

# **Joint Stock Company Freedom Finance**

Separate Financial Statements and  
Independent Auditor's Report  
For the Year Ended 31 December 2023

# Joint Stock Company Freedom Finance

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# Joint Stock Company Freedom Finance

## Statement of Management’s Responsibilities

### For the Preparation and Approval of the Separate Financial Statements

For the year ended 31 December 2023

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Management of Joint Stock Company Freedom Finance (“the Company”) is responsible for the preparation of the separate financial statements that present fairly the financial position of the Company as at 31 December 2023, and the related separate statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and of material accounting policy information and notes to the separate financial statements (the “separate financial statements”) in compliance with International Financial Reporting Standards (“IFRS”).

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

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

Management is also responsible for:

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

These separate financial statements of the Company for the year ended 31 December 2023 were approved by the Management Board on 12 June 2024.

On behalf of the Management Board:



**Lukyanov S.N.**  
Chairman of the Management Board



**Khon T.E.**  
Chief Accountant

12 June 2024  
Almaty, Kazakhstan

12 June 2024  
Almaty, Kazakhstan

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of Joint Stock Company Freedom Finance

### Opinion

We have audited the separate financial statements of Joint Stock Company Freedom Finance ("the Company"), which comprise the separate statement of financial position as at 31 December 2023, the separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As described in Note 2 to the separate financial statements, the Company also prepares consolidated financial statements. These separate financial statements should be read in conjunction with the consolidated financial statements, which were authorized for issue by Management Board on 12 June 2024.

### Key Audit Matter

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

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**Why the matter was determined to be a key audit matter****How the matter was addressed in the audit**

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*Valuation of securities classified as at fair value through profit or loss*

As at 31 December 2023, financial assets classified as measured at fair value through profit or loss (“FVTPL”) of KZT 212,511,743 thousand comprise securities issued by a range of institutions, including those where the Company provided market making services.

These include traded equity and debt securities, whose valuation is dependent upon the quotes from a market maker, set up by them as of the reporting date and which are subject to possible manipulation or errors. As securities of the Company are measured at fair value using market maker quotes at each reporting date, incorrect asset pricing or failure to determine proper market quotes could have an impact on the valuation of securities at FVTPL and the Company’s results, respectively.

Given the significance of the securities account balance to the financial statements, we believe it is a key audit matter to verify that market quotes used by the Company as of the reporting date correspond to independent pricing sources.

In addition, these estimates may be subject to the potential risk of management override of controls, which has a pervasive effect on the separate financial statements.

Refer to Note 14 for the disclosure of such securities, to Note 26 for the description of internal regulations on securities accounting and to Note 27 for the description of risk management policies in relation to such securities.

We gained an understanding of the processes and control procedures over management’s approval and valuation of securities.

On a sample basis, we selected balances of securities as of the reporting date and assessed if the valuations of them were appropriately approved in accordance with the Company’s internal regulations.

For selected balances, we compared the recorded valuation with the market quotes from independent pricing sources as at the reporting date and recalculated the fair value of the respective securities. We have also checked the appropriateness of classification of fair value hierarchy in accordance with IFRS requirements.

We have tested the existence of the selected balances of securities by comparing quantity data to independently received third party confirmations from investment custodians.

We evaluated the adequacy and completeness of disclosures in the separate financial statements relating to the securities classified as at fair value through profit or loss in accordance with IFRS requirements.

## **Other Matter - Supplementary Financial Information**

Our audit was conducted to form an opinion of the separate financial statements taken as a whole. Information related to the statements of net assets position of mutual investment funds, which is disclosed as supplementary financial information in Note 29, is presented for the purpose of additional analysis and is not part of these separate financial statements. Such supplementary financial information has been prepared by Management of the Company in accordance with investment portfolio managing rule No.10 dated 3 February 2014 approved by the Management Board of the National Bank of the Republic of Kazakhstan and has been subjected to the auditing procedures applied in our audit of the separate financial statements. In our opinion, the supplementary information has been properly prepared, in all material respects, in relation to the Company's separate financial statements taken as whole.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



Roman Sattarov  
Engagement Partner  
Qualified Auditor  
Qualification certificate  
No. MF-000149  
dated 31 May 2013



Zhangir Zhilysbayev  
General Director  
Deloitte LLP

State Audit License of the  
Republic of Kazakhstan No.0000015,  
type MFU-2, issued by the  
Ministry of Finance of the  
Republic of Kazakhstan  
dated 13 September 2006

12 June 2024  
Almaty, Kazakhstan



# Joint Stock Company Freedom Finance

## Separate Statement of Profit or Loss For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Interest income calculated using the effective interest method	5	95,398	50,790
Interest income on financial assets at fair value through profit or loss	5	21,611,287	9,358,305
Interest expense	5	(24,475,216)	(6,757,455)
<b>NET INTEREST (LOSS)/INCOME BEFORE RECOVERY OF EXPECTED CREDIT LOSSES/ (EXPECTED CREDIT LOSSES)</b>	<b>5</b>	<b>(2,768,531)</b>	<b>2,651,640</b>
Recovery of expected credit losses/(expected credit losses)	13, 18	364,279	(232,152)
<b>NET (LOSS)/INTEREST INCOME</b>		<b>(2,404,252)</b>	<b>2,419,488</b>
Fee and commission income	6, 25	10,965,040	11,855,376
Fee and commission expense	6, 25	(1,594,097)	(1,193,801)
Net gain on financial assets at fair value through profit or loss	7	11,818,894	5,727,957
Net (loss)/gain on foreign exchange operations	8	(38,465)	929,093
Dividend income	9	1,018,238	7,517,512
Other income/(expense)		169,662	(1,556)
<b>NET NON-INTEREST INCOME</b>		<b>22,339,272</b>	<b>24,834,581</b>
Operating expenses	10, 25	(13,572,535)	(6,025,496)
<b>PROFIT BEFORE INCOME TAX</b>		<b>6,362,485</b>	<b>21,228,573</b>
Income tax expense	11	(27,349)	(130,845)
<b>NET PROFIT FOR THE YEAR</b>		<b>6,335,136</b>	<b>21,097,728</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>12</b>	<b>0.53</b>	<b>2.11</b>

On behalf of the Management Board:

Lukyanov S.N.  
Chairman of the Management Board

12 June 2024  
Almaty, Kazakhstan



Khon T.E.  
Chief Accountant

12 June 2024  
Almaty, Kazakhstan

The notes on pages 13-54 form an integral part of these separate financial statements.

# Joint Stock Company Freedom Finance

## Separate Statement of Other Comprehensive Income For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

	Year ended 31 December 2023	Year ended 31 December 2022
<b>NET PROFIT FOR THE YEAR</b>	<b>6,335,136</b>	<b>21,097,728</b>
OTHER COMPREHENSIVE INCOME	1,651	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>6,336,787</b>	<b>21,097,728</b>

On behalf of the Management Board:



Lukyanov S.N.  
Chairman of the Management Board

12 June 2024  
Almaty, Kazakhstan



Khon T.E.  
Chief Accountant

12 June 2024  
Almaty, Kazakhstan

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# Joint Stock Company Freedom Finance

## Separate Statement of Financial Position

As at 31 December 2023

(in thousands of Kazakhstani Tenge)

	Notes	31 December 2023	31 December 2022
<b>ASSETS:</b>			
Cash and cash equivalents	13	2,881,230	3,663,803
Financial assets at fair value through profit or loss	14	212,511,743	129,205,081
Financial assets at fair value through other comprehensive income		2,226	574
Accounts receivable	18, 25	814,933	2,142,610
Investments in subsidiaries	15, 25	96,965,714	66,965,708
Right-of-use assets	17	1,646,777	1,817,619
Property, equipment and intangible assets	16	1,052,755	955,589
Other assets	19	1,074,056	453,766
<b>TOTAL ASSETS</b>		<b>316,949,434</b>	<b>205,204,750</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Financial liabilities at fair value through profit and loss		27,366	-
Securities repurchase agreement obligations	21	161,707,989	75,725,581
Payable for acquisition	15	-	5,988,020
Trade payables		261,141	324,562
Lease liabilities	20	1,813,004	1,885,697
Other liabilities	22, 25	891,081	1,356,851
<b>TOTAL LIABILITIES</b>		<b>164,700,581</b>	<b>85,280,711</b>
<b>EQUITY:</b>			
Share capital	23	98,510,824	66,822,797
Additional paid-in capital	23	-	5,700,000
Financial assets at fair value through other comprehensive income revaluation reserve		1,929	278
Retained earnings		53,736,100	47,400,964
<b>TOTAL EQUITY</b>		<b>152,248,853</b>	<b>119,924,039</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>316,949,434</b>	<b>205,204,750</b>

On behalf of the Management Board:

  
Lukyanov S.N.  
Chairman of the Management Board

12 June 2024  
Almaty, Kazakhstan



  
Khon T.E.  
Chief Accountant

12 June 2024  
Almaty, Kazakhstan


The notes on pages 13-54 form an integral part of these separate financial statements.

# Joint Stock Company Freedom Finance

## Separate Statement of Changes in Equity For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

	Notes	Share capital- ordinary shares	Additional paid-in capital	Financial assets at fair value through other comprehensive income revaluation reserve	Retained earnings	Total equity
<b>31 December 2021</b>		<b>61,422,794</b>	-	<b>278</b>	<b>26,303,236</b>	<b>87,726,308</b>
Issue of ordinary shares	23	5,400,003	5,700,000	-	-	11,100,003
Total comprehensive income		-	-	-	21,097,728	21,097,728
<b>31 December 2022</b>		<b>66,822,797</b>	<b>5,700,000</b>	<b>278</b>	<b>47,400,964</b>	<b>119,924,039</b>
Issue of ordinary shares	23	31,688,027	(5,700,000)	-	-	25,988,027
Total comprehensive income		-	-	1,651	6,335,136	6,336,787
<b>31 December 2023</b>		<b>98,510,824</b>	-	<b>1,929</b>	<b>53,736,100</b>	<b>152,248,853</b>

On behalf of the Management Board:

  
Lukyanov S.N.  
Chairman of the Management Board

12 June 2024  
Almaty, Kazakhstan



  
Khon T.E.  
Chief Accountant

12 June 2024  
Almaty, Kazakhstan

The notes on pages 13-54 form an integral part of these separate financial statements.

# Joint Stock Company Freedom Finance

## Separate Statement of Cash Flows For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		6,362,485	21,228,573
Adjustments for:			
Unrealized gain on financial assets at fair value through profit or loss	7	(5,214,962)	(3,976,667)
(Recovery of expected credit losses)/accrual of expected credit losses	13, 18	(364,279)	232,152
Net unrealised loss/(gain) on foreign exchange operations		261,597	(250,078)
Loss on disposal of property, equipment and intangible assets		1,388	3,447
Depreciation and amortization of property, equipment and intangible assets	10, 16	245,004	210,727
Depreciation of right-of-use assets	10, 17	454,595	337,398
Interest expense on lease liability	5, 17	298,510	63,802
Unused vacation reserve	22	349,898	170,862
Net change in accrued interest	14, 21	(5,511,368)	(2,883,500)
<b>Cash flows (used in)/ from operating activities before changes in operating assets and liabilities</b>		<b>(3,117,132)</b>	<b>15,136,716</b>
<b>Changes in operating assets and liabilities</b>			
<b>Decrease/(increase) in operating assets:</b>			
Due from banks		392	4,782
Financial assets at fair value through profit or loss		(72,956,889)	(48,008,615)
Accounts receivable		1,695,267	(1,244,130)
Other assets		(620,290)	(172,474)
<b>Increase/(decrease) in operating liabilities:</b>			
Financial liabilities at fair value through profit and loss		47,375	(466,206)
Securities repurchase agreement obligations		85,973,570	44,898,447
Trade payables		(63,421)	157,942
Other liabilities		(643,764)	629,450
<b>Cash flows from operating activities before taxation</b>		<b>10,315,108</b>	<b>10,935,912</b>
Income tax paid		(199,253)	182,738
<b>Net cash flows from operating activities</b>		<b>10,115,855</b>	<b>11,118,650</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and intangible assets	16	(351,403)	(629,893)
Proceeds on sale of property, equipment and intangible assets		3,974	667
Consideration paid for acquisition of subsidiaries	15	(5,988,020)	(11,619,925)
Contribution to the share capital of subsidiary	15	(30,000,006)	(7,349,991)
<b>Net cash flows used in investing activities</b>		<b>(36,335,455)</b>	<b>(19,599,142)</b>

# Joint Stock Company Freedom Finance

## Separate Statement of Cash Flows (Continued)

For the Year Ended 31 December 2023

(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of lease liabilities	20	(654,763)	(525,476)
Proceeds from issue of ordinary shares	23	25,988,027	5,400,003
Proceeds from additional paid-in-capital	23	-	5,700,000
<b>Net cash flows from financing activities</b>		<b>25,333,264</b>	<b>10,574,527</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(886,336)</b>	<b>2,094,035</b>
<i>Effect of changes in foreign exchange rate on cash and cash equivalents</i>		103,763	(11,060)
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>13</b>	<b>3,663,803</b>	<b>1,580,828</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b>13</b>	<b>2,881,230</b>	<b>3,663,803</b>

Interest received and paid by the Company during the year ended 31 December 2023, amounted to KZT 16,049,992 thousand (2022: KZT 6,364,053 thousand) and KZT 24,725,030 thousand (2022: KZT 6,595,913 thousand), respectively.

On behalf of the Management Board:

  
Lukyanov S.N.

Chairman of the Management Board

12 June 2024

Almaty, Kazakhstan



  
Khon T.E.

Chief Accountant

12 June 2024

Almaty, Kazakhstan

The notes on pages 13-54 form an integral part of these separate financial statements.

# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

### 1. Organization

JSC Freedom Finance (“the Company”) is a Joint Stock Company registered in the Republic of Kazakhstan on 1 November 2006 as JSC Seven Rivers Capital and re-registered under the current name on 9 September 2013. The Company was renamed and re-registered according to the decision #28 of LLC Investment Company Freedom Finance, the sole shareholder of the Company (the “Parent”) since 26 August 2013. The Company is regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) and Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The Company operates under licenses No. 0403201437 dated 21 March 2007 in brokerage and dealing activities on capital markets with the right of bookkeeping as the nominee holder and No. 040120061 dated 21 March 2007 in investment portfolio management issued by the NBRK. The above licenses have been replaced by the NBRK with a single license No. 4.2.111/218 dated 3 July 2014 in brokerage and dealing activities on capital markets with the right of bookkeeping as the nominee holder and investment portfolio managements issued by the NBRK.

On 4 February 2020, the Company received license No. 4.3.12 to conduct banking operations in foreign currency, which gives it the right to conduct exchange operations with foreign currency, with the exception to conducting petty cash foreign exchange operations.

Due to the change in the legal address of the Company, on 2 October 2018, the existing license was renewed for a new license No. 3.2.238/15 in brokerage and dealing activities on capital markets with the right of bookkeeping as the nominee holder and investment portfolio managements without the right to attract voluntary pension contributions.

As at 31 December 2023 and 2022, the shareholders structure is presented in the table below and the ultimate controlling party is Turlov T.R.

	31 December 2023	31 December 2022
Freedom Holding Corp.	100%	100%
	<b>100.00%</b>	<b>100.00%</b>

On 11 November 2022, Freedom Holding Corp. has finalized a transaction for purchase of 90.43% of the share capital of the Company from LLC Investment Company Freedom Finance as part of a corporate restructuring, as a result of which Freedom Holding Corp. became the 100% direct owner of the Company. The transaction was finalized after receipt of the regulatory approval in Kazakhstan.

The principal activities of the Company are operations in the professional securities market, securities market advisory services, brokerage and dealing, distribution and underwriting of securities, securities trading as an agent in the Company’s own right and rendering of asset management services.

During 2023 and 2022, the Company managed mutual investment funds Fixed Income (“Fund 1”) and Goodwill (“Fund 2”). As at 31 December 2023 and 2022, the net assets of Fund 1 amounted to KZT 4,841,130 thousand and KZT 4,760,298 thousand, respectively, and the net assets of Fund 2 amounted to KZT 774,627 thousand and KZT 581,119 thousand, respectively (Note 29).

The Company has a listing with the Kazakhstan Stock Exchange (“KASE”) and participant on Astana International Exchange (“AIX”).

# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

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The Company's registered legal address is Al Farabi ave., building 77/7, business center Esentai Tower, Almaty, the Republic of Kazakhstan.

As at 31 December 2023, the Company had 14 branch offices in major cities of Kazakhstan and 1 branch office in Kyrgyzstan (31 December 2022 – 11 and 1, respectively).

These separate financial statements have been approved by the Management Board of the Company on 12 June 2024.

## 2. Material accounting policy information

### Statement of compliance

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

These separate financial statements are the separate financial statements of the parent JSC Freedom Finance. The subsidiary is not consolidated in these separate financial statements. Investments in subsidiary was accounted for at cost, less impairment loss, if any. These separate financial statements should be read in conjunction with the consolidated financial statements of JSC Freedom Finance, which were authorized for the issue by Management Board of the Company on 12 June 2024.

These separate financial statements have been prepared assuming that the Company is a going concern and will continue operation for the foreseeable future. In making this assessment the management of the Company has considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

These separate financial statements are presented in thousands of Kazakhstani tenge ("KZT thousand"), unless otherwise indicated.

These separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.



# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

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

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

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 27.

### Functional currency

Items included in the separate financial statements of the Company are measured using the currency of the primary of the economic environment in which the Company operates (“the functional currency”), which is the Kazakhstani tenge (“tenge”). The presentational currency of the separate financial statements of the Company is tenge, as well. All values are rounded to the nearest thousand tenge, except when otherwise indicated.

### Offsetting

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

### Investments in subsidiary

A subsidiary is an entity that is controlled by the Company. Investments in subsidiaries are recorded in these separate financial statements as cost, less impairment loss, if any.

### Revenue recognition

#### Recognition of interest income and expense

Interest income and expense for all financial instruments, except for financial assets measured or designated at fair value through profit or loss are recognized in “Net interest income/(expense)” as “Interest income calculated using the effective interest method” and “Interest expense”, respectively, in the separate statement of profit or loss using the effective interest rate method.

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

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

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The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit or loss ("FVTPL") transaction costs are recognized in profit or loss at initial recognition.

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

Interest income on financial instruments measured at fair value through profit or loss is included in "Interest income on financial assets at fair value through profit or loss" in the separate statement of profit or loss.

#### **Recognition of income on repurchase and reverse repurchase agreements**

Gain/(loss) on the sale of the above instruments is recognized as interest income or expense in the separate statement of profit or loss based on the difference between the repurchase price accreted to date using the effective interest method and the sale price when such instruments are sold to the third parties. When the reverse repo/repo is fulfilled on its original terms, the effective yield/interest between the sales and repurchase price negotiated under the original contract is recognized using the effective interest method.

#### **Recognition of dividend income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

#### **Fee and commission income**

Fee and commission income is recognized to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Company identifies the performance obligation, i.e. the services agreed with the customer, and the consideration, and recognizes income in line with the transfer of services, the performance obligation, agreed with the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained by, for instance, external factors outside the Company's influence. The consideration is subsequently allocated to the identified performance obligation.

Fee and commission income primarily consists of fees from brokerage services, underwriting and market making services.

# Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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## Recognition and measurement of financial instruments

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

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

## Financial assets

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

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

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI"), are subsequently measured at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income ("FVTOCI");
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

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

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

## Debt instruments at amortized cost or at FVTOCI

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

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI on the principal outstanding.

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

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

The Company takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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### Financial assets or financial liabilities at FVTPL

Financial assets at FVTPL are:

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

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss, securities repurchase agreement obligations, trade payables and other financial liabilities are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis or at fair value.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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Financial assets and liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

### Securities repurchase and reverse repurchase agreements

In the normal course of business, the Company enters into financial assets sale and purchase back agreements (“repos”) and financial assets purchase and sale back agreements (“reverse repos”). Repos and reverse repos are utilized by the Company as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the separate financial statements and consideration received under these agreements is recorded as collateralized deposit received within repurchase agreements.

Assets purchased under reverse repos are recorded in the separate financial statements as cash placed on deposit collateralized by securities and other assets and are classified within cash and cash equivalents or due from banks.

The Company enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions in the Republic of Kazakhstan, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

The transfer of securities to counterparties is only reflected on the separate statement of financial position if the risks and rewards of ownership are also transferred.

### Impairment of financial assets

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

- Cash and cash equivalents;
- Financial assets at fair value through other comprehensive income;
- Accounts receivable;
- Other financial assets.

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

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

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

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

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

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

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

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

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

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

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

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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### Derecognition of financial assets

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

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

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

### Derecognition of financial liabilities

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

### Leases

#### Company as lessee

When the Company acts as lessee, leases are accounted for using the right-of-use model. Under this model, the Company:

- (a) Recognizes right-of-use assets and lease liabilities in the separate statement of financial position;
- (b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the separate statement of profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the separate statement of cash flows.



# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

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The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The right-of-use model does not apply for short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones). Lease payments for such leases are recognized as an expense on a straight-line basis and presented within "other expenses" in the separate statement of profit or loss.

### Cash and cash equivalents

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

### Property and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation of assets commences when the assets are ready for their intended use. Depreciation on buildings is recognized on a straight-line basis in profit or loss.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Vehicles	10%
Office equipment	20%
Leasehold improvements	10%
Servers and information storages	20%
Other	10%

Capital expenditures in leased property are depreciated over the lease term.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

(in thousands of Kazakhