) assets held by our subsidiary Freedom EU. During the three months ended September 30, 2022, the value of the UAH depreciated by approximately 25% relative to the U.S. dollar.

Insurance underwriting income

During the three months ended September 30, 2022, we had insurance underwriting income of \$26,200, an increase of \$10,178, or 64%, as compared to the three months ended September 30, 2021. The increase was primarily attributable to a \$10,794, or 60%, increase in insurance underwriting income from written insurance premiums for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, due to the expansion of our insurance operations between the two periods. This increase in income from written insurance premiums was partially offset by a \$639, or 645%, decrease in income from insurance activities due to the reinsurance premiums ceded for the

three months ended September 30, 2022, as compared to the three months ended September 30, 2021. The following table sets out information on our insurance underwriting income for the periods presented.

	Three months ended September 30,	
	2022	2021 (Recasted)
Written insurance premiums	\$ 28,664	\$ 17,870
Reinsurance premiums ceded	(738)	(99)
Change in unearned premium reserve, net	(1,726)	(1,749)
Insurance underwriting income	\$ 26,200	\$ 16,022

Expense

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

	Three months ended September 30, 2022		Three months ended September 30, 2021 (Recasted)		Change	
	Amount	%*	Amount	%	Amount	%
Fee and commission expense	\$ 18,439	16 %	\$ 22,651	31 %	\$ (4,212)	(19) %
Interest expense	40,863	34 %	16,716	23 %	24,147	144 %
Insurance claims incurred, net of reinsurance	17,475	15 %	13,513	18 %	3,962	29 %
Operating expense	37,760	32 %	21,770	28 %	15,990	73 %
Provision for impairment losses	3,726	3 %	978	1 %	2,748	281 %
Other (income)/expense, net	192	— %	786	1 %	(594)	(76) %
Total expense	\$ 118,455	100 %	\$ 76,414	100 %	\$ 42,041	55 %

* Percentage of total expense.

For the three months ended September 30, 2022, we incurred total expense of \$118,455, a \$42,041, or 55%, increase as compared to the three months ended September 30, 2021. The increase was mainly attributable to an increase in interest expense. Also contributing to the increase was an increase in operating expense, which was in turn largely attributable to the growth of our business primarily in connection with increases in administrative costs and fees from the growth in our revenue generating activities and integrating our acquisition targets. The increases were offset in part by a 19% decrease in fee and commission expense between the two periods.

Fee and commission expense

Fee and commission expense decreased by \$4,212, or 19%, for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. The decrease was primarily attributable to a decrease in brokerage services fees of \$13,429 due to us using a new prime broker, as a result of which we had a different composition of order flow transactions, which were charged at lower rates. The decrease was offset in part by increase of bank services fees of \$4,872 due to the expansion of the operations of Freedom Bank KZ between the two periods and increases in agency fee from insurance activities of \$4,113 due to the expansion of our insurance operations between the two periods.

Interest expense

During the three months ended September 30, 2022, we had a \$24,147, or 144%, increase in interest expense as compared to the three months ended September 30, 2021. The increase in interest expense was primarily attributable to a \$19,676, or 156%, increase in interest expense on short-term financing through securities repurchase agreements due to an increase in the volume of such financing, and a \$4,010, or 113%, increase in interest on customer deposits. During the three months ended September 30, 2022, we increased our volume of short-term financing through securities repurchase agreements primarily in order to fund our investment portfolio. The increase in interest on customer deposits was a result of growth of our banking client base due to the expansion of the operations of Freedom Bank KZ between the two periods. As of September 30, 2022 and March 31, 2022, banking customer liabilities of Freedom Bank KZ were \$719,941 and \$246,284, respectively.

Insurance claims incurred, net of reinsurance

During the three months ended September 30, 2022, we had a \$3,962, or 29%, increase in insurance claims incurred, net of reinsurance, as compared to the three months ended September 30, 2021. The increase was primarily attributable to a \$4,149 or 173%, increase in other expenses and a \$1,802 or 77%, increase in expenses for claims for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, in each case due to the expansion of our insurance operations between the two periods. The increases were offset in part by a \$1,988, or 14%, decrease in expenses for insurance reserve between the two periods.

Operating expenses

Operating expenses during the three months ended September 30, 2022 were \$37,760, which increased by \$15,990, or 73%, compared to operating expenses of \$21,770 in the three months ended September 30, 2021. This increase was primarily attributable to the following increases: \$8,056 in payroll and bonus expense as a result of expansion of our workforce through hiring; \$3,405 in charity and sponsorship expense due to humanitarian aid to the Ukraine-based charitable fund in connection with the geopolitical and economic situation; \$1,879 in professional services expense; \$992 in software support expense and a \$2,226 increase in other operating expenses. During the three months ended September 30, 2022, we recognized a \$568 decrease in stock based compensation expense.

Income tax expenses

We recognized income before income tax of \$61,857 and \$241,085 during the three months ended September 30, 2022, and September 30, 2021, respectively. Our effective tax rate during the three months ended September 30, 2022, increased to 20.4%, from 13.3% during the three months ended September 30, 2021, 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 from continuing operations

As a result of the foregoing factors, for the three months ended September 30, 2022, and the three months ended September 30, 2021, we recognized net income from continuing operations of \$49,238 and \$208,991, respectively.

Net income/(loss) from discontinued operation

Net income/(loss) from discontinued operation represents the net income or loss from our subsidiaries in Russia, which are classified as discontinued operations. Net loss from discontinued operations was \$22,026 for the three months ended September 30, 2022, as compared to net loss from discontinued operations of \$2,250 for the three months ended September 30, 2021.

The increase was primarily due to our subsidiary Freedom RU entering into a non-deliverable currency forward contracts with a client of FFIN Brokerage with an aggregate face value of 3,450,000 Chinese yuan. The parties shall compensate each other the spread between Russian ruble and Chinese yuan exchange rate at the end of each month. Due to the depreciation of Chinese yuan against Russian ruble by 7%, our subsidiary recognized a \$37,547 gain on currency forwards. However, this gain was offset in part by a loss on foreign exchange operations on dealing operations of \$19,927, resulting in a net gain of \$19,989 for the period. Additional, as presented in Note 24 we recognized provision for impairment of discontinued operation in the amount of \$41,464.

Net income

As a result of the foregoing factors, for the three months ended September 30, 2022, we realized net income of \$27,212 compared to \$206,741 for the three months ended September 30, 2021, an decrease of 87%.

Non-controlling interest

We reflect Mr. Tashtitov ownership of Freedom UA as a non-controlling interest 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. We recognized a net gain attributable to non-controlling interest of \$950 for the three months ended September 30, 2022, as

compared to a net loss attributable to non-controlling interest of \$20 for the three months ended September 30, 2021. This change was largely a result of the recovery of trading positions of Freedom UA after the impact of Russia/Ukraine Conflict.

Foreign currency translation adjustments, net of tax

Due to an approximately 9% depreciation of the Russian ruble and an approximately 3% depreciation of the Kazakhstan tenge against the U.S. dollar during the three months ended September 30, 2022, we realized a foreign currency translation loss of \$16,663 for the three months ended September 30, 2022, as compared to a foreign currency translation gain of \$1,181 for the three months ended September 30, 2021.

Comparison of the Six-month Periods Ended September 30, 2022 and 2021

The following comparison of our financial results for the six-month periods ended September 30, 2022 and 2021 is not necessarily indicative of future results.

Revenue

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

	Six Months Ended September 30, 2022		Six Months Ended September 30, 2021 (Recasted)		Change	
	Amount	%*	Amount	%*	Amount	%
Fee and commission income	\$ 187,483	53 %	\$ 174,431	39 %	\$ 13,052	7 %
Net gain on trading securities	13,439	4 %	190,285	43 %	(176,846)	(93) %
Net realized gain/(loss) on investments available for sale	123	— %	(653)	— %	776	(119) %
Interest income	92,682	26 %	45,566	10 %	47,116	103 %
Insurance underwriting income	50,440	14 %	30,098	7 %	20,342	68 %
Net gain on foreign exchange operations	9,148	3 %	2,716	1 %	6,432	237 %
Net loss on derivative	(1,054)	— %	(715)	— %	(339)	47 %
Total revenue, net	\$ 352,261	100 %	\$ 441,728	100 %	\$ (89,467)	(20) %

* Percentage of total revenue, net.

During the six months ended September 30, 2022, we realized total net revenue of \$352,261, a 20% decrease compared to six months ended September 30, 2021. As discussed in more detail below under “Net Gain on Trading Securities” \$190,285 of total revenue, net during the six months ended September 30, 2021, was realized from the sale of certain securities held in our proprietary trading portfolio and from revaluation of securities we continued to hold in our portfolio at September 30, 2021. We considered the sale of securities during the three months ended September 30, 2021 from our own portfolio as an extraordinary event that we did not believe to be indicative of a trend in future periods.

Fee and commission income

The following table presents our fee and commission income as a percentage of our total revenue by type for the periods presented.

	Six months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Retail brokerage fee and commission income	\$ 173,823	\$ 165,839	\$ 7,984	5 %
Commission income from bank services	3,230	4,004	(774)	(19) %
Investment banking fee and commission income	9,592	1,733	7,859	453 %
Other fee and commission income	838	2,855	(2,017)	(71) %
Total fee and commission income	\$ 187,483	\$ 174,431	\$ 13,052	59 %

	Six months ended September 30,	
	2022	2021 (Recasted)
	(as a % of total revenue)	
Retail brokerage fee and commission income	93 %	95 %
Commission from bank services	2 %	2 %
Investment banking fee and commission income	5 %	1 %
Other fee and commission income	— %	2 %
Total fee and commission income as a percentage of total revenue	100 %	100 %

During the six months ended September 30, 2022, fee and commission income increased by \$13,052, or 7%, as compared to the six months ended September 30, 2021. This increase was primarily attributable to a \$7,984 increase in fee and commission income from brokerage services. The increase in fee and commission income from brokerage services was attributable to growth in client accounts through organic efforts including expansion of fee and commission generating activities such as an increase in the number of clients, an increase in number of active clients, and more trades by clients.

Net gain on trading securities

The following table sets out information regarding our net gains on trading securities during the six months ended September 30, 2022 and 2021:

	Realized Net Gain	Unrealized Net Gain/(Loss)	Net Gain
Six months ended September 30, 2022	\$ 21,671	\$ (8,232)	\$ 13,439
Six months ended September 30, 2021	\$ 148,319	\$ 41,966	\$ 190,285

During the six months ended September 30, 2022, we sold securities for a realized net gain of \$21,671. This net gain was offset in part by an unrealized net loss of \$8,232, which was attributable to an unrealized net loss on SPBX shares held in our portfolio at September 30, 2022, in the amount of \$22,373, which was offset in part by an unrealized net gain of \$14,140 due to appreciation of securities positions we continued to hold at September 30, 2022.

The primary contributing factors to the increase in net gain on trading securities during the six months ended September 30, 2021, were the sale of SPBX ETF units we held in our proprietary trading account and higher unrealized net gain as a result of revaluation of securities we continued to hold in our proprietary accounts at September 30, 2021. As noted above, we do not consider the significant increase in realized net gain on trading securities resulting from the sale of SPBX ETF units and the increase in unrealized net gain from revaluation of securities held in our portfolio at September 30, 2021, to be indicative of a trend toward higher net gains on trading securities in the future.

Interest income

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

	Six months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Interest income on reverse repurchase agreements and amounts due from banks	\$ 2,136	\$ 608	\$ 1,528	251 %
Interest income on available-for-sale securities	13,231	6,542	6,689	102 %
Interest income on loans to customers	11,830	964	10,866	1127 %
Interest income on trading securities	65,302	37,144	28,158	76 %
Interest income from dividends	183	308	(125)	(41) %
Total interest income	\$ 92,682	\$ 45,566	\$ 47,116	103 %

Six months ended September 30,	
2022	2021 (Recasted)
(as a % of total interest income)	

Interest income on reverse repurchase agreements and amounts due from banks	2 %	1 %
Interest income on available-for-sale securities	14 %	14 %
Interest income on loans to customers	13 %	2 %
Interest income on trading securities	71 %	82 %
Interest income from dividends	— %	1 %
Total interest income as a percentage of total revenue	100 %	100 %

During the six months ended September 30, 2022, and September 30, 2021, we recognized a \$47,116, or 103% increase in interest income. We earned interest income from trading securities, reverse repurchase transactions and loans to customers and amounts due from banks.

Interest income on trading securities consists of interest earned from investments in debt securities and dividends earned on equity securities held in our proprietary trading account. We recognized a \$28,158, or 76% increase in interest income from trading securities during the six months ended September 30, 2022 because we increased (i) the total size of our trading portfolio and (ii) the percentage of our investments in bonds.

We recognized a \$678, or 147% increase in interest income from reverse repurchase transactions because we engaged in a larger volume of such transactions during the six months ended September 30, 2022.

We also recognized a \$10,866, or 1127% increase in interest income from loans to customers as a result of new loans issued by Freedom Bank KZ.

We also realized a \$850, or 578% increase in interest income of due from banks as a result of new deposit accounts placed during the six months ended September 30, 2022, as compared to the six months ended September 30, 2021.

In addition, we recognized a \$6,689, or 102%, increase in interest income from available-for-sale securities.

Net gain on foreign exchange operations

During the six months ended September 30, 2022, we realized a net gain on foreign exchange operations of \$9,148 compared to a net gain of \$2,716 during the six months ended September 30, 2021.

During the six months ended September 30, 2022, the value of the Ukrainian hryvnia (UAH) depreciated by approximately 25%. Due to the large amounts of UAH assets in our subsidiary Freedom EU, it recognized a net loss on foreign exchange operations of \$2,357 from the total of \$2,385. Further, we realized a net gain on foreign exchange operations affected by the purchase and sale of foreign currency in our subsidiary Freedom Bank KZ of \$11,609 from the total of \$11,476 as a result of higher volume of currency exchange transactions.

Insurance underwriting income

During the six months ended September 30, 2022, we recognized a \$20,342, or 68%, increase in insurance underwriting income as compared to the six months ended September 30, 2021. We recognized a \$25,533, or 85%, increase in insurance underwriting income from written insurance premiums for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021, due to the expansion of operations. This increase in income from written insurance premiums was partially offset by a \$2,891, or 110%, decrease in income from insurance activities due to the unearned premium reserve for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021.

Expense

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

	<u>Six Months Ended September 30, 2022</u>		<u>Six Months Ended September 30, 2021</u>		<u>Change</u>	
	<u>Amount</u>	<u>%*</u>	<u>Amount</u>	<u>%*</u>	<u>Amount</u>	<u>%*</u>
Fee and commission expense	\$ 41,754	18 %	\$ 43,844	31 %	\$ (2,090)	(5) %
Interest expense	80,934	34 %	30,962	22 %	49,972	161 %
Insurance claims incurred, net of reinsurance	34,167	14 %	24,809	17 %	9,358	38 %
Operating expense	75,759	32 %	41,191	29 %	34,568	84 %
Provision for impairment losses	6,154	3 %	1,245	1 %	4,909	394 %
Other (expense)/income, net	(368)	— %	795	1 %	(1,163)	(146) %
Total expense	\$ 238,400	100 %	\$ 142,846	100 %	\$ 95,554	67 %

* Percentage of total expense.

During the six months ended September 30, 2022, we incurred total expenses of \$238,400, a 67% increase compared to the six months ended September 30, 2021. Expenses increased with the growth of our business primarily in connection with increases in interest expenses and administrative costs and fees from the growth in our revenue generating activities and integrating our acquisition targets.

Fee and commission expense

Fee and commission expense decreased by \$2,090, a 5% decrease, during the six months ended September 30, 2021, as compared to the six months ended September 30, 2021. The decrease was attributable to a decrease in brokerage commissions by \$19,563 due to us using a new prime broker, as a result of which we had a different composition of order flow transactions, which were charged at lower rates, which decrease was offset in part by increases of commissions paid to bank services of \$6,954, agency fee expenses of \$6,641 and agency fee from insurance activities of \$3,392. These increases were the result of both growth in our customer base and increased transaction volume from our customers. Generally, we expect fee and commission expense to increase and decrease in correspondence with increases and decreases in fee and commission income.

Interest expense

During the six months ended September 30, 2022, we incurred a 161% increase in interest expense. The increased expense was primarily attributable to a \$42,632 increase in volume of short-term financing through securities repurchase agreements and a \$6,720 increase in interest on customer deposits.

We increased our volume of short-term financing through securities repurchase agreements primarily in order to fund our investment portfolio. The increase in interest on customer deposits and loans received was a result of a growth of client base.

Insurance claims incurred, net of reinsurance

During the six months ended September 30, 2022, we recognized a \$9,358, or 38%, increase in expenses from insurance activities as compared to the six months ended September 30, 2021. We recognized a \$976 or 6%, increase in expenses for insurance reserve, a \$3,670 or 89%, increase in expenses for claims, and a \$6,379 or 208%, increase in other expenses for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021, due to the expansion of operations of our insurance companies.

Operating expenses

Operating expenses during the six months ended September 30, 2022, totaled \$75,759, a \$34,568 increase compared to the six months ended September 30, 2021. This increase was primarily attributable to a \$15,855 increase in payroll and bonus expense as a result expansion of our workforce through acquisition and hiring, \$7,285 increase in charity

and sponsorship expense due to humanitarian aid to the Ukraine-based charitable fund in connection with the geopolitical and economic situation, \$3,443 increase in professional services expense, \$2,485 increase in software support expense due to the growth of our business, as well as \$879 increase in business trip expense and a \$4,622 increase in other operating expense.

Income tax expense

We recognized income before income tax of \$113,861 and \$298,882 during the six months ended September 30, 2022, and the six months ended September 30, 2021, respectively. Our effective tax rate during the six months ended September 30, 2022, decreased to 18.9%, from 12.5% during the six months ended September 30, 2021, 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 foreign jurisdictions where our subsidiaries operate, and the incremental U.S. GILTI tax.

Net income from continuing operations

As a result of the foregoing factors, for the six months ended September 30, 2022, and the six months ended September 30, 2021, we recognized net income from continuing operations of \$92,363 and \$261,662, respectively.

Net income/(loss) from discontinued operation

Net income/(loss) from discontinued operation represents the net income or loss from our subsidiaries in Russia, which are classified as discontinued operations. Net loss from discontinued operations was \$6,080 for the six months ended September 30, 2022, as compared to net income from discontinued operations of \$449 for the six months ended September 30, 2021.

The increase in net income from discontinued operation between the two periods was mainly attributable to our subsidiary Freedom RU having entered into non-deliverable currency forward contracts with a client of FFIN Brokerage with an aggregate face value of 3,450,000 Chinese yuan during the six months ended September 30, 2022. Under the contracts, the parties must compensate each other for the spread between the Russian ruble and the Chinese yuan exchange rate at the end of each month. Due to the depreciation of Chinese yuan against Russian ruble by 7%, our subsidiary recognized a \$37,547 gain on currency forwards for the six months ended September 30, 2022. This gain was offset in part by a recognized a loss on foreign exchange operations on dealing operations of \$19,927 during such period. Additional, as presented in Note 24 we recognized provision for impairment of discontinued operation in the amount of \$41,464.

Net income

As a result of the foregoing factors, for the six months ended September 30, 2022, we realized net income of \$86,283 compared to \$262,111 for the six months ended September 30, 2021, an decrease of 67%.

Non-controlling interest

We reflect our ownership of Freedom UA as a non-controlling interest 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. We recognized a net loss attributable to non-controlling interest of \$1,044 for the six months ended September 30, 2022, as compared to a net loss attributable to non-controlling interest of \$72 for the six months ended September 30, 2021. This change was largely as a result of the Russia/Ukraine Conflict and its impacts on the securities markets where Freedom UA held most of its open securities positions. We recognized an unrealized net loss on open trading positions of \$1,800 in Freedom UA during the first fiscal quarter 2023.

Foreign currency translation adjustments, net of tax

The functional currencies of our operating subsidiaries are the Kazakhstani tenge, Russian ruble, European euro, U.S. dollar, Ukrainian hryvnia, Uzbekistani som, Kyrgyzstani som, UK pound sterling, Turkish lira and Azerbaijani manat. Our reporting currency is the U. S. dollar. Pursuant to U.S. GAAP we are required to revalue our assets from our functional currencies to our reporting currency for financial reporting purposes. Due to the appreciation of the value of Russian ruble by nearly 31% and depreciation on Kazakhstan tenge by nearly 2%, respectively against the U.S. dollar during the six

months ended September 30, 2022, we realized a foreign currency translation gain of \$5,316, as compared to a foreign currency translation gain of \$4,203 during the six months ended September 30, 2021.

Segment Results of Operations

We have organized our operations geographically into five regional segments: Central Asia, Europe, United States and Middle East/Caucasus. The results of our Russian subsidiaries are presented as discontinued operations in the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes.

The following table sets out total revenue, net by segment for the three month periods presented (not including discontinued operations):

	Three months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	\$ 113,367	\$ 48,276	\$ 65,091	135 %
Europe	63,607	268,111	(204,504)	(76) %
U.S.	3,319	1,112	2,207	198 %
Middle East/Caucasus	19	—	19	(100) %
Total revenue, net	\$ 180,312	\$ 317,499	\$ (137,187)	(43) %

During the three months ended September 30, 2022, total revenue, net increased across each of our regional operating segments, except Europe. The changes in total net revenue, net for the three months ended September 30, 2022, compared to the three months ended September 30, 2021, were driven by the following:

- Total revenue, net in our Central Asia segment increased 135% for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This increase was driven by an increase in interest income, as a result of growth in interest received from securities held in our trading portfolio and an increase in interest accrued from loans issued. This segment was also significantly affected by an increase in income from insurance activities, caused by expansion of our insurance business. The increase of revenue was also due to a rise in net gain on trading securities, related to growth of our trading portfolio and an increase in interest income from securities held in our trading portfolio. Moreover, this segment was significantly affected by the increase in commission fees from brokerage and banking services during the period caused by the expansion of our brokerage and banking business.
- Total revenue, net in our Europe segment decreased 76% for the quarter ended September 30, 2022. This decrease was driven by a decrease in net gain on trading securities due to a large net gain on trading securities in the three month ended September 30, 2021 due to the revaluation of our trading portfolio. In addition fee and commission income from the Europe segment decreased by 17.8% in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, due to a decrease of client trading activities between the two periods.
- Total revenue, net in our U.S. segment increased by 198% during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This increase was driven mainly by the growth of interest income on the bonds in our trading portfolio.
- The amount of revenue recognized by our Middle East/Caucasus segment was immaterial during the three months ended September 30, 2022 and the three months ended September 30, 2021, as our Azerbaijani, Armenian and UAE subsidiaries are newly-established and still in setting up operations.

The following table sets out total expense, net by segment for the three month periods presented (not including discontinued operations):

	Three months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	89,390	44,104	\$ 45,286	103 %
Europe	20,072	27,109	(7,037)	(26) %
U.S.	8,566	5,172	3,394	66 %
Middle East/Caucasus	427	29	398	1,372 %
Total expense, net	\$ 118,455	\$ 76,414	\$ 42,041	55 %

During the three months ended September 30, 2022, total expense increased across each of our regional operating segments, except Europe, compared to the three months ended September 30, 2021. The changes in total expenses for the three months ended September 30, 2022, were driven by the following:

- Total expense in our Central Asia segment increased by 103% for the three months ended September 30, 2022. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from growth in interest paid on securities repurchase agreements and growth in customer deposits. This segment also experienced an increase in operating expenses due to growth in payroll and bonuses.
- Total expense in our Europe segment decreased 26% for the quarter ended September 30, 2022. This decrease was driven by the lower commission expense due to change of our prime broker and different composition of order flow transactions, which were charged at lower rates. This decrease was partially offset mainly due to growth of operating expense, mainly due to charity and sponsorship, software support and payroll and bonuses.
- Total expense in our U.S. segment increased by 66% during the three months ended September 30, 2022. This increase was driven by the growth of interest expense on securities repurchase agreement obligations.
- The amount of expense incurred by our Middle East/Caucasus segment was immaterial during the three months ended September 30, 2022 and the three months ended September 30, 2021, as our Azerbaijani, Armenian and UAE subsidiaries are newly-established and still in the process of setting up operations.

The following table presents total revenue, net for the six month periods presented (not including discontinued operations):

	Six months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	\$ 212,239	\$ 99,759	\$ 112,480	113 %
Europe	133,084	340,179	(207,095)	(61) %
U.S.	6,930	1,790	5,140	287 %
Middle East/Caucasus	8	—	8	100 %
Total revenue, net	\$ 352,261	\$ 441,728	\$ (89,467)	(20)%

During the six months ended September 30, 2022, total revenue, net increased across each of our regional operating segments, except Europe. The changes in total net revenues for the six months ended September 30, 2022, compared to the six months ended September 30, 2021, were driven by the following:

- Total revenue, net in our Central Asia segment increased 113% for the six months ended September 30, 2022. This increase was driven by an increase in interest income, as a result of growth in interest received from securities held in our trading portfolio and an increase in interest accrued from loans issued. This segment was also significantly affected by an increase in income from insurance activities, caused by expansion of our insurance business. The increase of revenue was also due to a rise in net gain on trading securities, related to growth of our trading portfolio and an increase in interest income from securities held in our trading portfolio. Moreover, this segment was significantly affected by the increase in commission fees from brokerage and banking services during the year caused by the expansion of our brokerage and banking business.
- Total revenue, net in our Europe segment decreased 61% for the six months ended September 30, 2022. This decrease was driven by a decrease in net gain on trading securities due to the revaluation of our trading portfolio.
- Total revenue, net in our U.S. segment increased 287% during the six months ended September 30, 2022. This increase was driven mainly by the growth of interest income on the bonds in our trading portfolio.

- We generated minimal revenue in our Middle East/Caucasus segment during the six months ended September 30, 2022, as our Azerbaijani, Armenian and UAE subsidiaries are relatively new.

The following table sets out total expenses associated with our segments for the six month periods presented (not including discontinued operations):

	Six months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	\$ 171,463	\$ 81,335	\$ 90,128	111 %
Europe	46,755	52,094	(5,339)	(10) %
U.S.	19,385	9,423	9,962	106 %
Middle East/Caucasus	797	(6)	803	(13,383) %
Total expense, net	\$ 238,400	\$ 142,846	\$ 95,554	67 %

During the six months ended September 30, 2022, total expense increased across each of our regional operating segments, except Europe, compared to the six months ended September 30, 2021. The changes in total expenses for the six months ended September 30, 2022, were driven by the following:

- Total expense in our Central Asia segment increased by 111% for the six months ended September 30, 2022. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from growth in interest paid on securities repurchase agreements and growth in customer deposits.
- Total expense in our Europe segment decreased 10% for the six months ended September 30, 2022. This decrease was driven by the lower commission expense due to change of our prime broker and different composition of order flow transactions, which were charged at lower rates. This decrease was partially offset mainly due to growth of operating expense, mainly due to charity and sponsorship, software support and payroll and bonuses.
- Total expense in our U.S. segment increased by 106% during the six months ended September 30, 2022. This increase was driven by the growth of interest expense on securities repurchase agreement obligations.
- Total expense in our Middle East/Caucasus segment increased by 13,383% during the six months ended September 30, 2022, mainly due to the growth of operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measurement of our ability to meet our potential cash requirements for general business purposes. During the period covered in this 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, banks and insurance companies in the 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). While we are confident in the risk management monitoring and processes we have in place, 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 inventory positions are stated at fair value and should generally be readily marketable in most market conditions. The following sets out certain information on our assets as of the dates presented:

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
		(Restated)
Cash and cash equivalents ⁽¹⁾	\$ 790,390	\$ 225,464
Trading securities	\$ 1,359,544	\$ 1,158,377
Total assets	\$ 4,784,365	\$ 3,227,750
Net liquid assets ⁽²⁾	\$ 2,620,145	\$ 1,557,636

⁽¹⁾ Of the \$790,390 in cash and cash equivalents we held at September 30, 2022, \$47,049, or approximately 6%, was subject to reverse repurchase agreements. By comparison, at March 31, 2022, we had cash and cash equivalents of \$225,464, of which \$19,947, or approximately 9%, was subject to reverse repurchase agreements. The amount of cash and cash equivalents we hold is subject to minimum levels set by regulatory bodies in relation to compliance with applicable rules and regulations, including capital adequacy and liquidity requirements for each entity.

⁽²⁾ Consists of cash and cash equivalents, trading securities, brokerage and other receivable and other assets.

As of September 30, 2022, and March 31, 2022, we had total liabilities of \$4,163,034 and \$2,681,142, respectively, including customer liabilities of \$1,567,458 and \$765,628, respectively.

We finance our operating activities primarily from cash flows from operations 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.

	<u>Six Months Ended</u> <u>September 30, 2022</u>	<u>Six Months Ended</u> <u>September 30, 2021</u>
		(Recasted)
Net cash flows from operating activities	\$ 124,183	\$ 20,847
Net cash flows used in investing activities	(323,187)	(66,252)
Net cash flows from financing activities	746,094	152,867
Effect of changes in foreign exchange rates on cash and cash equivalents	184,186	23,526
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ 731,276	\$ 130,988

Net Cash Flows From Operating Activities

Net cash used in operating activities during the six months ended September 30, 2022, was comprised of net cash from operating activities and net income adjusted for non-cash movements (changes in deferred taxes, unrealized gain on trading securities, net change in accrued interest, and allowance for receivables). Net cash used in operating activities resulted primarily from changes in operating assets and liabilities. Such changes included those set out in the following table.

	<u>Six Months Ended</u> <u>September 30, 2022</u>	<u>Six Months Ended</u> <u>September 30, 2021</u>
		(Recasted)
Increases in trading securities	\$ (223,540) ⁽¹⁾	\$ (181,734)
Increases in customer liabilities	\$ 329,496 ⁽²⁾	\$ 110,815
Increases in brokerage and other receivables	\$ (263,107) ⁽³⁾	\$ (189,970)
Increases/(decreases) in other liabilities	\$ 154,111 ⁽⁴⁾	\$ (186)

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- (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 from increased volume of margin lending receivables.
 - (4) Represents increased obligations to the Program Operator related to the state mortgage program "7-20-25" and other programs resulting from our continuing involvement in such programs.

The net cash flow generated from operating activities in the six months ended September 30, 2022, was primarily attributable to an increase in customer liabilities over that period, which resulted from the increase of customer accounts in our Freedom Global subsidiary. This net cash inflow was offset in part by net cash outflows attributable to increases in trading securities and increases in brokerage and other receivables.

Net Cash Flows Used In Investing Activities

During the six months ended September 30, 2022, net cash used in investing activities was \$323,187 compared to net cash used in investing activities of \$66,252 during the six months ended September 30, 2021. During the six months ended September 30, 2022, cash used in investing activities was used for the issuance of loans to customers under the state mortgage program "7-20-25" in the amount of \$228,570, the purchase of fixed assets in the amount of \$17,295, and for the purchase of available for sale securities, net of sales, in the amount of \$10,030. Net cash used to investing activities was partially offset from cash and cash equivalents received at the acquisitions of London Almaty and Ticketon in the amount of \$11,385.

Net Cash Flows From Financing Activities

Net cash from financing activities for the six months ended September 30, 2022, consisted principally bank customer deposits in the amount of \$513,546 due to the growth of banking activity in Central Asia, proceeds from securities repurchase agreement obligations in the amount of \$168,565, proceeds from issuance of debt securities of \$17,240, proceeds from capital contributions of \$677 and proceeds from loans received of \$1,863. Net cash from financing activities during the six months ended September 30, 2021, consisted principally of proceeds from securities repurchase agreement obligations in the amount of \$172,234, partially offset by net cash used in the repurchase of outstanding Freedom KZ debt securities in the amount of \$10,134.

DIVIDENDS

We have not declared or paid a cash dividend on our common stock during the past two fiscal years. Any payment of cash dividends on 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 common stock in the foreseeable future.

INDEBTEDNESS

Short-term

Securities Repurchase Arrangements. Our short-term financing is primarily obtained through securities repurchase arrangements entered into with the KASE. We use repurchase arrangements to, among other things, finance our inventory positions. As of September 30, 2022, \$981,190, or 73%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations compared to \$840,224, or 72%, as of March 31, 2022. 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 11 *Securities Repurchase Agreement Obligations* of the condensed consolidated financial statements.

Long-term

FRHC 7.00% Notes due December 2022. As of September 30, 2022, we had outstanding \$3,622 in principal amount of FRHC 7.00% notes due December 2022, which are listed on the AIX. These notes provide for semi-annual interest payments in June and December and include customary events of default relating to the disposition of our assets outside the ordinary course of business, defaults on other liabilities and obligations, corporate reorganizations, initiation of

bankruptcy proceeding, termination of the AIX listing by us, and substitution of the principal debtor without requisite approval. These notes mature in December 2022.

Freedom SPC Bonds. On November 16, 2021, Freedom SPC commenced a best efforts underwritten public offering of up to US \$66,000 aggregate principal amount of its 5.50% US dollar denominated bonds due October 21, 2026 (the “Freedom SPC Bonds”), which are listed on the AIX. As of September 30, 2022, there were outstanding \$30,184 in principal amount of the Freedom SPC Bonds. The offering may continue for a period of up to one year from the date of the commencement of the offering. The Freedom SPC Bonds are guaranteed by FRHC and the proceeds from the issuance of the Freedom SPC Bonds have been and will be, as the case may be, transferred to FRHC pursuant to an intercompany loan agreement that bears interest at a rate of 5.50% per annum. The Freedom SPC Bonds are governed by the Offer Terms of the 5.5% Coupon US \$66,000 Bonds Due October 21, 2026. The Freedom SPC Bonds mature in October 2026.

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 partially maintained 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 September 30, 2022, these minimum net capital and capital adequacy requirements ranged from approximately \$23 to \$20,860 and fluctuate depending on various factors. At September 30, 2022, the aggregate net capital and capital adequacy requirements of our subsidiaries was approximately \$32,049. Each of our subsidiaries that are subject to net capital or capital adequacy requirements exceeded the minimum required amount at September 30, 2022.

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. During fiscal 2023 we are continuing our efforts to expand the footprint of our business on a scale similar to fiscal 2022, while at the same time we have entered into an agreement to sell our Russian subsidiaries. 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, or the costs associated with a sale of our Russian subsidiaries and the impacts of that action, 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.

CONTRACTUAL OBLIGATIONS

The following table sets forth information related to our contractual obligations as of September 30, 2022:

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 year	Years 2-3	Years 4-5	More than 5 years
Operating lease obligations	\$ 16,975	\$ 2,801	\$ 6,477	\$ 4,090	\$ 3,607
Outstanding bonds and notes	82,112	27,950	13,464	40,698	—
TOTAL	\$ 99,087	\$ 30,751	\$ 19,941	\$ 44,788	\$ 3,607

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

For a discussion of off-balance sheet financing arrangements of the Company as of September 30, 2022, see Note 26 *Commitments and Contingencies* to the condensed consolidated financial statements.

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 Condensed Consolidated Balance Sheets and the reported amounts of revenue and expenses during the reporting period of the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income. Actual results could differ from those estimates. 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 accounts receivable

Allowance for accounts receivable is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the collectability of an account receivable balance is doubtful. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance by using past accounts receivable loss experience, the nature and volume, information about specific counterparties and estimated collateral values, economic conditions, and other factors.

Allocations of the allowance may be made for specific accounts receivable, but the entire allowance is available for any accounts receivable that in management's judgment should be charged off.

The allowance consists of specific and general components, the specific component relates to accounts receivable that are individually classified as impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the agreement. The general component is based on historical loss experience adjusted for current factors. The historical loss experience is based on the actual loss history we have experienced over 3-5 years, which management reviews periodically.

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. As of September 30, 2022, the Company had goodwill of \$9,512.

Income taxes

We are subject to income taxes in both the U.S. 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 Sheets 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.

RECENT ACCOUNTING PRONOUNCEMENTS

For details of applicable new accounting standards refer to *Recent accounting pronouncements* in Note 2 *Summary of Significant Accounting Policies* to the condensed consolidated financial statements.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

The following information, together with information included in Part I, Item 2 *Management's Discussion and Analysis of Financial Condition and Results of Operations*, describe our primary market risk exposures.

All dollar amounts reflected in this Part I, Item 3 are presented in thousands of U.S. dollars unless the context indicates otherwise.

Market risk

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 September 30, 2022, and March 31, 2022 (not including assets held for sale), a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in \$52,954 and \$55,249 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 \$63,557 and \$61,002 incremental rise in the fair market value of the portfolio (not including assets held for sale), respectively.

Foreign currency exchange risk

We have business operations in Kazakhstan, Russia, Cyprus, Ukraine, Uzbekistan, Germany, Kyrgyzstan, Armenia, Azerbaijan, Turkey, UAE, Greece, Spain, France, U.S. and UK. We have entered into an agreement to sell our Russian subsidiaries. The activities and accumulated earnings in our foreign subsidiaries are exposed to fluctuations in foreign exchange rates 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 or other parties to mitigate foreign currency exposures associated with certain existing assets and liabilities, firmly committed transactions and forecasted future cash flows. An analysis of our September 30, 2022, and March 31, 2022 (not including assets held for sale), balance sheets estimates 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 \$19,132, and in the increase in the amount of \$282, 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 the 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 as 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 management on a regular basis.

As of September 30, 2022, and March 31, 2022, our exposure to equity investments at fair value was \$32,522 and \$72,354, respectively. An analysis of the September 30, 2022, and March 31, 2022 (not including assets held for sale), balance sheets estimates a decrease of 10% in the equity price would have reduced the value of the equity securities or instruments we held by approximately \$3,252 and \$7,235, 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.

Margin lending receivables risk

We extend margin loans to our customers. Margin lending is subject to regulation in the jurisdictions in which we operate. In particular, as most of our margin lending receivables are in Cyprus, Russia and Kazakhstan, we are subject to various regulatory requirements of the Markets in Financial Instruments Directive (Cyprus), the Central Bank of the Russian Federation (Russia) and Astana Financial Services Authority (Kazakhstan). Margin loans are collateralized by cash and securities in the customers' accounts. The risks associated with margin credit increase during periods of fast market movements, or in cases where collateral is concentrated and market movements occur. During such times, customers who utilize margin loans and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of a liquidation. We are also exposed to credit risk when our customers execute transactions, such as short sales of 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 September 30, 2022, we had \$399,857 in margin lending receivables from our 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 potentially significant and indeterminable 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 established 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.

Loans to customers

We calculate loan loss provision (LLP) based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the LLP calculations are outlined below and the key elements are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Definition of default

We consider a financial instrument defaulted and therefore credit-impaired for LLP calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, we also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as credit-impaired for LLP calculations or whether unimpaired is appropriate. Such events include:

- Death of the borrower (co-borrower);
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection;
- The debt was restructured due to deterioration of financial condition of the borrower once or more over the last 12 months with due account for the criteria for credit quality cure;
- Decision of the authorized body to assign a default status to a financial asset.

Retail lending

Retail lending includes unsecured loans to individuals, credit cards, overdrafts and loans secured by real estate. Evaluation of unsecured products is carried out using an automated scoring system based on qualitative and quantitative indicators. The main indicators used in the models are as follows: length of employment at the last job, credit history, frequency of pension contributions, education, marital status, as well as the ratio of the amount of the contribution on the expected loan to the average monthly income of the client. Evaluation of products secured by real estate is carried out by determining the level of solvency and the ratio of the loan to the collateral value of the collateral.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the outstanding amount of the loan in comparison to the amount expected to be recovered or realised from any collateral held.

We segment retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses in the group.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

1. Growth of Gross Domestic Product;
2. Retail trade index
3. Currency exchange rates;
4. Real wage index;
5. Unemployment rates;
6. Inflation.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies). Experts of the Group's Risk Management Department determine the weights attributable to the multiple scenarios. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

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 descriptions of related risks, see the information under the heading "*Risks Related to Information Technology and Cyber Security*" in Item 1A of our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

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 specific 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 of 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 anti-money laundering and counter terrorism financing rules and regulations, 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, counter terrorism financing, 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.

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 the design and operation of our disclosure controls and procedures under the 2013 framework of the Committee of Sponsoring Organizations of the Treadway Commission.

Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2022, due to the material weakness in our internal control over financial reporting described below, our disclosure controls and procedures were not effective at the reasonable assurance level.

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

Management identified a material weakness related to a lack of an effectively designed specific control activity over the compliance of Consolidated Statements of Cash Flows with US GAAP. As a result of the associated error related to the historical classification of certain loans and deposits from banking institutions within our Consolidated Statements of Cash Flows, we have restated our Consolidated Statement of Cash Flows for the six months ended September 30, 2021 as presented for comparative purposes in this quarterly report on Form 10-Q and we will be restating our previously filed consolidated financial statements as of and for the years ended March 31, 2022, 2021 and 2020 and for each of the quarterly periods ended December 31, 2021 and June 30, 2022.

In light of the material weakness, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted principles. Accordingly, management concluded that the financial statements included in this quarterly report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for each of the periods presented.

Remediation Plan for the Material Weakness

In order to remediate the material weakness, our management plans to enhance the design of its control activity over the classification of certain loans and deposits from banking institutions within our Consolidated Statements of Cash Flows. The material weakness cannot be considered remediated until the newly designed control activity operates for a sufficient period of time and management has concluded, through testing, that the control is operating effectively.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2022, no changes in our internal control over financial reporting occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The financial services industry is highly regulated. In recent years, there has been an increasing incidence of litigation involving the brokerage industry, including customer and shareholder class action suits that generally seek substantial damages, including in some cases punitive damages. Compliance and trading problems that are reported to federal, state and provincial regulators, exchanges or other self-regulatory organizations by dissatisfied customers are investigated by such regulatory bodies, and, if pursued by such regulatory body or such customers, may rise to the level of arbitration or disciplinary action. Financial services industry participants like us are also subject to periodic governmental and regulatory audits and inspections that might result in fines or other charges.

From time to time, we or our subsidiaries may be named as defendants in various routine legal proceedings, claims, and regulatory inquiries in the ordinary course of our business. Management believes that the results of these routine legal proceedings, claims, and regulatory matters will not have a material adverse effect on our financial condition, or on our operations and cash flows. However, we cannot estimate the legal fees and expenses to be incurred in connection with these routine matters and, therefore, are unable to determine whether these future legal fees and expenses will have a material impact on our operations and cash flows. It is our policy to expense legal and other fees as incurred.

Estate of Toleush Tolmakov Litigation

No material developments regarding this matter occurred in the three months ended September 30, 2022.

Item 1A. Risk Factors

Except for the following additional risk factors, we believe there have been no material changes from the risk factors previously disclosed in “Risk Factors” in our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

Risks Related to the Russia/Ukraine Conflict

Risks Related to the Planned Sale of Our Russian Subsidiaries

On October 19, 2022, we announced that we had entered into an agreement to sell our two Russian subsidiaries. While the transaction is expected to be completed in the coming months, the transaction is subject to the approval of the Central Bank of the Russian Federation. In addition, on August 5, 2022, Russia introduced a ban restricting the ability of investors from “unfriendly-states” to exit from investments in businesses in certain Russian industries, which could impair our ability to complete the sale of our Russian subsidiaries. The completion of the planned sale of our Russian subsidiaries is subject to factors outside of our control, and accordingly there can be no assurance that they will be completed within the timeframe we currently expect or at all.

Even if we are able to successfully complete the sale of our Russian subsidiaries, there can be no assurance that such sale will achieve its intended effects. In particular, we expect that the sale of our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in other markets. We also expect that, following the completion of the sale of the Russian Subsidiaries, a number of existing clients of our Russian subsidiaries will invest in the non-Russian international capital markets going forward through accounts at other companies within our group, subject to appropriate on-boarding for compliance purposes. However, these matters are subject to uncertainty and changes in circumstances. A failure by us to achieve the intended effects of the sale of our Russian subsidiaries could have a material adverse effect on our results of operations in future periods.

Risks Related to Our Insurance Businesses

Our Modeling and Assumptions Used in Assessing Risks may Differ Materially from Actual Results.

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

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

We may not be Able to Obtain Reinsurance at Required Levels or Prices, or Otherwise Collect on Reinsurance, Which Could Increase our Exposure or Limit our Ability to Write New Business.

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

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

Risks Related to Our Internal Controls

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

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

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate prior to the date of our annual management report.

The Audit Committee of our Board of Directors, after discussion with management, concluded that our (i) previously filed annual report on Form 10-K for the fiscal year ended March 31, 2022 and (ii) previously filed quarterly reports on Form 10-Q for each of the quarterly periods ended December 31, 2021 and June 30, 2022 (collectively the "Prior Financial Statements") should no longer be relied upon. The determination resulted from an error in the Prior Financial Statements identified by us during the course of preparing our financial statements as of and for the three months ended September 30, 2022, based on inquiries from our newly appointed independent registered public accounting firm. Specifically, we determined that in the Consolidated Statements of Cash Flows in the Prior Financial Statements, certain loans issued were presented as "Operating activities" whereas they should have been presented as "Investing activities," and deposits from banking institutions were presented as "Operating activities" whereas they should have been presented as "Financing activities," and that the misclassification of such cash flows should be restated through amendments to the Prior Financial Statements. We have determined that the misclassification did not have any impact on our operating performance or reported key performance indicators. We will be correcting this misclassification by restating our Consolidated Statements of Cash Flows through the amendments of the Prior Financial Statements. We are diligently pursuing completion of the restatement and intend to file an amended annual report on Form 10-K and amended quarterly reports on Form 10-Q as soon as reasonably practicable.

In connection with such error, we have concluded that there is a material weakness in the design of a control activity with respect to the classification of certain loans and deposits from banking institutions within our Consolidated Statements of Cash Flows and have determined that our disclosure controls and procedures were not effective for the

previously filed reports as described above and our internal control over financial reporting was not effective for the previously filed annual report on Form 10-K as described above.

We have commenced measures to remediate the identified material weakness. Until the material weakness is remediated, we will continue to perform additional analysis and other post-closing procedures to ensure that our consolidated financial statements are prepared in accordance with U.S. GAAP. The material weakness cannot be considered remediated until the newly designed control activity operates for a sufficient period of time and management has concluded, through testing, that the control is operating effectively. We can give no assurance that the measures we are taking and plan to take in the future will remediate the material weakness identified, or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our internal control over financial reporting, in the future those controls may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.

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

Item 6. Exhibits

The following exhibits are filed or furnished, as applicable:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.01	Purchase and Sale Agreement of 100% Interest in Authorized Capital of Freedom Finance Investment Company Limited Liability Company dated October 17, 2022 between Freedom Holding Corp. and Mr. Maksim Sergeyevich Povalishin (Portions of this agreement have been redacted in compliance with Regulation S-K Item 601(b)(10))*
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 September 30, 2022, 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.

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: November 15, 2022

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: November 15, 2022

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer

EXPLANATORY NOTE: [*] INDICATES THE PORTION OF THIS EXHIBIT THAT HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.**

17 октября 2022 года

October 17, 2022

Фридом Холдинг Корп.

и

Повалишин Максим Сергеевич

Freedom Holding Corp.

and

Mr. Maksim Sergeevich Povalishin

ДОГОВОР КУПЛИ-ПРОДАЖИ

100% доли в уставном капитале

**Общества с ограниченной ответственностью Инвестиционная
компания "Фридом Финанс"**

PURCHASE AND SALE AGREEMENT OF

100% INTEREST IN AUTHORIZED CAPITAL OF

**FREEDOM FINANCE INVESTMENT COMPANY LIMITED
LIABILITY COMPANY**

Настоящий договор купли-продажи 100% доли ("**Договор**") заключен 17 октября 2022 года ("**Дата договора**") между:

This 100% Interest Purchase and Sale Agreement ("**Agreement**") is made on October 17, 2022 ("**Date of Agreement**") by and between:

- | | |
|--|--|
| <p>(1) Фридом Холдинг Корп., учрежденным в соответствии с законодательством штата Невада Соединенных Штатов Америки, зарегистрированным за регистрационным номером С32081-2004 по адресу: Соединенные Штаты Америки, Невада, 89134 Лас-Вегас, Вилладж Сентр Секл 1930, 3-6972 ("Продавец"), в лице Генерального директора Турлова Тимура Руслановича, действующего на основании устава Продавца; и</p> <p>(1) Повалишиным Максимом Сергеевичем, гражданином Российской Федерации, дата рождения: [***], место рождения: гор. Москва, паспорт [***] выдан Паспортным столом № 2 ОВД района Очаково-Матвеевское города Москвы 29 марта 2004 года, код подразделения 772-130, зарегистрированным по месту жительства по адресу: [***] ("Покупатель"),</p> | <p>(1) Freedom Holding Corp., incorporated under the laws of the State of Nevada, United States of America, with entity number C32081-2004 and with its registered office at 1930 Village Center Cir. # 3-6972, Las-Vegas, Nevada 89134 USA ("Seller"), duly represented by CEO Timur Turlov, acting under the Charter; and</p> <p>(1) Mr. Maksim Sergeyevich Povalishin, citizen of the Russian Federation, Date of Birth: [***], Place of Birth: Moscow, passport [***] issued by the Passport Office No. 2 of the Department of Internal Affairs of the Ochakovo-Matveyevskoye district of Moscow on March 29, 2004, subdivision code 772-130, registered at [***] ("Buyer"),</p> |
|--|--|

далее совместно именуемые "**Стороны**", а по отдельности – "**Сторона**".

collectively referred to as the **Parties** and individually as a **Party**.

ПРЕАМБУЛА

- (A) На Дату договора Продавец является собственником Доли (как определено в пункте 1) и Общество является собственником Дочерней доли (как определено в пункте 1).
- (A) Продавец намерен продать, а Покупатель намерен приобрести Долю (как определено в пункте 1) на условиях, изложенных в настоящем Договоре.

RECITALS

- (A) As of the Date of Agreement, the Seller owns the Interest, and the Company (as defined in Clause 1) owns the Subsidiary Interest (as defined in Clause 1).
- (A) The Seller wishes to sell to the Buyer and the Buyer wishes to purchase from the Seller, the Interest (as defined in Clause 1) subject to the terms and conditions set forth herein.

1. ОПРЕДЕЛЕНИЯ И ТОЛКОВАНИЕ

1.1 В настоящем Договоре приведенные ниже слова и выражения, используемые с заглавной буквы, будут иметь следующие значения:

"Аффилированное лицо" означает:

- (i) в отношении любого физического лица его супруга, родителей (в том числе усыновителей), детей (в том числе усыновленных), полнородных и неполнородных братьев и сестер, а также любое юридическое лицо, которое находится под Контролем такого физического лица;
- (i) в отношении любого юридического лица любое лицо, которое единолично или совместно с иным лицом (i) осуществляет Контроль над таким юридическим лицом; или (ii) находится под Контролем такого юридического лица; или (iii) находится под Контролем лица, Контролирующего такое юридическое лицо;

"Банк" означает Общество с ограниченной ответственностью Банк "Фридом Финанс", учрежденное в соответствии с законодательством Российской Федерации, зарегистрированное за основным государственным регистрационным номером (ОГРН) 1026500000317 по адресу: Российская Федерация, 127006, город Москва, ул. Каретный ряд, д. 5/10, стр. 2;

"Банковский счет Продавца" означает банковский счет Продавца со следующими реквизитами: [***] в АО "Банк Фридом Финанс Казахстан", или иной банковский счет Продавца, реквизиты которого были предоставлены Продавцом Покупателю в Уведомлении не позднее чем за 5 (пять) Рабочих дней до даты совершения соответствующего платежа;

1. DEFINITIONS AND INTERPRETATION

1.1 Unless otherwise provided herein, capitalized terms used in this Agreement have the meanings as specified as follows:

Affiliate means:

- (i) in relation to any individual, means his/her spouse, parents (including adoptive parents), children (including adopted children), full and half brothers and sisters, and any legal entity that is Controlled by such individual;
- (i) in relation to any legal entity, means any person who solely or jointly with another person (i) Controls such legal entity; or (ii) is controlled by such legal entity; or (iii) is under common Control with such legal entity;

Bank means Freedom Finance Bank Limited Liability Company, established in accordance with the laws of the Russian Federation, registered under the Primary State Registration Number (OGRN) 1026500000317 at the Russian Federation, 127006, Moscow, st. Karetny Ryad, 5/10, building 2;

Seller's Bank Account means the following Seller's Bank Account: [***] with Bank Freedom Finance Kazakhstan JSC, or such other Seller's Bank Account as Notified to the Buyer by the Seller no later than Five (5) Business Days prior to the date of the relevant payment;

"ГК РФ" означает Гражданский кодекс Российской Федерации;

Civil Code means the Civil Code of the Russian Federation;

"Государственный орган" означает:

Governmental Authority means:

- | | |
|---|--|
| (i) любое образование, орган власти, службу или институт, осуществляющие исполнительные, законодательные, судебные, регуляторные, надзорные, регулирующие, лицензирующие, сертификационные или административные функции от имени правительства, государственного или политического подразделения, включая любой наднациональный орган, государственный или муниципальный орган или институт, министерство, агентство, департамент, совет, службу, комиссию, суд, третейский суд, трибунал или их производные и подразделения; | (i) any entity, authority, public service or institution exercising executive, legislative, judicial, regulatory, supervisory, regulatory, licensing, certification or administrative functions on behalf of a government, state or political entity, including any supranational body, government or municipal body or an institution, ministry, agency, department, council, service, commission, court, arbitral tribunal, tribunal or their divisions and sub-divisions; |
| (i) квазигосударственный орган, наделенный официальными полномочиями и осуществляющий регулирование, управление, контроль, установление норм и правил или иные функции и полномочия, установленные для такого органа (в том числе центральный банк), | (i) a quasi-public body with formal powers and authority that regulates, manages, controls, sets rules and regulations, or has other functions and powers assigned to such body (including a central bank), |

действующие на территории любой страны (включая, во избежание сомнений, Российскую Федерацию, Республику Казахстан и Соединенные Штаты Америки) или любого административно-территориального образования (включая, во избежание сомнений, субъекты Российской Федерации);

operating on the territory of any country (including, for the avoidance of doubt, the Russian Federation, Republic of Kazakhstan and the United States of America) or any administrative territory (including, for the avoidance of doubt, the constituents of the Russian Federation);

"Группа Продавца" означает Продавца и его Афффилированных лиц (во избежание сомнений, после Даты перехода не включает Компании Группы);

Seller's Group means the Seller and its Affiliates (for the avoidance of doubt, after the Transfer Date it excludes the Group Companies);

"Дата Договора" имеет значение, установленное в начале настоящего документа;

Date of Agreement has the meaning set forth above;

"Дата закрытия" означает дату, в которую происходит Закрытие в соответствии с положениями настоящего Договора;

Closing Date means the date on which there shall be Closing in accordance with provisions hereof;

"Дата Отчетности" означает:

Reporting Date means:

(i) для отчетности, подготовленной в соответствии с РСБУ, 31 декабря 2021 года; и

(i) for the Reporting prepared in accordance with RAS – 31 December 2021;

(i) для отчетности, подготовленной в соответствии с ОПБУ, 31 марта 2022 года;

(i) for the Reporting prepared in accordance with GAAP - 31 March 2022;

"Дата перехода" означает дату перехода в ЕГРЮЛ права собственности на Долг от Продавца к Покупателю в соответствии с настоящим Договором;

Transfer Date means the date of the transfer of the ownership title to the Interest from the Seller to the Buyer in the USRLE in accordance with this Agreement;

"ДКП" означает документ по форме, приведенной в Приложении 5, подлежащий заключению между Сторонами в Дату закрытия;

Transfer Form means a document in the form set out in Schedule 5 to be entered into between the Parties on the Closing Date;

"ДКП Дочерней казахстанской компании" означает договор купли-продажи 9 040 099 акций Дочерней казахстанской компании от 13 сентября 2022 года между Продавцом (в качестве покупателя) и Обществом (в качестве продавца);

Kazakhstan Subsidiary SPA means share purchase agreement between the Seller as buyer and the Company as seller of 9 040 099 ordinary shares of the Kazakhstan Subsidiary entered on 13 September 2022;

"Договор" имеет значение, установленное в начале настоящего документа;

Agreement has the meaning set forth above;

"Документы по сделке" означает настоящий Договор, ДКП, а также иные договоры, соглашения, сделки и документы, заключенные (совершенные, подписанные) или подлежащие заключению (совершению, подписанию) в соответствии с настоящим Договором или в связи с ним, и "Документ по сделке" означает любой из них;

Transaction Documents means this Agreement, Transfer Form, as well as other contracts, agreements, arrangements and documents entered into (executed, signed) or to be entered into (executed, signed) in accordance with this Agreement or hereunder, and the Transaction Document means any of them;

"Доля" означает 100% долю в уставном капитале Общества номинальной стоимостью 9 930 100 000 (девять миллиардов девятьсот тридцать миллионов сто тысяч) рублей;

"Дочерняя доля" означает долю в уставном капитале Банка в размере 99,999998696% номинальной стоимостью 1 394 999 981 рубль 81 копейка;

"Дочерняя казахстанская компания" означает АО "Фридом Финанс", созданная по законодательству Республики Казахстан (казахстанский бизнес идентификационный номер 061140003010);

"ЕГРЮЛ" означает единый государственный реестр юридических лиц Российской Федерации;

"Заверения Покупателя" означает заверения об обстоятельствах, указанные в Приложении 3, а "Заверение Покупателя" означает любое из них;

"Заверения Продавца" означает заверения об обстоятельствах, указанные в Приложении 2, а "Заверение Продавца" означает любое из них;

"Закон об ООО" означает Федеральный закон от 8 февраля 1998 года № 14-ФЗ "Об обществах с ограниченной ответственностью";

"Закрытие" означает исполнение Сторонами всех фактических и юридических действий, направленных на передачу Доли в соответствии с пунктом 6 и Приложением 4;

"Компании Группы" означает Общество и Банк, а "Компания Группы" означает любое из них;

Interest means 100% interest in the authorized capital of the Company of Nine billion nine hundred thirty million one hundred thousand rubles (RUB 9,930,100,000) nominal value;

Subsidiary Interest means an interest in the authorized capital of the Bank of 99.999998696% and 1,394,999,981 rubles 81 kopecks; nominal value;

Kazakhstan Subsidiary means Freedom Finance JSC, established under the laws of the Republic of Kazakhstan (Kazakhstan Business Identification Number: 061140003010);

USRLE means the Unified State Register of Legal Entities of the Russian Federation;

Buyer's Representations mean the representations of the circumstances set forth in Schedule 3, and the **Buyer's Representation** means any of them;

Seller's Representations mean the representations of the circumstances set forth in Schedule 2, and the **Seller's Representation** means any of them;

LLC Law means Limited Liability Companies Federal Law No. 14-FZ dated February 8, 1998;

Closing means the completing by the Parties of all actual and legal actions aimed at the transfer of the Interest in accordance with Clause 6 and Schedule 4;

Group Companies mean the Company and the Bank, and **Group Company** means either of them;

"Контроль" означает в отношении юридического лица право или фактическую возможность лица (или лиц, действующих согласованно), прямо или косвенно (через одно или несколько лиц) определять действия такого юридического лица, в том числе право или фактическую возможность:

- (i) распоряжаться более чем 50 (пятьюдесятью) процентами голосов, приходящихся на голосующие акции (доли) в уставном капитале такого юридического лица (в том числе на основании корпоративного договора или иного соглашения);
- (i) назначать или избирать единоличный исполнительный орган или более 50 (пятидесяти) процентов состава коллегиального органа такого юридического лица или прекращать их полномочия; или
- (i) оказывать на него определяющее влияние, например, осуществляя право давать (или фактически давая) обязательные для исполнения указания в отношении его операционной и/или финансовой деятельности,

и термины **"Контролирующий"** и **"Контролируемый"** должны толковаться соответственно (для целей данного определения "лица, действующие согласованно" в отношении какого-либо лица означает лиц, которые активно взаимодействуют на основании соглашения или договоренности (устной или письменной) с целью получения или консолидации Контроля над указанным лицом);

"Лицензии" означает все следующие лицензии/разрешения:

- (i) Общества:

Control in relation to legal entity means the right or actual ability of a person (or persons acting in concert), directly or indirectly (through one or more persons) to determine the actions of such legal entity, including the right or actual ability to:

- (i) dispose of more than 50 (fifty) percent of the votes attributable to voting shares (interest) in the authorized capital of such legal entity (including under corporate or other agreement);
- (i) appoint or elect the sole executive body or more than 50 (fifty) percent of the composition of the collegiate body of such legal entity or terminate their powers; or
- (i) exert a decisive influence over such legal entity, for example, by exercising the right to direct (or cause the direction) binding instructions in relation to its operating and/or financial activities,

and the terms **"Controlling"** and **"Controlled"** shall be construed accordingly (for the purposes of this definition, the "persons acting in concert" with respect to any person means persons who actively cooperate by agreement or arrangement (verbal or written) for the purpose of obtaining or consolidating control over such person);

Licenses mean all of the following licenses/ consents of:

- (i) the Company:

- лицензия на осуществление депозитарной деятельности № 045-13570-000100, выданная ЦБ РФ 19 мая 2011 года;
- лицензия на осуществление деятельности по управлению ценными бумагами № 045-13567-001000, выданная ЦБ РФ 19 мая 2011 года;
- лицензия на осуществление брокерской деятельности № 045-13561-100000, выданная ЦБ РФ 19 мая 2011 года;
- лицензия на осуществление дилерской деятельности № 045-13564-010000, выданная ЦБ РФ 19 мая 2011 года; и
- регистрация в едином реестре инвестиционных советников ЦБ РФ № 42 от 30 мая 2019 года;
- Depository License No. 045-13570-000100, issued by the Central Bank of the Russian Federation on May 19, 2011;
- Securities Management License No. 045-13567-001000 issued by the Central Bank of the Russian Federation on May 19, 2011;
- Brokerage License No. 045-13561-100000 issued by the Central Bank of the Russian Federation on May 19, 2011;
- Dealer License No. 045-13564-010000 issued by the Central Bank of the Russian Federation on May 19, 2011; and
- Registration in the Integral Register of Investment Advisors CBR No.42 dated May 30, 2019,

(i) Банка:

- лицензия на осуществление брокерской деятельности № 045-14030-100000, выданная ЦБ РФ 26 июля 2017 года;
- лицензия на осуществление дилерской деятельности № 045-14031-010000, выданная ЦБ РФ 26 июля 2017 года;

(i) the Bank:

- Brokerage License No. 045-14030-100000, issued by the Central Bank of the Russian Federation on July 26, 2017;
- Dealer License No. 045-14031-010000 issued by the Central Bank of the Russian Federation on July 26, 2017;

- лицензия на осуществление деятельности по управлению ценными бумагами № 045-14032-001000, выданная ЦБ РФ 26 июля 2017 года;
- лицензия на осуществление депозитарной деятельности № 045-14033-000100, выданная ЦБ РФ 26 июля 2017 года;
- лицензия на осуществление разработки, производства, распространения шифровальных (криптографических) средств, информационных систем и телекоммуникационных систем, защищенных с использованием шифровальных (криптографических) средств, выполнения работ, оказания услуг в области шифрования информации, технического обслуживания шифровальных (криптографических) средств, информационных систем и телекоммуникационных систем, защищенных с использованием шифровальных (криптографических) средств (за исключением случая, если техническое обслуживание шифровальных (криптографических) средств, информационных систем и телекоммуникационных систем, защищенных с использованием шифровальных (криптографических) средств, осуществляется для обеспечения собственных нужд юридического лица или индивидуального предпринимателя) ЛСЗ № 0015077 16372Н, выданная Центром по лицензированию, сертификации и защите государственной тайны ФСБ России 22 декабря 2017 года; и
- универсальная лицензия на осуществление банковских операций со средствами в рублях и иностранной валюте (с правом привлечения во вклады денежных средств физических лиц) без права на осуществление банковских операций с драгоценными металлами) № 1143, выданная ЦБ РФ 16 ноября 2021 года,
- Securities Management License No. 045-14032-001000 issued by the Central Bank of the Russian Federation on July 26, 2017;
- Depository License No. 045-14033-000100 issued by the Central Bank of the Russian Federation on July 26, 2017;
- license for the development, production, distribution of encryption (cryptographic) facilities, information systems and telecommunications systems protected using encryption (cryptographic) facilities, performance of work, provision of services in the field of information encryption, maintenance of encryption (cryptographic) facilities, information systems and telecommunication systems protected using encryption (cryptographic) means (except for the case when the maintenance of encryption (cryptographic) facilities, information systems and telecommunication systems protected using encryption (cryptographic) means is carried out to meet the own needs of a legal entity or an individual entrepreneur) LSZ No. 0015077 16372N, issued by the Center for Licensing, Certification and Protection of National Security Information of the Federal Security Service of Russia on December 22, 2017; and
- General Banking License for operations with funds in rubles and foreign currency (with the right to attract funds from individuals as deposits) without right to conduct banking operations with precious metals) No. 1143, issued by the Central Bank of the Russian Federation on November 16, 2021,

а "**Лицензия**" означает любую из них;

"**Налоговый орган**" означает любой налоговый или иной орган, уполномоченный налагать обязательства в отношении Налогов либо ответственный за администрирование Налогообложения, и/или сбор Налогов, и/или применение какого-либо закона в отношении Налогообложения;

"**Налогообложение**" или "**Налог**" означает все формы налогообложения, как прямые, так и косвенные, взимаемые с доходов, прибыли, выручки, чистых активов, стоимости активов, оборота, добавленной стоимости или иной базы, а также базовые и обязательные, государственные, региональные, местные или муниципальные налоги, пошлины, отчисления, тарифы и сборы (включая таможенные сборы, отчисления на социальное страхование и любые иные отчисления во внебюджетные фонды и налоги с фонда оплаты труда), вне зависимости от времени и места их взимания (взимаемые как посредством удержания или вычета налога или в счет налога, так и любым иным образом) в отношении любых лиц, а также все пени, штрафы, издержки и проценты, связанные с ними, и термин "Налоговый" должен толковаться соответствующим образом;

"**Нотариус**" означает [***], нотариуса города Москвы, нотариальная контора которого расположена по адресу: Российская Федерация, город Москва, [***], если иное не согласовано Сторонами в письменной форме;

"**Обременение**" означает любое право любого лица (включая любое право на приобретение или передачу, опцион, предварительный договор, преимущественное право, право конвертации или право аренды), любую ипотеку, залог, обеспечение, право удержания, уступку прав, заклад, обеспечительное право, право безвозмездного пользования, установленные на основании договора, применимого законодательства, акта Государственного органа, в том числе решения (определения) суда в отношении соответствующего имущества, любые соглашения (включая соглашения об установлении доверительного управления) или договоренности об обеспечении, или любое соглашение о создании любого из вышеперечисленного;

and a **License** means any of them;

Taxing Authority means any tax or other authority empowered to impose obligations in respect of Taxes or responsible for the administration of Taxation and/or the collection of Taxes and/or the enforcement of any law in respect of Taxation;

Taxation or **Tax** means all and any forms of taxation, whether direct or indirect, levied on income, profits, proceeds, net assets, asset value, turnover, value added or other basis, as well as basic and mandatory, state, regional, local or municipal taxes, duties, deductions, tariffs and fees (including customs fees, social security contributions and any other deductions to extra-budgetary funds and payroll taxes), regardless of the time and place of their collection (collected both through withholding or tax deductible or on account of tax or otherwise) in respect of any person, and all penalties, fines, costs and interest associated therewith, and the term "Taxable" shall be construed accordingly;

Notary means [***], notary of the city of Moscow, whose notary's office is located at the Russian Federation, Moscow, [***], unless otherwise agreed by the Parties in writing;

Encumbrance means any right of any person (including any right to acquire or transfer, option, pre-contract, preemptive right, conversion right or lease right), any mortgage, pledge, security, lien, assignment, security right, the right of gratuitous use established on the basis of an agreement, applicable law, an act of the Governmental Authority, including a court judgment (determination) in relation to the relevant property, any agreements (including trust deeds) or arrangements for security, or any agreement on the creation of any of above;

"Общество" означает Общество с ограниченной ответственностью Инвестиционная компания "Фридом Финанс", учрежденное в соответствии с законодательством Российской Федерации, зарегистрированное за основным государственным регистрационным номером (ОГРН) 1107746963785 по адресу: Российская Федерация, 123112, город Москва, 1-ый Красногвардейский проезд, дом 15, офис 18.02;

"Обычная хозяйственная деятельность" означает совершение сделок и совершение иных действий, которые по своим основным условиям не отличаются существенно от аналогичных сделок и иных действий, которые обычно совершались до соответствующей даты соответствующим лицом за последние три (3) года, при условии, что (а) любые различия в сделках или действиях Компаний Группы за последние семь (7) месяцев, о которых известно Покупателю, не считаются действиями, отличающимися от Обычной хозяйственной деятельности таких компаний, и (b) любая деятельность Продавца или Компании Группы, связанная с миграцией существующих клиентов Компаний Группы и их нероссийских инвестиционных активов в другие компании в рамках Группы Продавца, не считается деятельностью, которая отличается от Обычной хозяйственной деятельности для целей настоящего Договора;

"Обязательство по ДКП Дочерней казахстанской компании" означает платежное обязательство Продавца перед Обществом по ДКП Дочерней казахстанской компании в размере 6 633 279 632 (шесть миллиардов шестисот тридцати трех миллионов двухсот семидесяти девяти тысяч шестисот тридцати двух) рублей;

Company means Freedom Finance Investment Company Limited Liability Company, established under the laws of the Russian Federation, registered under the Primary State Registration Number (OGRN) 1107746963785 at the Russian Federation, 123112, Moscow, 1st Krasnogvardeiskiy proezd 15, office 18.02;

Normal Course of Business means the making of transactions and performance of other actions that, in terms of their main conditions, do not differ materially from similar transactions and other actions that have been ordinarily and usually made before the relevant date by the relevant person over the past three (3) years, provided that (a) any differences in transactions or actions by the Group Companies over the past seven (7) months of which the Purchaser is aware shall not be deemed to be activities that differ from the Normal Course of Business of such companies and (b) any activities by the Seller or a Group Company related to the migration of existing clients of Group Companies and their non-Russian investment assets to other companies within the Seller's Group shall not be deemed to be an activity that differs from the Normal Course of Business for purposes of this Agreement;

Obligation under the Kazakhstan Subsidiary SPA means the payment obligation of the Seller to the Company under the Kazakhstan Subsidiary SPA in the amount of 6,633,279,632 rubles;

"ОПБУ" означает общепринятые принципы бухгалтерского учета в Соединенных Штатах Америки на соответствующую дату, вне зависимости от их признания Государственными органами для применения на территории Российской Федерации;

"Отчетность" означает следующую отчетность:

- (i) в отношении каждой Компании Группы (отдельно) - прошедшую аудиторскую проверку годовую бухгалтерскую отчетность за 2021 год, подготовленную в соответствии с РСБУ;
- (i) в отношении Компаний Группы (консолидировано) – прошедшую аудиторскую проверку годовую бухгалтерскую отчетность за год, закончившийся 31 марта 2022 года, подготовленную в соответствии с ОПБУ;

"Платеж переводом" имеет значение, установленное в пункте 3.1.2;

"Покупная цена" имеет значение, установленное в пункте 3.1;

"Предельная дата" означает 1 марта 2023 года или иная дата, согласованная Сторонами в соответствии с пунктом 4.3.1;

"Рабочий день" означает день, который не является субботой, воскресеньем или государственным праздником в г. Москва (Российская Федерация) и г. Лас-Вегас (Соединенные Штаты Америки), в который банки открыты для осуществления обычной деятельности;

"РАЦ" имеет значение, установленное в пункте 12.2;

GAAP means generally accepted accounting principles in the United States of America on the relevant date, regardless of their recognition by the Governmental Authorities for application in the territory of the Russian Federation;

Financial Statements mean the following financial statements:

- (i) with respect to the Group Companies (separately) - audited annual financial statements for 2021 prepared in accordance with RAS;
- (i) with respect to Group Companies (consolidated) audited annual financial statements for the year ended March 31, 2022 prepared in accordance with GAAP;

Payment by Transfer has the meaning set forth in Clause 3.1.2;

Purchase Price has the meaning set forth in Clause 3.1;

Final Date means March 01, 2023 or such other date as agreed by the Parties in accordance with Clause 4.3.1;

Business Day means any day other than a Saturday, Sunday or public holiday in Moscow (Russian Federation) and Las Vegas (USA), when banks are open for the transaction of normal banking business;

RAC has the meaning set forth in Clause 12.2;

"РСБУ" означает российские стандарты бухгалтерского учета (комплекс правил бухгалтерской и финансовой отчетности, принятых для использования в Российской Федерации в соответствии с Федеральным законом от 6 декабря 2011 года № 402-ФЗ "О бухгалтерском учете" и иным применимым законодательством Российской Федерации по состоянию на соответствующую дату);

"Санкции" означает экономические, финансовые или иные санкции, торговые эмбарго или ограничительные меры, введенные Соединенными Штатами Америки, Советом Безопасности Организации Объединенных Санкций, Европейским Союзом (его странами-участницами) или Соединенным Королевством;

"Специальная отчетность" означает всю отчетность Компаний Группы за последний календарный год, подготовка которой требуется в отношении кредитных организаций и профессиональных участников рынка ценных бумаг в соответствии с применимым законодательством (в том числе требованиями ЦБ РФ);

"СРО" означает:

(i) применительно к Обществу:

- Национальную ассоциацию участников фондового рынка; и
- Некоммерческое партнерство развития финансового рынка РТС;

(i) применительно к Банку:

RAS means Russian Accounting Standards (a set of accounting and financial reporting rules adopted for use in the Russian Federation in accordance with Accounting Federal Law No. 402-FZ of December 6, 2011 and other applicable laws of the Russian Federation as of relevant date);

Sanctions means economic, financial and other sanctions, trade embargos and other restrictive measures imposed by the United States of America, United Nations Security Council, European Union (its member states) or United Kingdom;

Special Reporting means all financial statements of the Group Companies for the last calendar year, which preparation is required in relation to credit institutions and professional participants in the securities market in accordance with applicable laws (including the requirements of the Central Bank of the Russian Federation);

SRO means:

(i) in relation to the Company:

- National Association of Stock Market Participants; and
- Non-commercial partnership for the development of the financial market RTS;

(i) in relation to the Bank:

- Ассоциацию банков России;
 - Ассоциацию российских банков;
 - Российскую национальную ассоциацию СВИФТ;
 - Московскую международную валютную ассоциацию;
 - Национальную ассоциацию участников фондового рынка;
 - Некоммерческое партнерство "Национальный совет финансового рынка"; и
 - Саморегулируемую организацию "Национальная финансовая ассоциация";
- Association of Banks of Russia;
 - Association of Russian Banks;
 - Russian National SWIFT Association;
 - Moscow International Currency Association;
 - National Association of Stock Market Participants;
 - Non-commercial partnership "National Council of the Financial Market"; and
 - Self-regulatory organization "National Financial Association";

"Сумма зачета" имеет значение, установленное в пункте 3.1.1;

Setoff Amount has the meaning set forth in Clause 3.1.1;

"Существенное неблагоприятное изменение" означает событие, факт, явление, обстоятельство, изменение, которое, по обоснованному мнению Покупателя, оказывает существенное негативное воздействие на положение (финансовое или иное), хозяйственную деятельность, активы или обязательства Компаний Группы;

Material Adverse Change means an event, fact, phenomenon, circumstance, change that, in the reasonable opinion of the Buyer, has a material adverse effect on the position (financial or otherwise), business, assets or liabilities of the Group Companies;

"Существенные заверения" означает Заверения Продавца, указанные в параграфах 2, 3, 5 и 6 Приложения 2;

Material Representations means Seller's Representations set forth in paragraphs 2, 3, 5 and 6 of Schedule 2;

"Уведомление" имеет значение, установленное в пункте 13.8.1;

Notice has the meaning set forth in Clause 13.8.1;

"Условия" имеет значение, установленное в пункте 4.1;

Condition Precedent has the meaning set forth in Clause 4.1;

"**ФФ АВТО**" означает Общество с ограниченной ответственностью Инвестиционная компания "ФФ АВТО", учрежденное в соответствии с законодательством Российской Федерации, зарегистрированное за основным государственным регистрационным номером (ОГРН) 1227700409364 по адресу: Российская Федерация, 123112, город Москва, 1-ый Красногвардейский проезд, дом 15, этаж 10, помещения 10.03, 10.11; и

"**ЦБ РФ**" означает Центральный банк Российской Федерации.

1.1 Заголовки

Заголовки не должны оказывать влияние на толкование настоящего Договора.

1.1 Пункты

Ссылки на настоящий Договор распространяются на Приложения к нему. Ссылки на пункты и Приложения являются ссылками на пункты настоящего Договора и на приложения к нему. Ссылки на параграфы являются ссылками на параграфы Приложений.

1.1 Множественное число

Слова, используемые в настоящем Договоре в единственном числе, включают в себя и значение множественного числа, и наоборот.

1.1 Валюта

Ссылки на рубли являются ссылками на законную валюту Российской Федерации. Ссылки на доллары США являются ссылками на законную валюту Соединенных Штатов Америки.

1.1 Применимое законодательство

FF AUTO means Investment Company FF AUTO Limited Liability Company, established in accordance with the legislation of the Russian Federation, registered under the main state registration number (OGRN) 1227700409364 at the address: Russian Federation, 123112, Moscow, 1st Krasnogvardeisky proezd, 15, floor 10, rooms 10.03, 10.11.

CBR means the Central Bank of the Russian Federation.

1.1 Headings

Headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

1.1 Clauses

References to this Agreement include Schedules hereto. References to Clauses and Schedules are to the Clauses of and Schedules to this Agreement. References to paragraphs are to paragraphs of the relevant Schedule.

1.1 Plural

Words in the singular shall include the plural and in the plural shall include the singular.

1.1 Currency

References to rubles are to the lawful currency of the Russian Federation. References to US dollars are to the lawful currency of the United State of America.

1.1 Applicable Law

Ссылки на применимое законодательство включают ссылки на федеральные конституционные законы, федеральные законы и иные нормативно-правовые акты Российской Федерации и субъектов Российской Федерации, включая указы Президента, постановления Правительства, нормативно-правовые и ненормативные правовые акты Центрального банка Российской Федерации, иные подзаконные нормативные и ненормативные акты Государственных органов, законы, статуты, конституции, международные договоры, правила, руководящие указания, ордонансы, указы, директивы, кодексы, постановления, приказы, определения, распоряжения любого Государственного органа в юрисдикции, в которой любая Сторона осуществляла или осуществляет свою деятельность, или любой другой юрисдикции, которые влияют и правомочны влиять на соответствующее лицо или соответствующий вопрос, деятельность, событие.

1.1 Слова без ограничительного значения

Слова "включать", "включая", "в частности", "в том числе", "например" или какие-либо аналогичные слова не подлежат толкованию как подразумевающие какое-либо ограничение общего характера предшествующих им слов.

1.1 Отсылки ко времени

References to applicable law include federal constitutional laws, federal laws and other regulations of the Russian Federation and constituents of the Russian Federation, including President decrees, Government decrees, regulations and rulings of the Central Bank of the Russian Federation, other sub-statutory regulations and rulings of Governmental Authorities, laws, statutes, constitutions, international treaties, rules, guidelines, ordinances, decrees, directives, codes, resolutions, orders, determinations, directions of any Governmental Authority in the jurisdiction in which any Party has carried out or is carrying out its activities, or any other jurisdiction that influences and is entitled to influence the relevant person or the relevant issue, activity, or event.

1.1 Words without limiting meaning

The words "include", "including", "in particular", "for example" or any similar words shall not be construed as implying any limitation on the generality of the words preceding those words.

1.1 Time references

Отсылки ко времени суток являются отсылками ко времени в г. Москва, Российская Федерация, если не указано иное.

References to the time of day are to the time in Moscow, Russian Federation, unless otherwise stipulated.

1.1 Изменение нормативных актов

Ссылки на нормативный акт или положение нормативного акта включают такой нормативный акт или положение, с вносимыми время от времени изменениями, в новой редакции или с учетом консолидации нормативных актов, как до, так и после даты заключения настоящего Договора, в той мере, насколько такие изменения, принятие в новой редакции или консолидация применяются или могут применяться к любым сделкам, заключаемым в соответствии с настоящим Договором, при условии, что никакие положения настоящего пункта 1.9 не являются основанием увеличения ответственности любой Стороны по сравнению с объемом ответственности, который существовал бы в отсутствие настоящего пункта 1.9.

2. ПРЕДМЕТ ДОГОВОРА

1.1 С учетом положений пункта 4 ниже, Продавец обязуется передать в собственность (продать) Покупателю, а Покупатель обязуется принять (купить) Долю, свободную от любых Обременений, и уплатить за нее Покупную цену на условиях, указанных в настоящем Договоре.

1.1 Стороны подтверждают, что:

1.1.1 настоящий Договор не является "предварительным договором" в значении статьи 429 ГК РФ;

1.1 Amendments to Regulations

References to regulation or provision of regulation include such regulation or provision, as amended from time to time, as restarted, or as consolidated, either before or after the date of this Agreement, to the extent that such amendments, restarting or consolidation is applied or may be applied to any transactions contemplated hereby, provided that nothing in this Clause 1.9 shall be the ground for increasing the liability of any Party in comparison with the scope of liability which would have existed in the absence of this clause 1.9.

2. SUBJECT MATTER

1.1 Subject to the Clause 4 below, the Seller undertakes to transfer (sell) the Interest into the ownership of the Buyer, and the Buyer undertakes to accept (purchase) the Interest and to pay the Purchase Price pursuant to the terms and procedures as provided hereby.

1.1 The Parties hereby acknowledge and confirm that:

1.1.1 this Agreement is not a "preliminary agreement" within the meaning of Article 429 of the Civil Code;

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| 1.1.1 | настоящий Договор не является "рамочным договором" в значении статьи 429.1 ГК РФ; | 1.1.1 | this Agreement is not a "framework agreement" within the meaning of Article 429.1 of the Civil Code; |
| 1.1.1 | для целей абзацев 1 и 3 пункта 11 статьи 21 Закона об ООО: | 1.1.1 | for the purposes of paragraphs 1 and 3 of Clause 11 of Article 21 of the LLC Law: |
| | (i) настоящий Договор является "договором, устанавливающим обязательство совершить при возникновении определенных обстоятельств или исполнении другой стороной встречного обязательства сделку, направленную на отчуждение доли или части доли в уставном капитале общества", и не требует нотариального удостоверения; и | | (i) this Agreement is "an agreement establishing an obligation to enter into transaction aimed at the alienation of the Interest or part of the Interest in the authorized capital of the company, subject to certain circumstances or the fulfillment of counter obligation by the other party", and does not require notary certification; and |
| | (i) сделка, предусмотренная ДКП, является "сделкой, направленной на отчуждение доли или части доли в уставном капитале общества", и подлежит нотариальному удостоверению; | | (i) the transaction contemplated by the Transfer Form is "a transaction aimed at the alienation of the Interest or part of the Interest in the authorized capital of the company", and is subject to notary certification; |
| 1.1.1 | в случае каких-либо неясностей или противоречий между положениями настоящего Договора, с одной стороны, и ДКП, с другой стороны, положения настоящего Договора имеют преимущество, и Стороны соответственно должны использовать все свои права и полномочия для того, чтобы привести в действие положения настоящего Договора; и | 1.1.1 | In case of any uncertainty or conflict between the provisions of this Agreement and the Transfer Form, the provisions of this Agreement shall prevail, and the Parties shall accordingly exercise all their rights and powers in order to bring the provisions of this Agreement to the effect; and |
| 1.1.1 | исполнение Покупателем обязательства по уплате покупной цены за Долю по ДКП является надлежащим исполнением Покупателем его обязательства по уплате Покупной цены в соответствии с настоящим Договором. | 1.1.1 | The fulfillment by the Buyer of the obligation to pay the Purchase Price for the Interest under the Transfer Form is the proper fulfillment by the Buyer of his obligation to pay the Purchase Price hereunder. |

3.	ПОКУПНАЯ ЦЕНА	3.	PURCHASE PRICE
1.1	Покупная цена за Долю составляет 140 000 000 (сто сорок миллионов) долларов США (" Покупная цена ") и состоит из:	1.1	The Purchase Price for the Interest is 140,000,000 (one hundred and forty million) US dollars (the " Purchase Price ") which shall include:
1.1.1	суммы, равной размеру Обязательства по ДКП Дочерней казахстанской компании, в долларах США по официальному курсу ЦБ РФ на Дату закрытия (" Сумма зачета "); и	1.1.1	an amount equal to the amount of the Obligation under the Kazakhstan Subsidiary SPA, in US dollars at the official exchange rate of the CBR on the Closing Date (the " Setoff Amount "); and
1.1.1	разницы между 140 000 000 (ста сорока миллионами) долларов США и Суммой зачета (" Платеж переводом ").	1.1.1	the difference between 140,000,000 (one hundred and forty million) US Dollars and the Setoff Amount (the " Payment by Transfer ").
1.1	Покупатель обязуется уплатить Платеж переводом Продавцу в Дату закрытия путем перевода на Банковский счет Продавца. Обязательство Покупателя по оплате Платежа переводом считается исполненным в момент зачисления суммы, равной Платежу переводом, (без каких-либо удержаний, вычетов и зачетов) на Банковский счет Продавца.	1.1	The Buyer undertakes to pay the Payment by Transfer to the Seller on the Closing Date to the Seller's Bank Account. The Buyer's obligation to pay the Payment by Transfer shall be deemed performed when the Payment by Transfer (without any withholding, deductions and set-off) has been credited to the Seller's Bank Account.
1.1	Стороны соглашаются оформить уступку прав требования по уплате Обязательства по ДКП Дочерней казахстанской компании от Общества к Покупателю и совершить зачет Обязательства по ДКП Дочерней казахстанской компании против обязательства Покупателя по уплате Суммы зачета до или в Дату перехода, но не позже нее.	1.1	The Parties agree to formalize assignment of the Obligation under the Kazakhstan Subsidiary SPA by the Company to the Buyer and set-off of the Obligation under the Kazakhstan Subsidiary SPA against the obligation of the Buyer to pay the Setoff Amount on or before the Transfer Date, but not later.

<p>1.1 Стороны соглашаются, что с момента передачи Доли от Продавца к Покупателю и до полной оплаты Покупателем Покупной цены право залога Продавца в отношении Доли, предусмотренное пунктом 5 статьи 488 ГК РФ, не возникает.</p>	<p>1.1 The Parties agree that from the moment the Interest is transferred from the Seller to the Buyer and until the Buyer fully pays the Purchase Price, the Seller's right of pledge in respect of the Interest stipulated in paragraph 5 of Article 488 of the Civil Code does not arise.</p>
<p>1.1 Стороны подтверждают, что, устанавливая Покупную цену, они полагались на полную достоверность Заверений Продавца на Дату договора и Дату закрытия.</p>	<p>1.1 The Parties acknowledge that, in setting the Purchase Price, they have relied on the complete certainty of the Seller's Representations as of the Date of Agreement and the Closing Date.</p>
<p>4. ПРЕДВАРИТЕЛЬНЫЕ УСЛОВИЯ</p>	<p>4. CONDITION PRECEDENT</p>
<p>1.1 Исполнение Сторонами обязательств, предусмотренных пунктом 6, обусловлено выполнением следующих обстоятельств до Предельной даты (включительно) ("Условия"):</p>	<p>1.1 The fulfillment by the Parties of the obligations stipulated in Clause 6 is subject to the fulfillment of the following circumstances prior to the Final Date (inclusive) (Condition Precedent):</p>
<p>1.1.1 выдача безусловного (или на условиях, разумно приемлемых для Покупателя) согласия ЦБ РФ на установление Покупателем контроля в отношении участника Банка, владеющего более 10% долей Банка. Приемлемость условий, включенных в согласие ЦБ РФ, для Покупателя подтверждается направлением Покупателем соответствующего Уведомления Продавцу;</p>	<p>1.1.1 obtaining of the unconditional (or on conditions reasonably acceptable to the Buyer) consent of the CBR for the Buyer to establish control over a Bank member holding more than 10% of the Bank's shares is issued. The acceptability of the conditions contained in the CBR consent is confirmed by the relevant Buyer's Notice delivered to the Seller;</p>
<p>1.1.1 получение всех других разрешений Государственных органов, необходимых Покупателю для совершения сделок, предусмотренных настоящим Договором, если применимо;</p>	<p>1.1.1 obtaining of all other consents of Governmental Authorities required for the Buyer for the consummation of the transactions contemplated by this Agreement, if applicable;</p>

1.1.1	завершение продажи Обществом всех акций в уставном капитале Дочерней казахстанской компании в пользу Продавца в соответствии с ДКП Дочерней казахстанской компании; и	1.1.1	completion of the sale by the Company of all shares in the authorized capital of the Kazakhstan Subsidiary to the Seller pursuant to the Kazakhstan Subsidiary SPA; and
1.1.1	продажа Обществом всех долей в уставном капитале ФФ АВТО.	1.1.1	completion of the sale by the Company of all its interest in the charter capital of FF AUTO.
1.1	Продавец обязуется в течение 7 (семи) Рабочих дней с даты соответствующего запроса Покупателя предоставить Покупателю и обязуется обеспечить, осуществляя права участника Общества и/или права Контроля в отношении Банка, чтобы Компании Группы предоставили в указанный срок информацию и документы, необходимые для подготовки ходатайства на получение согласия ЦБ РФ, указанного в пункте 4.1.1, или запрошенные ЦБ РФ в связи с таким ходатайством.	1.1	The Seller undertakes, within Seven (7) Business Days from the date of the relevant Buyer's request, to provide the Buyer and to ensure by exercising the rights of a member of the Company and/or the rights of Control in relation to the Bank that the Group Companies provide, within the designated time, the information and documents necessary to prepare the application to obtain the CBR consent referred to in Clause 4.1.1 or requested by the CBR in connection with such application.
1.1	Если какое-либо из Условий не выполнено до Предельной даты (включительно):	1.1	If any of the Condition Precedent is not met prior to the Final Date (inclusive):
1.1.1	Стороны вправе, действуя разумно, согласовать в письменной форме иную дату в качестве Предельной даты, продлив срок выполнения Условий соответствующим образом; и	1.1.1	The Parties acting reasonably may agree in writing a different date as the Final Date extending the term of the Condition Precedent as appropriate; and
1.1.1	любая из Сторон вправе по собственному усмотрению отказаться от Договора (его исполнения) путем направления Уведомления другой Стороне в соответствии со статьей 450.1 ГК РФ.	1.1.1	either Party may at its sole discretion terminate the Agreement (its execution) by sending a Notice to the other Party in accordance with Article 450.1 of the Civil Code.
5.	ОБЯЗАТЕЛЬСТВА ПРОДАВЦА ДО ЗАКРЫТИЯ	5.	SELLER'S OBLIGATIONS PRIOR TO THE CLOSING

- 1.1 С учетом положений пункта 5.2 ниже и с учетом возможных изменений в операционной деятельности в связи с текущими или возможными санкциями и анти-санкционными мерами и другими изменениями в применимом праве, Продавец обязуется обеспечить, в том числе соответствующим образом осуществляя права участника Общества и/или права Контроля в отношении Банка, чтобы с Даты договора до Даты перехода (включительно) каждая Компания Группы осуществляла свою хозяйственную деятельность в порядке, не отличающемся от Обычной хозяйственной деятельности, имевшей место до Даты договора, и, в частности, не совершала сделки и не осуществляла действия, которые существенным образом отличаются от сделок и/или действий, которые совершались или предпринимались такой Компанией Группы в процессе осуществления Обычной хозяйственной деятельности, имевшей место до Даты договора, если иное не согласовано с Покупателем в письменной форме. Во избежание сомнений, осуществление Продавцом и Обществом сделок, предусмотренных ДКП Дочерней казахстанской компании, исключается из положений настоящего пункта.
- 1.1 Subject to Clause 5.2 below and save for the changes in business due to existing and potential sanctions, counter-sanction measures and other changes in applicable law, the Seller undertakes to ensure, including by appropriately exercising the rights of a member of the Company and/or the rights of Control in relation to the Bank, that from the Date of Agreement to the Transfer Date (inclusive), each Group Company conducts its business activities in a manner that does not differ from the Normal Course of Business as prior to the Date of Agreement and, in particular, has not entered into transactions or involved in activities that are materially different from the transactions and/or activities that were entered into or undertaken by such Group Company in the Normal Course of Business prior to the Date of Agreement, unless otherwise agreed with the Buyer in writing. For the avoidance of doubt transactions of the Seller and the Company pursuant to the Kazakhstan Subsidiary SPA shall be excluded from the provisions of this clause.

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| <p>1.1 Без ущерба для общего характера пункта 5.1, Продавец обязуется без предварительного письменного согласия Покупателя (не должно быть необоснованно задержано или в нем не должно быть необоснованно отказано) не совершать между Датой заключения и Датой перехода (включительно) действия, а также обязуется обеспечить, в том числе соответствующим образом осуществляя права участника Общества и/или права Контроля в отношении Банка, чтобы между Датой договора и Датой перехода (включительно) Компании Группы не совершали действия, которые в каждом случае направлены на, влекут или могут повлечь наступление следующих событий или обстоятельств:</p> | <p>1.1 Without prejudice to the generality of Clause 5.1, the Seller undertakes, without the prior written consent of the Buyer (not to be unreasonably withheld or delayed), not to take any action between the Date of Agreement and the Transfer Date (inclusive), and also undertakes to ensure, including by appropriately exercising the rights of a member of the Company and/or rights of Control in relation to Bank so that between the Date of Agreement and the Transfer Date (inclusive), the Group Companies do not take actions that in each case are aimed at, entail or may entail the occurrence of the following events or circumstances:</p> |
| <p>1.1.1 внесение изменений в устав и внутренние документы какой-либо Компании Группы, если это не требуется в соответствии с применимым законодательством;</p> | <p>1.1.1 amending the Articles of Association and internal documents of any Group Company unless doing so is required under applicable law;</p> |
| <p>1.1.1 реорганизация или ликвидация какой-либо Компании Группы;</p> | <p>1.1.1 corporate restructuring or winding-up of any Group Company;</p> |
| <p>1.1.1 изменение, отзыв, аннулирование или приостановка какой-либо из Лицензий, отказ от какой-либо Лицензии;</p> | <p>1.1.1 modification, revocation, cancellation or suspension of any of the Licenses, waiver of any License;</p> |
| <p>1.1.1 прекращение участия Компаний Группы в соответствующих СРО;</p> | <p>1.1.1 termination of participation of the Group Companies in the respective SROs;</p> |
| <p>1.1.1 изменение размера уставного капитала Компаний Группы;</p> | <p>1.1.1 change in the size of the authorized capital of the Group Companies;</p> |
| <p>1.1.1 совершение любых сделок в отношении Доли или Дочерней доли (включая отчуждение, требование о выкупе и выход из Компаний Группы), создание каких-либо Обременений в отношении Доли или Дочерней доли (их частей), изменение размера Доли или Дочерней доли или объема прав, предоставляемых Долей или Дочерней долей, за исключением сделок, предусмотренных ДКП дочерней казахстанской компанией;</p> | <p>1.1.1 making any transactions in relation to the Interest or the Subsidiary Interest (including alienation, demand for redemption and withdrawal from the Group Companies), creating any Encumbrances in relation to the Interest or the Subsidiary Interest (parts thereof), changing the size of the Interest or the Subsidiary Interest or volume the rights conferred by the Interest or the Subsidiary Interest except for the transactions under the Kazakhstan Subsidiary SPA;</p> |
| <p>1.1.1 изменение состава органов управления и должностных лиц Компаний Группы, за исключением случаев, когда их полномочия истекли по решениям об их избрании (назначении), принятым до Даты договора, и случаев увольнения по собственному желанию, или по иным причинам вне контроля Продавца;</p> | <p>1.1.1 change in the composition of the management bodies and officials of the Group Companies, except for cases when their powers expired under resolutions of their election (appointment) made before the Date of Agreement, voluntary dismissal or other reasons beyond Seller's control;</p> |

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| 1.1.1 | приобретение Компанией Группы акций/долей в уставных капиталах других юридических лиц, за исключением обычной инвестиционной деятельности, осуществляемой Компаниями Группы; | 1.1.1 | acquisition by the Group Company of shares/interest in the authorized capitals of other legal entities, save for ordinary investment activities procured by the Group Companies; |
| 1.1.1 | распределение прибыли любой Компании Группы; | 1.1.1 | distribution of profits of any Group Company; |
| 1.1.1 | совершение Компанией Группы любой сделки (нескольких взаимосвязанных сделок) или принятие решения о совершении сделки (нескольких взаимосвязанных сделок), а также изменение ранее совершенных сделок, цена, расходы или размер обязательств или ответственности Компаний Группы по которым превышает 10% Покупной цены (либо эквивалент этой суммы в другой валюте), за исключением сделок в рамках Обычной хозяйственной деятельности и сделок, предусмотренных ДКП Дочерней казахстанской компании и продажи Обществом доли в уставном капитале ФФ Авто; и | 1.1.1 | making by any Group Company of any transaction (several interconnected transactions) or the resolution to enter into transaction (several interconnected transactions), as well as changes in previously executed transactions, the price, costs or amount of obligations or liability of the Group Companies for which exceeds 10% of the Purchase Price (or the equivalent of that amount in another currency), except for transactions in the Normal Course of Business, the transactions under the Kazakhstan Subsidiary SPA and the sale by the Company of the participation interest in the authorized capital of FF Auto; |
| 1.1.1 | безвозмездная передача имущества, безвозмездное выполнение работ или оказание услуг Компании Группы. | 1.1.1 | gratuitous transfer of property, gratuitous performance of work or provision of services to the Group Company; |
| 1.1 | Продавец обязуется незамедлительно, и в любом случае не позднее [***]Рабочих дней с даты, когда ему стало известно об этом, уведомлять Покупателя в письменной форме о любых фактах, событиях и обстоятельствах, которые составляют или могут составить нарушение обязательств Продавца, предусмотренных пунктами 5.1 - 5.2 выше. | 1.1 | The Seller undertakes to immediately and, in any case, no later than [***] Business Days as of the day when it becomes aware notify the Buyer in writing of any facts, events and circumstances that constitute or may constitute a breach of the Seller's obligations under Clauses 5.1 - 5.2 above. |

<p>1.1 Стороны соглашаются, что в случае существенного нарушения Продавцом какого-либо из обязательств, указанных в пунктах 5.1 - 5.2 выше, Покупатель вправе в любое время до Даты закрытия в одностороннем порядке отказаться от настоящего Договора (его исполнения) в соответствии со статьей 450.1 ГК РФ путем направления Уведомления Продавцу.</p>	<p>1.1 The Parties agree that in the event of a material breach by the Seller of any of the obligations stipulated in Clauses 5.1 - 5.2 above, the Buyer may at any time prior to the Closing Date unilaterally terminate this Agreement (its execution) in accordance with Article 450.1 of the Civil Code by sending a Notice to the Seller.</p>
<p>6. ЗАКРЫТИЕ</p>	<p>6. CLOSING</p>
<p>1.1 Дата и место</p> <p>Закрытие произойдет в 10:00 в офисе Нотариуса на 10-ый Рабочий день после того, как все Условия были выполнены или получено соответствующее Уведомление о том, что они считаются выполненными, либо в таком ином месте, в такое время и дату, которые будут согласованы между Покупателем и Продавцом в письменной форме или по электронной почте.</p>	<p>1.1 Date and Place</p> <p>Closing will take place at 10:00 at the Notary's office on the 10th Business Day after all Condition Precedent have been met or the appropriate Notice that they are deemed to be met has been received, or at such other place, and at such time and date as to be agreed between the Buyer and the Seller in writing or by email.</p>
<p>1.1 Действия на Закрытии</p> <p>На Закрытии Продавец и Покупатель исполняют свои соответствующие обязательства в соответствии с Приложением 4 в порядке очередности, предусмотренной в вышеуказанном Приложении.</p>	<p>1.1 Actions at Closing</p> <p>At the Closing, the Seller and the Buyer shall fulfill their respective obligations in accordance with Schedule 4 in the order of priority set out in such Schedule.</p>
<p>1.1 Последствия нарушения обязательств на Закрытии</p> <p>Если какая-либо Сторона не исполнит какое-либо обязательство на Закрытии, указанное в Приложении 4, другая Сторона вправе:</p>	<p>1.1 Consequences of Breach of Obligations at Closing</p> <p>If either Party fails to comply with any Closing obligation set out in Schedule 4, the other Party may:</p>
<p>1.1.1 в одностороннем порядке отказаться от настоящего Договора (его исполнения) в соответствии со статьей 450.1 ГК РФ;</p>	<p>1.1.1 unilaterally terminate this Agreement (its execution) in accordance with Article 450.1 of the Civil Code;</p>

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| <p>1.1.1 определить новую дату Закрытия (которая должна наступить не позднее 20 (двадцати) Рабочих дней после первоначальной даты Закрытия) и направить Уведомление об этом другой Стороне; и</p> <p>1.1.1 требовать возмещения причиненных ей убытков.</p> <p>7. ОБЯЗАТЕЛЬСТВА ПОКУПАТЕЛЯ ПОСЛЕ ДАТЫ ПЕРЕХОДА</p> <p>1.1 Покупатель обязуется в течение [***] дней с Даты перехода обеспечить прекращение использования наименования, логотипа, подписей, корпоративного стиля и дизайна Группы Продавца, включая, но не ограничиваясь маркетинговыми материалами, адресами электронной почты, сайтом, плакатами, вывесками на зданиях таким образом, чтобы Покупатель никак не использовал фразу "Фридом Финанс" и/или аббревиатуры "ФФ", "ФФИН" и иные словосочетания или сокращения, которые обычно использовались до Даты перехода Обществом или которые обычно используются Группой Продавца.</p> <p>1.1 Покупатель обязуется приложить все разумные усилия для скорейшего достижения полной независимости Компаний Группы от информационных систем, цифровых торговых систем, программных комплексов и других интеграций, которые на Дату Договора используются Группой Продавца совместно, и прекратить их использование не позднее [***] календарных дней с Даты перехода. На Дату закрытия и в течение [***] календарных дней с Даты перехода Компании Группы будут использовать такие системы на основании лицензии, предоставляемой компанией Группы Продавца. В случае если по истечении [***] календарных дней с Даты перехода Компании Группы не смогут достичь независимости в отношении каждой такой системы, оставшиеся системы, используемые Компаниями Группы, должны использоваться на основании лицензии, предоставляемой компаниями Группы Продавца, и компании Группы Продавца будут иметь право на разумную компенсацию в соответствии с указанной лицензией. В случае если по истечении [***] календарных дней с Даты перехода Компании Группы не смогут достичь указанной независимости в отношении каждой такой системы, компании Группы Продавца будут иметь право на пересмотр условий таких лицензий или будут иметь право прекратить такую лицензию и доступ к системам.</p> <p>8. ЗАВЕРЕНИЯ ПРОДАВЦА</p> <p>1.1 Заверения об обстоятельствах</p> <p>1.1.1 Продавец предоставляет Покупателю в соответствии с пунктом 1 статьи 431.2 ГК РФ Заверения Продавца на Дату договора, каждое из которых имеет значение для заключения и исполнения настоящего Договора.</p> <p>1.1.1 Передавая Долю и подписывая ДКП, Продавец подтверждает и обязуется обеспечить достоверность Заверений Продавца на Дату закрытия.</p> <p>1.1.1 Стороны признают и соглашаются с тем, что пункты 8.2.1(i) и 8.2.2 могут повлечь за собой требования Покупателя о возмещении убытков только после Даты перехода.</p> | <p>1.1.1 determine a new Closing Date (which should be no later than Twenty (20) Business Days after the original Closing Date) and send a respective Notice to the other Party; and</p> <p>1.1.1 pursue cost recovery for losses.</p> <p>7. BUYER'S OBLIGATIONS AFTER THE TRANSFER DATE</p> <p>1.1 Buyer must, no later than [***] days from the Transfer Date, cease the use of the name, logo, sign, corporate identity or design of the Seller's Group, including but not limited to marketing materials, email addresses, website, placards, or building signs so that Buyer does not in any way use the phrase "Freedom Finance" and/or the abbreviations "FF", "FFIN", or other phrases or abbreviations which were commonly known to be used by the Company prior to the Transfer Date or which are commonly known to be used by the Seller's Group.</p> <p>1.1 Buyer undertakes to use all reasonable efforts to expeditiously achieve full independence of the Group Companies from information systems, digital trading systems, software systems and other integrations, which as of the Agreement Date are jointly used by the companies of the Seller's Group, and to terminate use thereof no later than [***] days from the Transfer Date. As of the Closing Date and [***] calendar days after the Transfer Date, the Group Companies will use such systems on the basis of a license provided by the companies of the Seller's Group. If upon the expiry of [***] calendar days after the Transfer Date the Group Companies have failed to achieve independence with regard to any such systems, any remaining systems used by the Group Companies shall be used thereafter on the basis of a license provided by the companies of the Seller's Group, and the companies of the Seller's Group will be entitled to reasonable compensation under said license. If upon the expiry of [***] calendar days after the Transfer Date the Group Companies have failed to achieve independence with regard to any such systems, the companies of the Seller's Group will be entitled to renegotiate the terms of such license or terminate such license and access to the systems.</p> <p>8. SELLER'S REPRESENTATIONS</p> <p>1.1 Representations of Circumstances</p> <p>1.1.1 In accordance with paragraph 1 of Article 431.2 of the Civil Code, the Seller provides the Buyer with the Seller's Representations as of the Date of Agreement, each of which is significant for the execution and performance of this Agreement.</p> <p>1.1.1 By transferring the Interest and signing the Transfer Form, the Seller acknowledges and undertakes to ensure the accuracy of the Seller's Representations as of the Closing Date.</p> <p>1.1.1 The Parties acknowledge and agree that Clauses 8.2.1(i) and 8.2.2 may give rise to claims by the Buyer for the compensation of losses only after the Transfer Date.</p> |
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1.1.1	Продавец не несет ответственности за нарушение Заверений Продавца в той мере, в какой Покупатель знал о таком нарушении на Дату Договора.	1.1.1	The Seller shall not liable for the breach of the Seller's Representations to the extent the Buyer was aware of such breach as of the Date of Agreement.
1.1	Последствия недостоверности Заверений Продавца	1.1	Consequences of the Seller's Representations
1.1.1	В случае недостоверности Существенных заверений Покупатель вправе:	1.1.1	If the Material Representations are inaccurate, the Buyer may:
(i)	требовать возмещения Продавцом убытков, понесенных Покупателем в связи с недостоверностью соответствующих Существенных заверений; и	(i)	demand Seller to compensate Buyer for any losses incurred by Buyer due to the inaccuracy of the relevant Material Representations; and
(i)	в одностороннем порядке отказаться от настоящего Договора (его исполнения) до Даты закрытия в соответствии с пунктом 2 статьи 431.2 и статьей 450.1 ГК РФ путем направления Уведомления Продавцу.	(i)	unilaterally terminate this Agreement (its execution) prior to the Closing Date in accordance with paragraph 2 of Article 431.2 and Article 450.1 of the Civil Code by sending a Notice to the Seller.
1.1.1	В случае недостоверности Заверений Продавца, не являющихся Существенными заверениями, Покупатель вправе требовать возмещения Продавцом убытков, понесенных Покупателем в связи с недостоверностью соответствующих Заверений Продавца.	1.1.1	If the Seller's Representations, which are not Material Representations, are inaccurate, the Buyer may demand the Seller to compensate the Buyer for any losses incurred by the Buyer due to inaccuracy of the relevant Seller's Representations.
1.1	Уведомление о недостоверности Заверений Продавца	1.1	Seller's Representations Notice of Inaccuracy

Продавец обязуется письменно уведомлять Покупателя путем направления Уведомления о любых фактах, событиях и обстоятельствах, которые являются известными Продавцу на Дату договора или могут стать известными Продавцу после Даты договора до Даты закрытия (включительно) и которые влекут или могут повлечь полную или частичную недостоверность какого-либо Заверения Продавца на Дату договора или Дату закрытия, незамедлительно после того, как Продавцу стало известно о соответствующих событиях, фактах и обстоятельствах. Такое Уведомление должно содержать подробное описание соответствующих фактов, событий и обстоятельств.

9. ЗАВЕРЕНИЯ ПОКУПАТЕЛЯ

- 1.1 Покупатель предоставляет Продавцу по смыслу пункта 1 статьи 431.2 ГК РФ Заверения Покупателя на Дату договора, каждое из которых имеет значение для заключения и исполнения настоящего Договора.
- 1.1 Принимая Долю и подписывая ДКП, Покупатель подтверждает и обязуется обеспечить достоверность Заверений Покупателя на Дату закрытия.

The Seller undertakes to notify the Buyer in writing by sending a Notice of any facts, events and circumstances that are known to the Seller on the Date of Agreement or may become known to the Seller after the Date of Agreement and prior to the Closing Date (inclusive) and which entail or may entail the complete or partial material inaccuracy of any Seller's Representation as of the Date of Agreement or the Closing Date, promptly upon the Seller becomes aware of the relevant events, facts or circumstances. Such Notice shall contain a detailed description of the relevant facts, events or circumstances.

9. BUYER'S REPRESENTATIONS

- 1.1 Within the meaning of paragraph 1 of Article 431.2 of the Civil Code, the Buyer provides the Seller with the Buyer's Representations as of the Date of Agreement, each of which is significant for the execution and performance of this Agreement.
- 1.1 By accepting the Interest and signing the Transfer Form, the Buyer acknowledges and undertakes to ensure the accuracy of the Buyer's Representations as of the Closing Date.

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| 1.1 | В случае недостоверности Заверений Покупателя Продавец вправе требовать возмещения Покупателем убытков, понесенных Продавцом в связи с недостоверностью соответствующих Заверений Покупателя. | 1.1 | If the Buyer's Representations are inaccurate, the Seller may demand the Buyer to compensate the Seller for any losses incurred by the Seller due to such inaccuracy of the relevant Buyer's Representations. |
| 1.1 | Стороны признают и соглашаются с тем, что пункт 9.3 может повлечь за собой требования Продавца о возмещении убытков только после Даты перехода. | 1.1 | The Parties acknowledge and agree that Clause 9.3 may give rise to claims by the Seller for the compensation of losses only after the Transfer Date. |
| 10. | ОТВЕТСТВЕННОСТЬ | 10. | LIABILITY |
| 1.1 | Ответственность Сторон по настоящему Договору определяется в соответствии с настоящим Договором и законодательством Российской Федерации. | 1.1 | The liability of the Parties hereunder is determined in accordance with this Agreement and the laws of the Russian Federation. |
| 1.1 | Убытки в связи с нарушением настоящего Договора подлежат возмещению в размере понесенного соответствующей Стороной реального ущерба. Ни одна из Сторон не обязана компенсировать упущенную выгоду в связи с нарушением настоящего Договора. | 1.1 | Losses incurred due to breach of this Agreement shall be reimbursed in the amount of actual damage suffered by the respective Party. Neither Party shall be required to compensate for lost profit in connection with a breach of this Agreement. |
| 1.1 | Во избежание сомнений, ничто в настоящем Договоре не лишает Сторону, права которой были нарушены, права требовать от нарушившей Стороны исполнения ее обязательств в натуре. Взыскание убытков в соответствии со статьей 396 ГК РФ не освобождает Сторону, не исполнившую свое обязательство, от обязанности исполнения его в натуре. | 1.1 | For the avoidance of doubt, nothing in this Agreement deprives the Party whose rights have been violated of the right to demand from the breaching Party the performance of its obligations in kind. The recovery of losses in accordance with Article 396 of the Civil Code does not release the Party that failed to perform its obligation from the obligation to perform it in kind. |

<p>1.1 В случае нарушения Стороной предусмотренного или подразумеваемого настоящим Договором обязательства по воздержанию от совершения какого-либо действия другая Сторона вправе, независимо от возмещения убытков, требовать прекращения соответствующих действий (данное требование может быть предъявлено соответствующей Стороне также в случае возникновения реальной угрозы нарушения такого обязательства).</p>	<p>1.1 If a Party breaches the obligation provided for or implied by this Agreement to refrain from performing any action, the other Party shall have the right, regardless of recovery of losses, to demand termination of the relevant actions (this requirement may be presented to the relevant Party also in the event of a real threat of breach of such obligation).</p>
<p>11. КОНФИДЕНЦИАЛЬНОСТЬ</p>	<p>11. CONFIDENTIALITY</p>
<p>1.1 Публичные заявления</p>	<p>1.1 Public Pronouncements</p>
<p>1.1.1 Никакие публичные заявления не должны делаться какой-либо Стороной или ее Аффилированными лицами либо от их имени в отношении существования или предмета настоящего Договора без предварительного письменного согласия другой Стороны за исключением случаев, когда любая Сторона обязана сделать публичное заявление в соответствии с применимым законодательством, внутренним регламентом любой признанной фондовой биржи, в котировальный список которой включены акции такой Стороны.</p>	<p>1.1.1 No public pronouncements and statements shall be made by or on behalf of any Party or its Affiliates regarding the existence or subject matter of this Agreement without the prior written consent of the other Party, except when any Party is required to make a public pronouncement in accordance with applicable law, the internal regulations of any recognized stock exchange, where the shares of such Party are listed.</p>
<p>1.1.1 Стороны соглашаются, что Продавец имеет право сделать публичное заявление о заключении настоящего Договора.</p>	<p>1.1.1 The Parties agree that the Seller may make a public statement with respect to the execution of this Agreement.</p>
<p>1.1 Обязательства по конфиденциальности</p>	<p>1.1 Confidentiality Obligations</p>

- 1.1.1 С учетом положений пунктов 11.1 и 11.2.2, каждая из Сторон должна рассматривать как строго конфиденциальную и не раскрывать любую информацию, полученную или предоставленную в результате заключения настоящего Договора (или иного соглашения, заключенного в соответствии с настоящим Договором), относящуюся к:
- (i) положениям настоящего Договора или иного соглашения, заключенного в соответствии с ним; или
 - (i) переговорам по настоящему Договору (или по любым иным таким соглашениям).
- 1.1.1 Пункт 11.2.1 не запрещает раскрытие любой информации, при условии и в той степени, в которой:
- (i) раскрытие требуется в соответствии с применимым законодательством или требованиями любой признанной фондовой биржей, в котировальный список которой включены акции такой Стороны;
 - (i) раскрытие требуется для любых судебных или арбитражных разбирательств, возникающих в связи с настоящим Договором либо иным соглашением, заключенным в связи с настоящим Договором, или в соответствии с ним, либо такое раскрытие осуществляется Налоговым органам в связи с уплатой Налогов раскрывающей информацию Стороной;
- 1.1.1 Subject to Clauses 11.1 and 11.2.2, each of the Parties shall treat as strictly confidential and not disclose any information received or provided as a result of execution of this Agreement (or other agreement entered into hereunder) relating to:
- (i) the provisions of this Agreement or any other agreement entered into hereunder; or
 - (i) negotiations under this Agreement (or any other such agreements).
- 1.1.1 Clause 11.2.1 does not prohibit the disclosure of any information, provided and to the extent that:
- (i) such disclosure is required by applicable law or the requirements of any recognized stock exchange, where the shares of such Party are listed;
 - (i) such disclosure is required for any litigation or arbitration arising out of or in connection with this Agreement or any other agreement entered into in connection with or pursuant to this Agreement, or such disclosure is made to the Tax Authorities in connection with the payment of Taxes by the disclosing Party;

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| <p>(i) информация раскрывается профессиональным консультантам или аудиторам любой Стороны в той степени, в которой им необходима такая информация, при условии, что такие профессиональные консультанты или аудиторы обязуются соблюдать положения, аналогичные положениям пункта 11.2.1 в отношении такой информации;</p> <p>(i) информация является или становится общеизвестной (не вследствие нарушения настоящего Договора); или</p> <p>(i) другая Сторона дала предварительное письменное согласие на раскрытие информации.</p> | <p>(i) the information is disclosed to professional advisers or auditors of any Party to the extent that they need such information, provided that such professional advisers or auditors undertake to comply with provisions similar to the provisions of Clause 11.2.1 with respect to such information;</p> <p>(i) the information is or becomes public (other than as a result of breach of this Agreement); or</p> <p>(i) the other Party has given prior written consent to such disclosure.</p> |
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12. ПРИМЕНИМОЕ ПРАВО И ПОРЯДОК РАЗРЕШЕНИЯ СПОРОВ

1.1 К правам и обязанностям Сторон, предусмотренным настоящим Договором, а также к иным правоотношениям, вытекающим из настоящего Договора, подлежит применению право Российской Федерации.

12. APPLICABLE LAW AND DISPUTE RESOLUTION

1.1 The rights and obligations of the Parties provided for by this Agreement, as well as other legal relations arising from this Agreement, shall be subject to the law of the Russian Federation.

- 1.1 Все споры, разногласия или требования, возникающие из настоящего Договора или в связи с ним, в том числе касающиеся его вступления в силу, заключения, изменения, исполнения, нарушения, прекращения или действительности, подлежат разрешению путем арбитража, администрируемого Российским арбитражным центром при автономной некоммерческой организации "Российский институт современного арбитража" ("РАИЦ"), в соответствии с положениями его арбитражного регламента.
- 1.1 Arbitration (arbitral tribunal) is composed of Three (3) arbitrators. The plaintiff appoints one arbitrator in the statement of claim. The defendant shall appoint a second arbitrator within thirty (30) calendar days of receipt of the statement of claim. The third arbitrator, who is the chairman of the arbitral tribunal, shall be selected and appointed by two arbitrators elected or appointed by the parties to the arbitration within fifteen (15) calendar days from the date of appointment of the second arbitrator.
- 1.1 Арбитраж (третейский суд) формируется в составе 3 (трех) арбитров. Истец назначает одного арбитра в исковом заявлении. Ответчик назначает второго арбитра в течение 30 (тридцати) календарных дней с момента получения искового заявления. Третьего арбитра, являющегося председателем арбитража, выбирают и назначают два арбитра, избранные сторонами арбитражного разбирательства или назначенные за них, в течение 15 (пятнадцати) календарных дней с момента назначения второго арбитра.
- 1.1 Arbitration (arbitral tribunal) is composed of Three (3) arbitrators. The plaintiff appoints one arbitrator in the statement of claim. The defendant shall appoint a second arbitrator within thirty (30) calendar days of receipt of the statement of claim. The third arbitrator, who is the chairman of the arbitral tribunal, shall be selected and appointed by two arbitrators elected or appointed by the parties to the arbitration within fifteen (15) calendar days from the date of appointment of the second arbitrator.
- 1.1 Если в установленный срок истец и (или) ответчик не воспользовались своим правом на назначение арбитра, или два арбитра не достигли соглашения по вопросу назначения председателя арбитража, такого(их) арбитра(ов) назначает РАИЦ согласно его арбитражному регламенту. В таких случаях уже назначенный(ые) арбитр(ы) сохраняет(ют) свои полномочия, а оставшийся(еся) арбитр(ы) назначается(ются) в соответствии с настоящим пунктом 12.
- 1.1 If the plaintiff and/or the defendant fail to exercise their right to appoint the arbitrator within the designated time, or if the two arbitrators fail to reach an agreement on the appointment of the chairman of the arbitral tribunal, such arbitrator(s) shall be appointed by the RAC in accordance with its arbitration rules. In such cases, the arbitrator(s) already appointed shall retain(s) their mandate and the remaining arbitrator(s) shall be (are) appointed in accordance with this Clause 12.
- 1.1 Местом проведения арбитражного разбирательства будет г. Москва, Российская Федерация, языком арбитражного разбирательства будет русский язык. Арбитражное решение является для Сторон окончательным и вступает в силу со дня его принятия.
- 1.1 The place of arbitration shall be Moscow, Russian Federation; the language of the arbitration will be Russian. The arbitral award is final to the Parties and comes into force from the date of its adoption.

<p>1.1 Исключается:</p> <p>1.1.1 возможность рассмотрения государственным судом вопроса об отводе арбитров или прекращении их полномочий;</p> <p>1.1.1 подача в государственный суд заявления о принятии решения об отсутствии у третейского суда компетенции в связи с вынесением третейским судом отдельного постановления о наличии компетенции как по вопросу предварительного характера.</p>	<p>1.1 The following is excluded:</p> <p>1.1.1 possibility of considering the issue of disqualification of arbitrators or termination of their powers by state court;</p> <p>1.1.1 filing an application with a state court for a judgment on the lack of competence of the arbitral tribunal in connection with separate determination of the arbitral tribunal on the existence of competence as a matter of a preliminary nature.</p>
<p>13. ИНЫЕ ПОЛОЖЕНИЯ</p> <p>1.1 Целостность Договора</p> <p>1.1.1 Настоящий Договор исчерпывающим образом закрепляет договоренности Сторон в отношении вопросов, урегулированных в настоящем Договоре, на дату настоящего Договора и заменяет все предшествующие письменные или устные договоренности между Сторонами в отношении вопросов, урегулированных в настоящем Договоре.</p> <p>1.1.1 Каждая Сторона признает и заявляет, что она не заключала настоящий Договор, полагаясь на какое-либо преддоговорное заявление, не изложенное в настоящем Договоре, и ни одна из Сторон не несет ответственности перед другой Стороной за любое преддоговорное заявление, прямо не установленное в настоящем Договоре.</p>	<p>13. MISCELLANEOUS</p> <p>1.1 Entire Agreement</p> <p>1.1.1 This Agreement constitutes the entire agreement of the Parties regarding the matters settled in this Agreement as of the date of this Agreement, and supersedes all prior written or verbal agreements between the Parties regarding the matters settled herein.</p> <p>1.1.1 Each Party acknowledges and represents that it has not entered into this Agreement in reliance on any pre-contractual statement not set forth in this Agreement, and neither Party shall be liable to the other Party for any pre-contractual statement not expressly set forth in this Agreement.</p>

<p>1.1.1 Для целей пункта 13.1.2 "преддоговорное заявление" означает любой проект, договоренность, обязательство, декларацию, гарантию, обещание, заявление или соглашение любого характера в письменной или иной форме, относящиеся к предмету настоящего Договора, сделанного или предоставленного любым лицом в любое время до даты подписания настоящего Договора.</p>	<p>1.1.1 For the purposes of Clause 13.1.2, "pre-contractual statement" means any draft, arrangement, undertaking, declaration, warranty, promise, representation or agreement of any nature, whether in writing or otherwise, relating to the subject matter of this Agreement made or given by any person at any time prior to the date of signing this Agreement.</p>
<p>1.1.1 Покупатель признает и подтверждает, что, за исключением Заверений Продавца, ни Продавец, ни Компания, ни их соответствующие Аффилированные лица, ни любые из их соответствующих представителей не сделали или не будут считаться сделавшими, и Покупатель не полагался на, не полагается и настоящим отказывается полагаться на любые другие заверения об обстоятельствах, явные или подразумеваемые, в отношении Доли или активов и имущества Компаний Группы, в том числе в отношении (а) ведения бизнеса Компании Группы после Даты закрытия или (б) вероятный успех или прибыльность бизнеса Компаний Группы после Даты закрытия.</p>	<p>1.1.1 The Buyer acknowledges and confirms that, except for the Seller's Representations, none of the Seller, the Company, their respective Affiliates or any of their respective representatives have made, or shall be deemed to have made, and the Buyer has not relied on, is not relying on and hereby disclaims reliance upon, any other representation, express or implied in respect of the Interest or the assets and properties of the Group Companies, including with respect to (a) the operation of the business of the Group Companies after the Closing Date or (b) the probable success or profitability of the business of the Group Companies after the Closing Date.</p>
<p>1.1 Уступка</p> <p>Стороны не вправе без предварительного письменного согласия других Сторон уступать или иным образом переводить свои права и обязанности по настоящему Договору и иным Документам по сделке.</p>	<p>1.1 Assignment</p> <p>A Party may not, without the prior written consent of the other Party, assign or otherwise transfer its rights and obligations under this Agreement and other Transaction Documents.</p>
<p>1.1 Действие Договора</p>	<p>1.1 Validity</p>

<p>1.1.1 Настоящий Договор вступает в силу и становится обязательным для Сторон с момента его подписания каждой из Сторон (ее представителем) и действует до полного исполнения Сторонами принятых на себя обязательств, если ранее не будет расторгнут (иным образом прекращен) в случаях, предусмотренных законодательством Российской Федерации или настоящим Договором.</p>	1.1.1	<p>This Agreement shall come into force and become binding on the Parties from the moment of its signing by each of the Parties (its representative) and shall remain in full force and effect until the Parties fully fulfill their obligations, unless it is terminated (otherwise cancelled) before expiry in cases stipulated by laws of the Russian Federation or this Agreement.</p>
<p>1.1.1 Прекращение или расторжение настоящего Договора не влечет в соответствии с пунктом 2 статьи 453 ГК РФ прекращение действия пунктов 1, 10 - 13 настоящего Договора, а также не освобождает Сторону от ответственности, которая к моменту такого прекращения (расторжения) уже возникла у такой Стороны перед другой Стороной.</p>	1.1.1	<p>Termination or cancellation of this Agreement does not entail, in accordance with paragraph 2 of Article 453 of the Civil Code, the termination of Clauses 1, 10 - 13 hereof, and also does not relieve the Party from liability, which by the time of such termination (cancellation) has already arisen from such Party to the other Party.</p>
<p>1.1 Изменения</p> <p>Любые изменения настоящего Договора вступают в силу, только если они составлены в письменной форме и подписаны Сторонами.</p>	1.1	<p>1.1 Amendment</p> <p>Any amendment hereto shall not come into force, unless they are made in writing and signed by the Parties.</p>
<p>1.1 Односторонний отказ от Договора (его исполнения)</p>	1.1	<p>Unilateral Repudiation of Agreement (its execution)</p>
<p>1.1.1 Односторонний отказ от настоящего Договора (его исполнения) допускается только в случаях, указанных в настоящем Договоре.</p>	1.1.1	<p>Unilateral repudiation of this Agreement (its execution) is allowed only in the cases stipulated herein.</p>
<p>1.1.1 Без ущерба иным положениям настоящего Договора, Стороны согласовали, что в соответствии со статьей 450.1 ГК РФ:</p>	1.1.1	<p>Without prejudice to the other provisions of this Agreement, the Parties agree that, in accordance with Article 450.1 of the Civil Code:</p>

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| (i) в случае наступления Существенного неблагоприятного изменения Покупатель вправе в любое время до Даты закрытия в одностороннем порядке отказаться от настоящего Договора (его исполнения) путем направления Уведомления Продавцу; и | (i) in the event of a Material Adverse Change, the Buyer may, at any time prior to the Closing Date, unilaterally terminate this Agreement (its execution) by sending a Notice to the Seller; and |
| (i) в случае принятия какого-либо акта Государственного органа, запрещающего или существенно препятствующего совершению сделок, предусмотренных настоящим Договором, любая Сторона вправе в любое время до Даты закрытия в одностороннем порядке отказаться от настоящего Договора (его исполнения) путем направления Уведомления другой Стороне. | (i) in the event of the adoption of any act of the Governmental Authority prohibiting or significantly impeding the completion of transactions contemplated hereby, any of the Parties may, at any time prior to the Closing Date, unilaterally terminate this Agreement (its execution) by sending a Notice to the other Party. |
| 1.1.1 В случае одностороннего отказа от Договора (его исполнения) настоящий Договор считается расторгнутым (прекращенным) с того момента, когда Уведомление, направленное Стороной, совершившей односторонний отказ, считается полученным другой Стороной. | 1.1.1 In the event of a unilateral repudiation of the Agreement (its execution), this Agreement shall be deemed terminated (cancelled) from the moment when the Notice sent by the Party that made the unilateral repudiation is considered received by the other Party. |
| 1.1.1 Во избежание сомнений, после Даты закрытия ни одна из Сторон не имеет права в одностороннем порядке изменять или расторгать настоящий Договор или Документы по сделке. | 1.1.1 For the avoidance of doubt, after the Closing Date no Party shall have a right to unilaterally change or terminate this Agreement or the Transaction Documents. |

<p>1.1.1 Во исполнение статьи 451 Гражданского кодекса никакое существенное изменение обстоятельств, из которых Стороны исходили при заключении настоящего Договора, не ухудшит или иным образом негативно не отразится на обязательствах Сторон, содержащихся в настоящем Договоре, а также не является основанием для одностороннего изменения или расторжения настоящего Договора.</p>	<p>1.1.1 Pursuant to Article 451 of the Civil Code, no material change in the circumstances from which the Parties proceeded when concluding this Agreement will worsen or otherwise negatively affect the obligations of the Parties contained in this Agreement, nor will it give any of the Parties the right to unilaterally change or terminate this Agreement.</p>
<p>1.1 Расходы</p> <p>Если Стороны не согласуют иное:</p> <p>1.1.1 каждая из Сторон несет все свои расходы, связанные с подготовкой, обсуждением, заключением настоящего Договора и любых соглашений в связи с ним; и</p> <p>1.1.1 расходы, связанные с передачей Доли (в том числе, вознаграждение нотариуса в связи с нотариальным удостоверением ДКП), Стороны несут поровну.</p>	<p>1.1 Expenses</p> <p>Unless otherwise agreed by the Parties:</p> <p>1.1.1 each of the Parties shall bear all its own costs associated with the preparation, discussion, execution of this Agreement and any agreements relating hereto; and</p> <p>1.1.1 all costs associated with the transfer of the Interest (including the Notary's fee for notary certification of the Transfer Form) shall be borne equally by the Parties.</p>
<p>1.1 Налоги</p> <p>Каждая Сторона обязуется самостоятельно произвести уплату всех Налогов, подлежащих уплате такой Стороной в соответствии с применимым законодательством в связи с заключением и исполнением Документов по сделке. Все суммы, подлежащие уплате согласно Документам по сделке, не подлежат увеличению на сумму Налогов.</p>	<p>1.1 Taxes</p> <p>Each Party undertakes to independently pay all Taxes payable by such Party in accordance with applicable law in connection with the execution and performance of the Transaction Documents. All amounts payable under the Transaction Documents are not subject to any increase in Taxes.</p>
<p>1.1 Уведомления</p> <p>1.1.1 Любое уведомление или иное сообщение, которое направляется в соответствии с настоящим Договором или в связи с ним (каждое из них далее именуется "Уведомление"), должно:</p> <p>(i) быть составлено в письменной форме на русском и английском языках; и</p>	<p>1.1 Notices</p> <p>1.1.1 Any notice or other communication given under or in connection with this Agreement (each a Notice) should:</p> <p>(i) be in writing in Russian and English; and</p>

(i) вручаться лично или доставляться заказным письмом, курьером через признанную международную службу курьерской доставки корреспонденции или по электронной почте.

(i) be hand-delivered or delivered by registered mail, courier through a recognized international courier service, or by email.

1.1.1 Уведомление Стороне направляется по указанному ниже адресу, адресу электронной почты, вниманию указанного лица либо по такому иному адресу, адресу электронной почты или вниманию иного лица, о которых соответствующая Сторона письменно сообщила другим Сторонам:

1.1.1 Notice to a Party shall be sent to the address, e-mail, attention to the designated person, as indicated below, or to such other address, e-mail, or attention to another person, as the relevant Party notified the other Parties in writing:

Продавец

Адрес: Соединенные Штаты Америки, Невада, 89134 Лас-Вегас, Вилладж Сентр Секл 1930, 3-6972

Email: [***]@ffin.kz

Вниманию: [***]

Покупатель

Адрес: Республика Казахстан, г. Алматы, [***]

Email: [***]

Seller

Address: 1930 Village Center Cir. # 3-6972, Las-Vegas, Nevada 89134 USA

Email: [***]@ffin.kz

Attn. to: [***]

Buyer

Address: Almaty, [***], Republic of Kazakhstan

Email: [***]

1.1.1 Уведомление вступает в силу при получении и считается полученным:

1.1.1 Notice shall be effective upon receipt and shall be deemed to have been received:

(i) в момент вручения почтового отправления адресату под расписку, если направлено заказным письмом;

(i) at the time of delivery of the postal item to the addressee against receipt, if sent by registered mail;

(i) в момент доставки, если доставлено лично или курьером; или

(i) at the time of delivery, if delivered personally or by courier; or

(i) в момент отправления, если передается по электронной почте, при условии получения подтверждения получения.

1.1.1 Любое Уведомление, доставленное в соответствии с настоящим Договором за пределами периода времени с 10:00 до 18:00 Рабочего дня в месте, куда оно адресовано, не считается полученным до начала следующего Рабочего дня.

1.1.1 Если Уведомление доставляется несколькими средствами связи, указанными в пункте 13.8.1, и если иное не предусмотрено настоящим Договором, то первое полученное Уведомление имеет приоритет.

1.1 Недействительность

1.1.1 Если любое из положений настоящего Договора будет признано не соответствующим закону, недействительным или не подлежащим принудительному исполнению в целом или в части, то такое положение должно применяться со всеми необходимыми исключениями и изменениями, которые необходимы для того, чтобы такое положение стало законным, действительным и подлежащим принудительному исполнению и отражало коммерческие интересы Сторон.

(i) at the time of sending, if transmitted by email, subject to receipt of acknowledgment of receipt.

1.1.1 Any Notice delivered pursuant to this Agreement outside the time between 10:00 am and 6:00 pm on a Business Day at the place to which it is addressed shall not be deemed to have been received until the beginning of the next Business Day.

1.1.1 If Notice is delivered by several means of communication specified in Clause 13.8.1, and unless otherwise provided by this Agreement, then the first received Notice shall have priority.

1.1 Severability

1.1.1 If any of the provisions of this Agreement is found to be unlawful, invalid or unenforceable in whole or in part, then such provision shall apply with all necessary exceptions and changes that are necessary for such provision to become legal, valid and enforceable and to reflect the commercial interests of the Parties.

<p>1.1.1 В той степени, в которой невозможно исключить или изменить такое положение полностью или частично в соответствии с пунктом 13.9.1, такое положение или его часть, в той степени, в которой оно является не соответствующим закону, недействительным или не подлежащим принудительному исполнению, не считается частью настоящего Договора, и это никак не влияет на законность, действительность и возможность принудительного исполнения остальной части настоящего Договора с учетом любого исключения или изменения, совершенного в соответствии с пунктом 13.9.1.</p>	1.1.1	<p>To the extent that it is not possible to exclude or modify such provision in whole or in part in accordance with Clause 13.9.1, such provision or part thereof, to the extent that it is unlawful, invalid or unenforceable, shall not be considered part of this Agreement, and this shall in no way affect the legality, validity and enforceability of the remainder of this Agreement subject to any exclusion or modification made in accordance with Clause 13.9.1.</p>
<p>1.1.1 Если положение, не соответствующее закону, недействительное или не подлежащее принудительному исполнению, оказывает влияние на все существо настоящего Договора, Стороны должны провести переговоры с целью внесения в настоящий Договор таких изменений, которые, сохраняя цели настоящего Договора, предусматривают замену соответствующих положений положениями, соответствующими закону, действительными положениями или подлежащими исполнению положениями (как применимо).</p>	1.1.1	<p>If a provision that is unlawful, invalid or unenforceable affects the entire substance of this Agreement, the Parties shall negotiate with a view to making changes to this Agreement that, while maintaining the purposes of this Agreement, provide for the replacement of the relevant provisions with lawful, valid or enforceable provisions (as applicable).</p>
<p>13.10 Экземпляры</p> <p>Настоящий Договор подписан в 2 (двух) экземплярах, по одному экземпляру для каждой из Сторон.</p>	1.1	<p>Counterparts</p> <p>This Agreement is made in two (2) counterparts, one for each of the Parties.</p>
<p>13.11 Языки</p>	1.1	<p>Languages</p>

Настоящий Договор составлен и подписан на русском и английском языках. В случае каких-либо расхождений между русской и английской версиями настоящего Договора преимущественную силу имеет русская версия.

This Agreement has been prepared and executed in the Russian and English languages. In the event of any discrepancies between the Russian and English version of this Agreement, the Russian version shall prevail.

14. **ПОДПИСИ СТОРОН**

14. **SIGNATURES OF THE PARTIES**

От имени **Продавца:**

For and on behalf of the **Seller:**

[***]
[***]
Фридом Холдинг Корп.

[***]
[***]
Freedom Holding Corp.

Покупатель:

Buyer:

Повалишин Максим Сергеевич

Mr. Maksim Sergeyeovich Povalishin

Приложение 1 ИНФОРМАЦИЯ О КОМПАНИЯХ ГРУППЫ		Schedule 1 INFORMATION ABOUT THE GROUP COMPANIES	
1. Общество		1. Company	
Полное фирменное наименование	Общество с ограниченной ответственностью Инвестиционная компания "Фридом Финанс"	Full company name	Freedom Finance Investment Company Limited Liability Company
ОГРН	1107746963785	Primary State Registration Number (OGRN)	1107746963785
ИНН	7705934210	TIN	7705934210
Юридический адрес	Российская Федерация, 123112, город Москва, 1-ый Красногвардейский проезд, дом 15, офис 18.02	Registered address	Russian Federation, 123112, Moscow, 1st Krasnogvardeiskiy proezd 15, office 18.02
Дата регистрации	25 ноября 2010 года	Date of registration	November 25, 2010
Уставный капитал	9 930 100 000 рублей	Authorized capital	9,930,100,000 rubles
Единственный участник	Продавец	Sole member	Seller
Генеральный директор	Почекуев Владимир Александрович	CEO	Mr. Vladimir Alexandrovich Pohekuyev

Члены директоров	Совета	Турлов Тимур Русланович;	Members of the Board of Directors	Mr. Timur Ruslanovich Turlov
		Повалишин Максим Сергеевич;		Mr. Maksim Sergeevich Povalishin
		Клюшнев Игорь Владимирович		Mr. Igor Vladimirovich Klyushnev
1. Банк		1. Bank		
Полное фирменное наименование	Общество с ограниченной ответственностью Банк "Фридом Финанс"	Full company name	Freedom Finance Bank Limited Liability Company	
ОГРН	1026500000317	Primary State Registration Number (OGRN)	1026500000317	
ИНН	6506000327	TIN	6506000327	
Юридический адрес	Российская Федерация, 127006, город Москва, ул. Каретный ряд, д. 5/10, стр. 2	Registered address	Russian Federation, 127006, Moscow, st. Karetny Ryad, 5/10, building 2	
Дата регистрации	10 декабря 1990 года	Date of registration	December 10, 1990	
Дата ОГРН присвоения	24 сентября 2002 года	Date of assignment of OGRN	September 24, 2002	
Уставный капитал	1 395 000 000 рублей	Authorized capital	1,395,000,000 rubles	
Участники	Общество – 99,999998696%	Members	The Company - 99.999998696%	

	Астахова Евгения Владимировна – 0,000001304%		Mrs. Yevgeniya Vladimirovna Astakhova - 0.000001304%
Председатель Правления	Носов Сергей Дмитриевич	Chairman of the Management Board	Mr. Sergey Dmitriyevich Nosov
Члены Правления	Носов Сергей Дмитриевич; Пучков Игорь Сергеевич; Пирушкин Евгений Владимирович; Мальцева Галина Вячеславовна	Members of the Management Board	Mr. Sergey Dmitriyevich Nosov Mr. Igor Sergeevich Puchkov Mr. Evgeny Vladimirovich Pirushkin Ms. Galina Vyacheslavovna Malceva
Члены Наблюдательного совета	Турлов Тимур Русланович; Повалишин Максим Сергеевич; Почекуев Владимир Александрович; Носов Сергей Дмитриевич	Members of the Supervisory Board	Mr. Timur Ruslanovich Turlov Mr. Maksim Sergeyeovich Povalishin Mr. Pohekuev Vladimir Aleksandrovich Mr. Sergey Dmitriyevich Nosov

**Приложение 2
ЗАВЕРЕНИЯ ПРОДАВЦА**

**Schedule 2
SELLER'S REPRESENTATIONS**

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| <p>1. Полномочия и правоспособность Продавца</p> <p>1.1 Продавец является компанией, учрежденной в надлежащем порядке в соответствии с законодательством штата Невада Соединенных Штатов Америки.</p> <p>1.1 Продавец обладает всеми правами и полномочиями для заключения и исполнения настоящего Договора и иных Документов по сделке.</p> <p>1.1 Документы по сделке после их заключения будут составлять действительные и юридически обязывающие обязательства Продавца в соответствии с их соответствующими условиями.</p> <p>1.1 Продавец получил в надлежащей форме все необходимые одобрения, согласия и разрешения (в том числе одобрения органов управления, согласия, выдаваемые Государственными органами) которые необходимы в соответствии с применимым законодательством для наделения Продавца полномочиями по заключению и исполнению каждого из Документов по сделке.</p> <p>1.1 Заключение и исполнение Продавцом каждого из Документов по сделке (i) не нарушает какое-либо положение его учредительных документов и (ii) не приводит к нарушению применимого законодательства или прав третьих лиц.</p> | <p>1. Powers and Legal Capacity of the Seller</p> <p>1.1 Seller is a company duly incorporated under the laws of the State of Nevada, the United States of America.</p> <p>1.1 The Seller has all the rights and powers to execute and perform this Agreement and other Transaction Documents.</p> <p>1.1 The Transaction Documents, once executed, will constitute the valid and legally binding obligations of the Seller in accordance with their respective terms and conditions.</p> <p>1.1 The Seller has obtained in due form all necessary approvals, consents and permits (including approvals from the management bodies and consents issued by the Governmental Authorities) that are necessary in accordance with applicable law to empower the Seller to enter into and execute each of the Transaction Documents.</p> <p>1.1 The execution and performance by the Seller of each of the Transaction Documents (i) does not violate any provision of its constituent documents and (ii) does not result in a violation of applicable law or the rights of third parties.</p> |
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1.1	Представитель Продавца, подписавший настоящий Договор, обладает для этого всеми необходимыми полномочиями, оформленными в соответствии с применимым законодательством и учредительными документами Продавца.	1.1	The representative of the Seller, who signed this Agreement, has all the necessary powers for this, executed in accordance with the applicable law and the constituent documents of the Seller.
1.1	Продавец не является несостоятельным и не имеет признаков несостоятельности согласно законодательству места его учреждения или неспособным погашать свою задолженность в срок.	1.1	The Seller is not insolvent and does not meet the insolvency criteria under the laws of its place of incorporation, and is able to pay its debts on time.
1.	Титул на Долю и Дочернюю долю	1.	Title to the Interest and the Subsidiary Interest
1.1	Право на Долю	1.1	Title to the Interest
1.1.1	Продавец является единственным законным собственником Доли и вправе осуществлять право голоса и иные права в отношении Доли в полном объеме.	1.1.1	The Seller is the sole legal owner of the Interest and is entitled to exercise the right to vote and other rights in respect of the Interest in full.
1.1.1	Уставный капитал Общества сформирован и полностью оплачен в соответствии с применимым законодательством. Все изменения уставного капитала Общества осуществлялись в соответствии с применимым законодательством, уставом и внутренними документами Общества. Не существует каких-либо неисполненных решений или иных обязательств об изменении уставного капитала Общества.	1.1.1	The authorized capital of the Company is formed and fully paid in accordance with applicable law. All changes in the authorized capital of the Company were carried out in accordance with applicable law, the Articles of Association and internal documents of the Company. There are no outstanding resolutions or other obligations to change the authorized capital of the Company.
1.1.1	Продавец приобрел и владеет Долей в соответствии с требованиями применимого законодательства и уставом Общества, на приобретение Доли Продавцом были получены все необходимые согласия (разрешения) третьих лиц (в том числе Государственных органов), и ни Продавцу, ни какой-либо Компании Группы не известно о каких-либо обстоятельствах, которые могут привести к какому-либо требованию, иску или разбирательству в отношении прав на Долю (ее часть).	1.1.1	The Seller has acquired and owns the Interest in accordance with the requirements of the applicable law and the Company's Articles of Association, for the acquisition of the Interest, the Seller has obtained all the necessary consents (permits) from third parties (including Government Authorities), and neither the Seller nor any Group Company is not aware of any circumstances that may lead to any demand, claim or proceedings in relation to the rights to the Interest (its part).
1.1.1	Не существует Обременений в отношении Доли (ее части).	1.1.1	There are no Encumbrances in relation to the Interest (part of it).

1.1	Право на Дочернюю долю	1.1	Title to the Subsidiary Interest
1.1.1	Общество является единственным законным собственником Дочерней доли и вправе осуществлять право голоса и иные права в отношении нее в полном объеме.	1.1.1	The Company is the sole legal owner of the Subsidiary Interest and is entitled to exercise the right to vote and other rights in respect of the Subsidiary Interest in full.
1.1.1	Уставный капитал Банка сформирован и полностью оплачен в соответствии с применимым законодательством. Все изменения уставного капитала Банка осуществлялись в соответствии с применимым законодательством, уставом и внутренними документами Общества. Не существует каких-либо неисполненных решений или иных обязательств об изменении уставного капитала Банка.	1.1.1	The authorized capital of the Bank is formed and fully paid in accordance with applicable law. All changes in the authorized capital of the Bank were carried out in accordance with applicable law, the Articles of Association and internal documents of the Company. There are no outstanding resolutions or other obligations to change the authorized capital of the Bank.
1.1.1	Общество приобрело и владеет Дочерней долей в соответствии с требованиями применимого законодательства и уставом Банка, на ее приобретение Обществом были получены все необходимые согласия (разрешения) третьих лиц (в том числе Государственных органов), и ни Продавцу, ни какой-либо Компании Группы не известно о каких-либо обстоятельствах, которые могут привести к какому-либо требованию, иску или разбирательству в отношении прав на Дочернюю долю (ее часть).	1.1.1	The Company has acquired and owns the Subsidiary Interest in accordance with the requirements of the applicable law and the Articles of Association of the Bank, for its acquisition by the Company, all the necessary consents (permits) of third parties (including Government Authorities) have been obtained, and neither the Seller nor any Group Company is not aware of any circumstances that may lead to any demand, claim or proceedings in relation to the rights to the Subsidiary Interest (its part).
1.1.1	Не существует Обременений в отношении Дочерней доли (ее части).	1.1.1	There are no Encumbrances in relation to the Subsidiary Interest (part of it).
1.	Корпоративные вопросы	1.	Corporate Matters
1.1	Общая информация и учреждение	1.1	General Information and Incorporation
1.1.1	Сведения, указанные в Приложении 1, являются достоверными.	1.1.1	The information specified in Schedule 1 is true and correct.

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| 1.1.1 Компании Группы были надлежащим образом учреждены и зарегистрированы на законных основаниях в соответствии с законодательством Российской Федерации и обладают всеми правами и полномочиями для осуществления своей хозяйственной деятельности в той форме, в которой она осуществлялась 3 (три) года, предшествующие Дате договора. | 1.1.1 The Group Companies have been duly incorporated and legally registered in accordance with the laws of the Russian Federation and have all the rights and powers to conduct their business in the form in which it was carried out Three (3) years prior to the Date of Agreement. |
| 1.1.1 Ни одна Компания Группы не является несостоятельной и не имеет признаков несостоятельности согласно применимому законодательству и не является неспособной погашать свои долги в срок. Не существует никаких обстоятельств, которые согласно применимому законодательству приведут или могут привести к инициированию процедур несостоятельности в отношении Компаний Группы. | 1.1.1 No Group Company is insolvent, and meet the insolvency criteria under applicable law, and is unable to pay its debts when due. There are no circumstances which, under applicable law, will or may result in the initiation of insolvency proceedings against the Group Companies. |
| 1.1.1 За исключением Дочерней доли и финансовых инструментов (ценных бумаг и производных финансовых инструментов), приобретаемых Обществом в рамках Обычной хозяйственной деятельности, а также на Дату договора 99,9% доли в уставном капитале ФФ АВТО, Общество не владеет акциями/долями или иными правами участия в любом юридическом лице и не принимало на себя каких-либо обязательств по их приобретению. Банк не владеет акциями/долями или иными правами участия в каком-либо юридическом лице и не принимал на себя каких-либо обязательств по их приобретению, за исключением финансовых инструментов (ценных бумаг и производных финансовых инструментов), приобретаемых Банком в рамках Обычной хозяйственной деятельности. | 1.1.1 With the exception of the shares in the Kazakhstan Subsidiary, the Subsidiary Interest and financial instruments (securities and derivative financial instruments) acquired by the Company in the Normal Course of Business, as well as at the Date of Agreement the 99.9% participatory interest in FF AUTO, the Company does not own shares/interests or other member rights in any legal entity and has not assumed any obligations to acquire them. The Bank does not own shares/interests or other member rights in any legal entity and has not assumed any obligation to acquire them, except the financial instruments (securities and derivative financial instruments) acquired by the Bank in the Normal Course of Business. |

1.1.1	Компании Группы не имеют и не имели на конец каждого из 3 (трех) последних лет до Даты закрытия чистые активы (в значении, установленном в применимых правилах бухгалтерского учета) в размере, меньшем размера их уставного капитала.	1.1.1	The Group Companies do not and did not have, at the end of each of the last three (3) years prior to the Closing Date, net assets (in a meaning set forth in the applicable accounting rules) in an amount less than their authorized capital.
1.1.1	Компании Группы не находятся в процессе ликвидации или реорганизации и, насколько известно Продавцу, отсутствуют какие-либо основания для приостановления их деятельности или принудительной ликвидации (в том числе по решению Государственного органа).	1.1.1	The Group Companies are not in the process of winding-up or corporate restructuring, and to the Seller's knowledge there are no grounds for suspension of their activities or forced winding-up (including by determination of the Governmental Authority).
1.1.1	Не существует никаких неисполненных договоренностей или обязательств в отношении распределения прибыли Компаний Группы.	1.1.1	There are no outstanding agreements or obligations in relation to the distribution of profits of the Group Companies.
1.1	Органы управления и должностные лица	1.1	Management Bodies and Officers
1.1.1	Все текущие органы управления и должностные лица Компаний Группы были избраны и назначены в соответствии с положениями применимого законодательства, стандартов СРО, устава и внутренних документов соответствующей Компании Группы, в том числе Компании Группы получили предварительные согласия ЦБ РФ и направили уведомления в ЦБ РФ, которые необходимы в соответствии с применимым законодательством при избрании, назначении и прекращении полномочий органов управления и должностных лиц.	1.1.1	All current management bodies and officers of the Group Companies were elected and appointed in accordance with the provisions of applicable law, SRO standards, Articles of Association and internal documents of the relevant Group Company, including the Group Companies received CBR prior consent and submitted notifications to the CBR that are necessary in accordance with applicable law when electing, appointing and terminating the powers of management bodies and officers.

<p>1.1.1 Квалификация и деловая репутация каждого из текущих членов органа управления и должностных лиц Компаний Группы, к которым в соответствии с применимым законодательством предъявляются требования о квалификации и/или деловой репутации, соответствует всем требованиям применимого законодательства, а также членами органов управления и должностными лицами Компаний Группы не нарушаются требования применимого законодательства о совместительстве (занятии ими) других должностей в других организациях.</p>	<p>1.1.1 The qualifications and business reputation of each current member of the management body and officers of the Group Companies, who are subject to qualification and/or business reputation requirements in accordance with the applicable law, complies with all requirements of the applicable law, as well as members of the management bodies and officers of the Companies Groups do not violate the requirements of the applicable law on part-time employment (occupation) of other positions in other organizations.</p>
<p>1.1 Филиалы и представительства</p> <p>У Компаний Группы отсутствуют какие-либо филиалы, представительства и обособленные подразделения, за исключением указанных в ЕГРЮЛ по состоянию на Дату договора. Все филиалы и представительства Компаний Группы были открыты (созданы) с соблюдением положений применимого законодательства, в том числе с согласия ЦБ РФ (если применимо).</p>	<p>1.1 Branches and Representative Offices</p> <p>The Group Companies do not have any branches, representative offices and separate divisions, except for those specified in the USRLE as of the Date of Agreement. All branches and representative offices of the Group Companies were opened (created) in compliance with the provisions of applicable law, including with the consent of the CBR (if applicable).</p>
<p>1.1 Учредительные документы, корпоративные реестры</p> <p>1.1.1 Компании Группы ведут в соответствии с применимым законодательством все реестры, протоколы, документы бухгалтерского учета, документы бухгалтерской отчетности и иные документы, ведение которых необходимо согласно применимому законодательству.</p>	<p>1.1 Constituent Documents, Corporate Registers</p> <p>1.1.1 In accordance with applicable law, the Group Companies maintain all registers, minutes, accounting documents and records, and other documents required by applicable law.</p>

- 1.1.1 Все действия по подаче документов, осуществлению публикаций, регистрации и по осуществлению иных подобных действий, которые согласно применимому законодательству должны осуществляться или представлять Компании Группы, своевременно представлялись и должным образом осуществлялись во всех существенных отношениях.
- 1.1.1 All filings, publications, registrations and other similar actions that are required by applicable law to be performed or submitted by Group Companies were timely submitted and properly performed in all material respects.

1. **Отчетность**

Отчетность составлена в соответствии с применимым законодательством и является полной, точной и достоверной, дает достоверное и объективное представление об активах, пассивах, финансовом положении, прибылях и убытках каждой Компании Группы на Дату Отчетности, за исключением любых случаев, когда Отчетность является неполной, неточной или недостоверной или не дает достоверного и объективного представления, которые не приведут к отзыву, аннулированию или приостановлению действия любой Лицензии или штрафам на общую сумму, превышающую 100 000 долларов США (или эквивалент в любой другой валюте), и в каждый из последних трех (3) лет до Даты Договора Отчетность предоставлена Компаниями Группы в уполномоченные Государственные органы и Налоговые органы в порядке, сроки и в соответствии с применимым законодательством.

1. **Лицензии**

1. **Financial Statements**

The Financial Statements are prepared in accordance with applicable law and are complete, accurate and reliable, give true and fair view of the assets, liabilities, financial position, profits and losses of each Group Company as of the Reporting Date, except for any failure to be complete, accurate or reliable or give a true and fair view which would not result in withdrawal, cancelation or suspension of any License or penalties in total amount exceeding USD 100,000 (or equivalent in any other currency), and in each of the last three (3) years prior to the Date of Agreement the Financial Statements have been submitted by the Group Companies to the authorized Governmental and Tax Authorities in the manner, terms and in accordance with applicable law.

1. **Licenses**

- 1.1 За исключением Лицензий, отсутствуют какие-либо иные существенные лицензии, разрешения, согласия, согласования, одобрения, подтверждения, сертификаты, свидетельства и иные подобные документы, необходимые Компаниям Группы для законного осуществления своей деятельности и своих операций таким образом, которым данная деятельность и данные операции осуществляются в настоящий момент, осуществлялись в течение 3 (трех) лет, предшествующих Дате договора, либо планируются к осуществлению в ближайший год после Даты договора.
- 1.1 With the exception of the Licenses, there are no other material licenses, permits, consents, approvals, confirmations, certificates and other similar documents necessary for the Group Companies to legally carry out their activities and their operations in the manner in which such activities and operations are currently being carried out, and have been carried out within three (3) years preceding the Date of Agreement, or are planned to be carried out in the next year after the Date of Agreement.
- 1.1 Компании Группы владеют на законном основании Лицензиями, которые они получили в соответствии с применимым законодательством, все Лицензии являются действительными, срок их действия не истек, Лицензии не прекращены, не приостановлены, не аннулированы и не отозваны.
- 1.1 The Group Companies are lawfully in possession of Licenses which they have obtained in accordance with applicable law, and all Licenses are valid and have not expired, the Licenses have not been terminated, suspended, cancelled or revoked.

<p>1.1 Никакой Государственный орган не предоставлял Компаниям Группы никакие письменные уведомления о каком-либо намерении аннулировать, отменить, отозвать, расторгнуть, изменить любую из Лицензий, признать любую Лицензию недействительной или прекратить действие какой-либо Лицензии. Компании Группы не находятся в процессе отказа от Лицензий (полностью или частично). Отсутствуют основания или угроза для аннулирования, отзыва, приостановления или прекращения действия какой-либо Лицензии иным образом, либо обстоятельства, которые могут привести к указанному.</p>	<p>1.1 No Governmental Authority has given the Group Companies any written notice of any intention to revoke, cancel, waive, terminate, modify any of the Licenses, invalidate any License or terminate any License. The Group Companies are not in the process of waiving Licenses (in whole or in part). There is no reason or threat to otherwise revoke, waive, suspend or terminate any License, or circumstances that could lead thereto.</p>
<p>1. Регуляторные вопросы</p>	<p>1. Regulatory Matters</p>
<p>1.1 Размер собственных средств (в значении, установленном ЦБ РФ) каждой Компании Группы соответствует применимому законодательству по состоянию на:</p>	<p>1.1 The amount of each of the Group Companies own funds (in a meaning of defined by the CBR) complies with applicable law and amounts as of:</p>
<p>1.1.1 отчетную дату месяца, предшествующего Дате закрытия, если Дата закрытия выпадает на вторую половину месяца; и</p>	<p>1.1.1 the reporting date in the month preceding the Closing Date, provided the Closing Date falls in the second half of a month; and</p>
<p>1.1.1 отчетную дату месяца перед месяцем, предшествующим Дате закрытия, если Дата закрытия выпадает на первую половину месяца.</p>	<p>1.1.1 the reporting date in the month preceding the month preceding the Closing Date if the Closing Date falls in the first half of a month.</p>
<p>1.1 Банк является участником системы обязательного страхования вкладов.</p>	<p>1.1 The Bank is a member of the mandatory deposit insurance system.</p>

- 1.1 В Компаниях Группы разработаны, надлежащим образом утверждены, зарегистрированы (если применимо) и соблюдаются все требуемые в соответствии с применимым законодательством регламенты, правила и иные внутренние документы, содержание указанных документов соответствует требованиям применимого законодательства, включая нормативные акты ЦБ РФ, за исключением любых случаев невыполнения вышеуказанного, которые не приводят к отзыву, аннулированию или приостановлению действия любой Лицензии или штрафам на общую сумму, превышающую 100 000 долларов США (или эквивалент в любой другой валюте).
- 1.1 The Group Companies have developed, duly approved, registered (if applicable) and comply with all regulations, rules and other internal documents required in accordance with applicable law in all material respects, the content of these documents complies with the requirements of applicable law, including the CBR regulations, except in each case for any failure to do so which would not result in withdrawal, cancelation or suspension of any License, or penalties in total amount exceeding USD 100,000 (or equivalent in any other currency).
- 1.1 В течение 12 (двенадцати) месяцев перед Датой закрытия Компании Группы надлежащим образом осуществляют раскрытие информации, раскрытие которой требуется в соответствии с применимым законодательством, за исключением любых случаев невыполнения вышеуказанного, которые не приводят к отзыву, аннулированию или приостановлению действия любой Лицензии или штрафам на общую сумму, превышающую 100 000 долларов США (или эквивалент в любой другой валюте).
- 1.1 During the twelve (12) months preceding the Closing Date, the Group Companies have made appropriate disclosures of information required by applicable law except for any failure to do so which would not result in withdrawal, cancelation or suspension of any License or penalties in total amount exceeding USD 100,000 (or equivalent in any other currency).

<p>1.1 В течение 12 (двенадцати) месяцев перед Датой закрытия Компании Группы готовили всю Специальную отчетность и предоставляли ее в ЦБ РФ в порядке и сроки, установленные применимым законодательством. Специальная отчетность за 12 (двенадцать месяцев) до Даты закрытия, подготовленная Компаниями Группы, является полной, точной и достоверной, за исключением любых случаев невыполнения требования по подготовке или подаче Специальной отчетности или какого-либо упущения или неточности в ней, которые не приводят к отзыву, аннулированию или приостановлению действия любой Лицензии или штрафам на общую сумму, превышающую 100 000 долларов США (или эквивалент в любой другой валюте).</p>	<p>1.1 During the twelve (12) months preceding the Closing Date, the Group Companies have prepared all Special Reporting and submitted it to the CBR in the manner and within the time stipulated by applicable law, and the Special Reporting prepared by the Group Companies during the twelve (12) months preceding the Closing Date is complete and accurate, except where the failure to prepare or submit Special Reporting or an omission or inaccuracy therein would not result in withdrawal, cancellation or suspension of any License or penalties in total amount exceeding USD 100,000 (or equivalent in any other currency).</p>
<p>1.1 В течение 12 (двенадцати) месяцев перед Датой закрытия деятельность Компаний Группы соответствовала стандартам, принятым СРО, за исключением любых случаев несоблюдения, которые не повлекут за собой отзыв, аннулирование или приостановление членства в какой-либо СРО или штрафы на общую сумму, превышающую 100 000 долларов США (или эквивалент в любой другой валюте).</p>	<p>1.1 During the twelve (12) months preceding the Closing Date the activities of the Group Companies have complied with the standards adopted by the SRO, except for any lack of compliance that would not result in withdrawal, cancellation or suspension of membership in any SRO or penalties in total amount exceeding USD 100,000 (or equivalent in any other currency).</p>
<p>1.1 Компании Группы не получали предписаний, предупреждений или иных уведомлений о временной или постоянной приостановке или возможности приостановки членства в СРО и единоличные исполнительные органы Компаний Группы не располагают информацией о наличии оснований для такой приостановки в соответствии с применимым законодательством.</p>	<p>1.1 The Group Companies have not received instructions, warnings or other notices about the temporary or permanent suspension or the possibility of suspension of membership in the SRO and sole executive bodies of the Group Companies and have no information about the existence of grounds for such suspension under applicable laws.</p>
<p>1. Соблюдение законодательства</p> <p>Не существует никаких неисполненных (как полностью, так и частично) предписаний, постановлений, актов проверок или решений ЦБ РФ или СРО в отношении какой-либо Компании Группы.</p>	<p>1. Compliance</p> <p>There are no undischarged (whether in whole or in part) instructions, resolutions, acts of inspections or decisions of the CBR or SROs in relation to any Group Company.</p>
<p>1. Судебные споры</p>	<p>1. Legal Proceedings</p>

На Дату договора ни одна Компания Группы (либо иное лицо, за чьи действия или бездействие Компания Группы может нести субсидиарную ответственность) не является стороной или третьим лицом в каком-либо административном, судебном или арбитражном разбирательстве, расследовании, споре, процессе или иске, который будучи разрешенным не в пользу Компаний Группы привел бы к ответственности Компании Группы в размере 1% общей балансовой стоимости активов бухгалтерского баланса соответствующей Компании Группы по состоянию на 31 марта 2022 года.

1. Раскрытая информация

Вся информация, содержащаяся в настоящем Договоре, а также вся иная информация, которая была предоставлена Продавцом Покупателю до Даты договора в ходе проведения проверки по запросам Юридической фирмы "Орион Партнерс" (консультант Покупателя), является верной, точной и полной.

1. Продажа Доли

Заключение и исполнение настоящего Договора или иных Документов по сделке не приведет и не должно привести к нарушению, прекращению или изменению любого договора, стороной которого является любая Компания Группы, праву любого третьего лица прекращать или вносить изменения в такой договор или созданию любых Обременений в связи с таким договором, утрате любой Компанией Группы любых прав или преимуществ, имеющихся у нее в настоящее время, обязательств любой Компании Группы перед ее работниками, аннулированию, отзыву, приостановке или изменению Лицензии.

As of the Date of Agreement, no Group Company (or other person for whose acts or omissions the Group Company may be vicariously liable) is a party or a third party in any administrative, judicial or arbitration proceeding, investigation, dispute, proceeding or action which if resolved not in favor of the Group Companies would entail liability of the Group Company in the amount of 1% of the total book value of the assets of such Group Company based on its balance sheet as of 31 March 2022.

1. Disclosed Information

All information contained in this Agreement, as well as all other information that was provided by the Seller to the Buyer prior to the Agreement Date during the due diligence process pursuant to the requests of Orion Partners Law Firm (counsel to the Buyer), is true, accurate and complete.

1. Sale of the Interest

The execution and performance of this Agreement or other Transaction Documents will not and shall not lead to the breach, termination or modification of any agreement to which any Group Company is a party, the right of any third party to terminate or amend such agreement or the creation of any Encumbrances in connection with such agreement, the loss by any Group Company of any rights or benefits currently available, the obligations of any Group Company to its employees, the cancellation, revocation, suspension or modification of the License.

**Приложение 3
ЗАВЕРЕНИЯ ПОКУПАТЕЛЯ**

1. Покупатель является гражданином Российской Федерации и обладает полной правоспособностью и дееспособностью. 1.
1. Покупатель обладает всеми правами и полномочиями для заключения и исполнения настоящего Договора. 1.
1. Документы по сделке после их заключения будут составлять действительные и юридически обязывающие обязательства Покупателя в соответствии с их соответствующими условиями. 1.
1. На Дату закрытия Покупатель в надлежащей форме получил согласие супруги и все необходимые одобрения, согласия и разрешения (включая применимые одобрения и согласия Государственных органов), которые необходимы в соответствии с применимым законодательством для наделения Покупателя полномочиями по заключению и исполнению Договора. 1.
1. Покупатель не является несостоятельным и не отвечает признакам несостоятельности согласно применимому законодательству. 1.
1. Оформление и исполнение Покупателем каждого из Документов по сделке не приведет к нарушению Покупателем применимого законодательства. 1.
1. Покупатель не является санкционным лицом в соответствии с Санкциями. 1.

**Schedule 3
BUYER'S REPRESENTATIONS**

1. The Buyer is a citizen of the Russian Federation, and has full legal status and capacity
1. The Buyer has all the rights and powers to execute and perform this Agreement.
1. The Transaction Documents, once executed, will constitute a valid and legally binding obligation of the Buyer in accordance with their respective terms and conditions.
1. As of the Closing Date, the Buyer has duly received spousal consent and all other necessary approvals, consents and permits (including applicable approvals and consents of Governmental Authorities) that are necessary in accordance with applicable law to empower the Buyer to execute and perform the Agreement.
1. The Buyer is not insolvent, and does not meet the insolvency criteria under applicable law.
1. The execution and performance by the Buyer of each of the Transaction Documents will not result in a violation by the Buyer of applicable law.
1. The Buyer is not a sanctioned person under Sanctions.

Приложение 4
ОБЯЗАТЕЛЬСТВА НА ЗАКРЫТИИ

Schedule 4
OBLIGATIONS AT CLOSING

1 Предоставление документов

- 1.1 Продавец обязуется предоставить Покупателю и Нотариусу (в той части, в которой соответствующие документы требуются Нотариусу для совершения соответствующего нотариального действия) следующие документы:
- 1.1.1 письменное подтверждение о том, что Заверения Продавца являются достоверными на Дату закрытия;
- 1.1.1 оригиналы выписок из ЕГРЮЛ в отношении Компаний Группы, выданных не ранее чем за 2 (два) Рабочих дня до Даты закрытия, подтверждающих право Продавца на Долю и право Общества на Дочернюю долю, в каждом случае без каких-либо Обременений;
- 1.1.1 оригинал корпоративного решения Продавца об одобрении заключения и исполнения Продавцом Документов по сделке.
- 1.1 Покупатель обязуется предоставить Продавцу и Нотариусу (в той части, в которой соответствующие документы требуются Нотариусу для совершения соответствующего нотариального действия) следующие документы:
- 1.1.1 нотариально удостоверенная копия согласия ЦБ РФ в соответствии с пунктом 4.1.1;

1. Provision of Documents

- 1.1 The Seller undertakes to provide the Buyer and the Notary (to the extent that the relevant documents are required by the Notary to perform the relevant notarial act) with the following documents:
- 1.1.1 written confirmation that the Seller's Representations are accurate as of the Closing Date;
- 1.1.1 original extracts from the USRLE in respect of the Group Companies issued no earlier than Two (2) Business Days prior to the Closing Date confirming the Seller's right to the Interest and the Company's right to the Subsidiary Interest, in each case free of any Encumbrances;
- 1.1.1 original corporate resolution of the Seller on approval of the execution and performance of the Transaction Documents by the Seller.
- 1.1 The Buyer undertakes to provide the Seller and the Notary (to the extent that the relevant documents are required by the Notary to perform the relevant notarial act) with the following documents:
- 1.1.1 notary certified copy of the CBR consent in accordance with Clause 4.1.1;

<p>1.1.1 оригинал нотариально удостоверенного согласия супруги Покупателя на заключение, подписание и исполнение ДКП или оригинал нотариально удостоверенного заявления Покупателя о том, что он не состоит в браке по состоянию на Дату закрытия;</p>	<p>1.1.1 notary certified original of consent of the Buyer's spouse to execute, sign and perform the Transfer Form or notary certified original of statement of the Buyer that he is not married as of the Closing Date;</p>
<p>1.1.1 выписка с банковского счета Покупателя (такой счет должен быть открыт в банке, не являющемся санкционным в соответствии с Санкциями), подтверждающую наличие всей суммы Платежа переводом на банковском счете Покупателя.</p>	<p>1.1.1 statement of the Buyer's bank account (which account shall be with a bank that is not the subject of Sanctions) confirming that the entire amount of the Payment by Transfer Amount is in the Buyer's bank account.</p>
<p>1. Совершение действий</p>	<p>1. Commission of Action</p>
<p>1.1 Продавец</p> <p>Продавец обязуется подписать в присутствии Нотариуса ДКП и совершить все иные действия, которые необходимы для целей нотариального удостоверения ДКП и внесения в ЕГРЮЛ записи о переходе права собственности на Долю от Продавца к Покупателю без каких-либо Обременений.</p>	<p>1.1 The Seller</p> <p>The Seller undertakes to sign the Transfer Form in the presence of the Notary, and perform all other actions that are necessary for the purposes of notary certification of the Transfer Form and recording the transfer of title to the Interest from the Seller to the Buyer free of any Encumbrances in the USRLE.</p>
<p>1.1 Покупатель</p> <p>Покупатель обязуется подписать в присутствии Нотариуса ДКП и совершить все иные действия, которые необходимы для целей нотариального удостоверения ДКП и внесения в ЕГРЮЛ записи о переходе права собственности на Долю от Продавца к Покупателю без каких-либо Обременений.</p>	<p>1.1 The Buyer</p> <p>The Buyer undertakes to sign the Transfer Form in the presence of the Notary, and perform all other actions that are necessary for the purposes of notary certification of the Transfer Form and recording the transfer of title to the Interest from the Seller to the Buyer free of any Encumbrances in the USRLE.</p>

Приложение 5
ДКП

Schedule 5
TRANSFER FORM

ДОГОВОР КУПЛИ-ПРОДАЖИ 100% ДОЛИ В УСТАВНОМ
КАПИТАЛЕ

ОБЩЕСТВА С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ
ИНВЕСТИЦИОННАЯ КОМПАНИЯ "ФРИДОМ ФИНАНС"

Настоящий договор купли-продажи 100% доли ("Договор")
заключен [●] года ("Дата договора") между:

- (1) **Фридом Холдинг Корп.**, учрежденным в соответствии с законодательством штата Невада Соединенных Штатов Америки, зарегистрированным за регистрационным номером С32081-2004 по адресу: Соединенные Штаты Америки, Невада, 89134 Лас-Вегас, Вилладж Сентр Секл 1930, 3-6972 ("Продавец"), в лице [●], действующего на основании [●]; и
- (1) **Повалишиным Максимом Сергеевичем**, гражданином Российской Федерации, дата рождения: [***], место рождения: гор. Москва, паспорт [***] выдан Паспортным столом № 2 ОВД района Очаково-Матвеевское города Москвы 29 марта 2004 года, код подразделения 772-130, зарегистрированным по месту жительства по адресу: Российская Федерация, г. Москва, [***] ("**Покупатель**"),

далее совместно именуемые "**Стороны**", а по отдельности – "**Сторона**".

ПРЕАМБУЛА

AGREEMENT OF PURCHASE AND SALE OF 100% SHARE IN
THE AUTHORIZED CAPITAL

LIMITED LIABILITY COMPANY INVESTMENT COMPANY
"FREEDOM FINANCE"

This agreement for the sale of 100% interest ("**Agreement**") is
concluded on [●] years ("**Date of Agreement**") between:

- (1) **Freedom Holding Corp.**, incorporated under the laws of the State of Nevada, United States of America, with entity number С32081-2004 and with its registered office at 1930 Village Center Cir. # 3-6972, Las-Vegas, Nevada 89134 USA (**Seller**), duly represented by [●], acting under [●]; and
- (1) Mr. Maksim Sergeyevich Povalishin, citizen of the Russian Federation, Date of Birth: [***], Place of Birth: Moscow, passport [***] issued by the Passport Office No. 2 of the Department of Internal Affairs of the Ochakovo-Matveyevskoye district of Moscow on March 29, 2004, subdivision code 772-130, registered at the Russian Federation, Moscow, [***] (**Buyer**),

hereinafter collectively referred to as the **Parties**, and individually as the **Party**.

PREAMBLE

- (A) На Дату договора Продавец является собственником Доли и Общество является собственником Дочерней доли. (A) As of the Date of Agreement, the Seller owns the Interest, and the Company owns the Subsidiary Interest.
- (A) Продавец намерен продать, а Покупатель намерен приобрести Долю на условиях, изложенных в настоящем Договоре. (A) The Seller wishes to sell to the Buyer and the Buyer wishes to purchase from the Seller, the Interest subject to the terms and conditions set forth herein.
1. **Определения и толкование** 1. **Definitions and interpretation**
- 1.1 В настоящем Договоре приведенные ниже слова и выражения, используемые с заглавной буквы, будут иметь следующие значения: 1.1 In this Agreement, the following capitalized words and expressions shall have the following meanings:
- "**Банк**" означает Общество с ограниченной ответственностью Банк "Фридом Финанс", учрежденное в соответствии с законодательством Российской Федерации, зарегистрированное за основным государственным регистрационным номером (ОГРН) 1026500000317 по адресу: Российская Федерация, 127006, город Москва, ул. Каретный ряд, д. 5/10, стр. 2;
- Bank** means Freedom Finance Bank Limited Liability Company, established in accordance with the laws of the Russian Federation, registered under the Primary State Registration Number (OGRN) 1026500000317 at the Russian Federation, 127006, Moscow, st. Karetny Ryad, 5/10, building 2;
- "**Банковский счет Продавца**" означает банковский счет Продавца со следующими реквизитами: [●], или иной банковский счет Продавца, реквизиты которого были предоставлены Продавцом Покупателю в Уведомлении не позднее чем за 5 (пять) Рабочих дней до даты совершения соответствующего платежа;
- Seller's Bank Account** means the following Seller's Bank Account: [●], or such other Seller's Bank Account as Notified to the Buyer by the Seller no later than Five (5) Business Days prior to the date of the relevant payment;
- "**ГК РФ**" означает Гражданский кодекс Российской Федерации;
- Civil Code** means the Civil Code of the Russian Federation;
- "**Дата Договора**" имеет значение, установленное в начале настоящего документа;
- Date of Agreement** has the meaning set forth above;
- "**Дата перехода**" имеет значение, установленное в пункте 3.1;
- Transfer Date** has the meaning set forth in Clause 3.1;

"Доля" означает 100% долю в уставном капитале Общества номинальной стоимостью 9 930 100 000 (девять миллиардов девятьсот тридцать миллионов сто тысяч) рублей;

"Договор" имеет значение, установленное в начале настоящего документа;

"Дочерняя доля" означает долю в уставном капитале Банка в размере 99,999998696% номинальной стоимостью 1 394 999 981 рубль 81 копейка;

"ЕГРЮЛ" означает единый государственный реестр юридических лиц Российской Федерации;

"Обременение" означает любое право любого лица (включая любое право на приобретение или передачу, опцион, предварительный договор, преимущественное право, право конвертации или право аренды), любую ипотеку, залог, обеспечение, право удержания, уступку прав, заклад, обеспечительное право, право безвозмездного пользования, установленные на основании договора, применимого законодательства, акта Государственного органа, в том числе решения (определения) суда в отношении соответствующего имущества, любые соглашения (включая соглашения об установлении доверительного управления) или договоренности об обеспечении, или любое соглашение о создании любого из вышеперечисленного;

Interest means 100% interest in the authorized capital of the Company of Nine billion nine hundred thirty million one hundred thousand rubles (RUB 9,930,100,000) nominal value;

Agreement has the meaning set forth above;

Subsidiary Interest means an interest in the authorized capital of the Bank of 99.999998696% and 1,394,999,981 rubles 81 kopecks; nominal value;

USRLE means the Unified State Register of Legal Entities of the Russian Federation;

Encumbrance means any right of any person (including any right to acquire or transfer, option, pre-contract, preemptive right, conversion right or lease right), any mortgage, pledge, security, lien, assignment, welsing, security right, the right of gratuitous use established on the basis of an agreement, applicable law, an act of the Governmental Authority, including a court judgment (determination) in relation to the relevant property, any agreements (including trust deeds) or arrangements for security, or any agreement on the creation of any of above;

"Общество" означает Общество с ограниченной ответственностью Инвестиционная компания "Фридом Финанс", учрежденное в соответствии с законодательством Российской Федерации, зарегистрированное за основным государственным регистрационным номером (ОГРН) 1107746963785 по адресу: Российская Федерация, 123112, город Москва, 1-ый Красногвардейский проезд, дом 15, офис 18.02;

"Обязательственная сделка" означает Договор купли-продажи 100% доли в уставном капитале Общества, заключенный между Продавцом и Покупателем [●];

"Покупная цена" означает 140 000 000 (сто сорок миллионов) долларов США;

"Рабочий день" означает день, который не является субботой, воскресеньем или государственным праздником в г. Москва (Российская Федерация) и г. Лас-Вегас (Соединенные Штаты Америки), в который банки открыты для осуществления обычной деятельности; и

"РАЦ" имеет значение, установленное в пункте 6.2.

1. **Предмет Договора**

- 1.1 Продавец обязуется передать в собственность (продать) Покупателю, а Покупатель обязуется принять (купить) Долю, свободную от любых Обременений, и уплатить за нее Покупную цену на условиях, указанных в настоящем Договоре.

Company means Freedom Finance Investment Company Limited Liability Company, established under the laws of the Russian Federation, registered under the Primary State Registration Number (OGRN) 1107746963785 at the Russian Federation, 123112, Moscow, 1st Krasnogvardeiskiy proezd 15, office 18.02;

Commitment Deal means the Purchase and Sale Agreement of a 100% Interest in Authorized Capital of the Company between the Seller and the Buyer [●];

Purchase Price means 140,000,000 (one hundred and forty million) US dollars;

Business Day means any day other than a Saturday, Sunday or public holiday in Moscow (Russian Federation) and Las Vegas (USA), when banks are open for the transaction of normal banking business; and

RAC has the meaning given in Clause 6.2.

1. **Subject Matter**

- 1.1 The Seller undertakes to transfer (sell) the Interest into the ownership of the Buyer, and the Buyer undertakes to accept (purchase) the Interest and to pay the Purchase Price pursuant to the terms and procedures as provided hereby.

<p>1.1 Права Продавца на Долю подтверждаются следующими документами:</p> <p>1.1.1 [●];</p> <p>1.1.1 выпиской из ЕГРЮЛ, сформированной в отношении Общества по состоянию на Дату договора, содержащей сведения о принадлежности Продавцу отчуждаемой Доли и полученной нотариусом в электронной форме в Дату договора; и</p> <p>1.1.1 списком участников Общества по состоянию на [●].</p>	<p>1.1 The Seller's rights to the Interest are confirmed by the following documents:</p> <p>1.1.1 [●];</p> <p>1.1.1 an extract from the USRLE, formed in relation to the Company as of the Date of Agreement, containing information about the ownership of the alienated Interest by the Seller and received by the notary in electronic form on the Date of Agreement; and</p> <p>1.1.1 the list of participants of the Company as of [●].</p>
<p>1. Покупная цена и порядок перехода Доли</p> <p>1.1 Покупатель обязуется уплатить часть Покупной цены в размере [●] Продавцу в течение [***]Рабочих дней с даты перехода права собственности на Долю от Продавца к Покупателю без каких-либо Обременений ("Дата перехода") путем перевода соответствующей суммы денежных средств на Банковский счет Продавца. Стороны намерены совершить зачет оставшейся части Покупной цены в размере [●].</p> <p>1.1 Продавец обязуется передать Покупателю Долю свободной от любых Обременений, а также со всеми правами участника Общества, предоставляемыми Долей на Дату перехода.</p> <p>1.1 Право собственности на Долю переходит к Покупателю в момент внесения соответствующей записи о переходе Доли в ЕГРЮЛ. Обязательство Продавца по передаче права собственности на Долю считается исполненным с момента внесения соответствующей записи в ЕГРЮЛ. Одновременно с переходом права собственности на Долю к Покупателю переходят все соответствующие права и обязанности участника Общества.</p>	<p>1. Purchase Price and Interest Transfer Procedure</p> <p>1.1 The Buyer undertakes to pay a part of the Purchase Price in the amount of [●] to the Seller within [***]Business Days from the transfer date of ownership of the Interest from the Seller to the Buyer without any Encumbrances (Transfer Date) by transfer the appropriate amount of funds to the Seller's Bank Account. The Parties intend to setoff the remainder of the Purchase Price in the amount of [●].</p> <p>1.1 The Seller undertakes to transfer to the Buyer the Interest free from any Encumbrances, as well as with all the rights of a participant of the Company, presumed by the Interest on the Transfer Date.</p> <p>1.1 The ownership right to the Interest shall pass to the Buyer at the time of making the relevant entry on the transfer of the Interest in the USRLE. The Seller's obligation to transfer the ownership of the Interest is considered fulfilled from the moment the relevant entry is made in the USRLE. Simultaneously with the transfer of ownership of the Interest, all relevant rights and obligations of a member of the Company are transferred to the Buyer.</p>

<p>1.1 Стороны соглашаются, что с момента передачи Доли от Продавца к Покупателю и до полной оплаты Покупателем Покупной цены право залога Продавца в отношении Доли, предусмотренное пунктом 5 статьи 488 ГК РФ, не возникает.</p>	<p>1.1 The Parties agree that from the moment the Interest is transferred from the Seller to the Buyer and until the Buyer pays the Purchase Price in full, the Seller's right of pledge in respect of the Share, provided for in paragraph 5 of Article 488 of the Civil Code of the Russian Federation, does not arise.</p>
<p>1. Заверения об обстоятельствах</p> <p>Продавец предоставляет Покупателю в соответствии с пунктом 1 статьи 431.2 ГК РФ Заверения Продавца (как данный термин определен в Обязательственной сделке) на Дату договора, каждое из которых имеет значение для заключения и исполнения настоящего Договора.</p>	<p>1. Representations</p> <p>The Seller provides the Buyer, in accordance with paragraph 1 of Article 431.2 of the Civil Code of the Russian Federation, with the Seller's Representations (as this term is defined in the Commitment Deal) as of the Date of Agreement, each of which is significant for the conclusion and execution of this Agreement.</p>
<p>1. Действие Договора</p> <p>1.1 Настоящий Договор вступает в силу с момента нотариального удостоверения настоящего Договора и действует до исполнения Сторонами своих обязательств по настоящему Договору в полном объеме.</p> <p>1.1 Ни одна из Сторон не вправе передавать свои права или обязанности (полностью или частично) по настоящему Договору какому-либо лицу без предварительного письменного согласия другой Стороны.</p> <p>1.1 Любое изменение настоящего Договора имеет силу, только если оно оформлено в письменной форме, подписано каждой из Сторон или от их имени и удостоверено нотариально.</p>	<p>1. Enforcement of the Agreement</p> <p>1.1 This Agreement comes into force from the moment of notarization of this Agreement and is valid until the Parties fulfill their obligations under this Agreement in full.</p> <p>1.1 Neither Party has the right to transfer its rights or obligations (in whole or in part) under this Agreement to any person without the prior written consent of the other Party.</p> <p>1.1 Any change to this Agreement is valid only if it is in writing, signed by or on behalf of each of the Parties and certified by a notary.</p>
<p>1. Применимое право и порядок разрешения споров</p>	<p>1. Applicable Law and Dispute Resolution</p>

- 1.1 К правам и обязанностям Сторон, предусмотренным настоящим Договором, а также к иным правоотношениям, вытекающим из настоящего Договора, подлежит применению право Российской Федерации. 1.1 The rights and obligations of the Parties provided for by this Agreement, as well as other legal relations arising from this Agreement, shall be subject to the law of the Russian Federation.
- 1.1 Все споры, разногласия или требования, возникающие из настоящего Договора или в связи с ним, в том числе касающиеся его вступления в силу, заключения, изменения, исполнения, нарушения, прекращения или действительности, подлежат разрешению путем арбитража, администрируемого Российским арбитражным центром при автономной некоммерческой организации "Российский институт современного арбитража" ("РАИЦ"), в соответствии с положениями его арбитражного регламента. 1.1 All disputes, disagreements or claims arising out of or in connection with this Agreement, including those relating to its entry into force, execution, modification, performance, breach, termination or validity, shall be resolved by arbitration administered by the Russian Arbitration Center under the Russian Institute of Modern Arbitration (RAC) autonomous non-profit organization, in accordance with its arbitration rules.
- 1.1 Арбитраж (третейский суд) формируется в составе 3 (трех) арбитров. Истец назначает одного арбитра в исковом заявлении. Ответчик назначает второго арбитра в течение 30 (тридцати) календарных дней с момента получения искового заявления. Третьего арбитра, являющегося председателем арбитража, выбирают и назначают два арбитра, избранные сторонами арбитражного разбирательства или назначенные за них, в течение 15 (пятнадцати) календарных дней с момента назначения второго арбитра. 1.1 Arbitration (arbitral tribunal) is composed of Three (3) arbitrators. The plaintiff appoints one arbitrator in the statement of claim. The defendant shall appoint a second arbitrator within thirty (30) calendar days of receipt of the statement of claim. The third arbitrator, who is the chairman of the arbitral tribunal, shall be selected and appointed by two arbitrators elected or appointed by the parties to the arbitration within fifteen (15) calendar days from the date of appointment of the second arbitrator.
- 1.1 Если в установленный срок истец и (или) ответчик не воспользовались своим правом на назначение арбитра, или два арбитра не достигли соглашения по вопросу назначения председателя арбитража, такого(их) арбитра(ов) назначает РАИЦ согласно его арбитражному регламенту. В таких случаях уже назначенный(ые) арбитр(ы) сохраняет(ют) свои полномочия, а оставшийся(еся) арбитр(ы) назначается(ются) в соответствии с настоящим пунктом 6. 1.1 If the plaintiff and/or the defendant fail to exercise their right to appoint the arbitrator within the designated time, or if the two arbitrators fail to reach an agreement on the appointment of the chairman of the arbitral tribunal, such arbitrator(s) shall be appointed by the RAC in accordance with its arbitration rules. In such cases, the arbitrator(s) already appointed shall retain(s) their mandate and the remaining arbitrator(s) shall be (are) appointed in accordance with this Clause 6.

<p>1.1 Местом проведения арбитражного разбирательства будет г. Москва, Российская Федерация, языком арбитражного разбирательства будет русский язык. Арбитражное решение является для Сторон окончательным и вступает в силу со дня его принятия.</p>	<p>1.1 The place of arbitration shall be Moscow, Russian Federation; the language of the arbitration will be Russian. The arbitral award is final to the Parties and comes into force from the date of its adoption.</p>
<p>1.1 Исключается:</p>	<p>1.1 The following is excluded:</p>
<p>1.1.1 возможность рассмотрения государственным судом вопроса об отводе арбитров или прекращении их полномочий;</p>	<p>1.1.1 possibility of considering the issue of disqualification of arbitrators or termination of their powers by state court;</p>
<p>1.1.1 подача в государственный суд заявления о принятии решения об отсутствии у третейского суда компетенции в связи с вынесением третейским судом отдельного постановления о наличии компетенции как по вопросу предварительного характера.</p>	<p>1.1.1 filing an application with a state court for a judgment on the lack of competence of the arbitral tribunal in connection with separate determination of the arbitral tribunal on the existence of competence as a matter of a preliminary nature.</p>
<p>1. Прочие положения</p>	<p>1. Other Provisions</p>
<p>1.1 Настоящий Договор подписан Сторонами в 3 (трех) экземплярах, по 1 (одному) экземпляру для каждой из Сторон и 1 (один) экземпляр хранится в делах нотариуса [●].</p>	<p>1.1 This Agreement is signed by the Parties in 3 (three) copies, 1 (one) copy for each of the Parties and 1 (one) copy is kept in the files of the notary [●].</p>
<p>1.1 Расходы по нотариальному удостоверению настоящего Договора Стороны несут поровну.</p>	<p>1.1 The costs of notarization of this Agreement shall be borne equally by the Parties.</p>
<p>1.1 Стороны подтверждают, что содержание Договора им полностью понятно, условия настоящей сделки не являются для Сторон кабальными.</p>	<p>1.1 The Parties confirm that the content of the Agreement is fully understood by them, the terms of this transaction are not enslaving for the Parties.</p>
<p>1. Подписи Сторон</p>	<p>1. Signatures of the parties</p>
<p>От имени Продавца:</p>	<p>On behalf of the Seller:</p>

[ФИО]

[Должность]

Фридом Холдинг Корп.

Покупатель:

Повалишин Максим Сергеевич

[full name]

[Position]

Freedom Holding Corp.

Buyer:

Povalishin Maksim Sergeevich

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: November 14, 2022

/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: November 14, 2022

/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 September 30, 2022, 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: November 14, 2022

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: November 14, 2022

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer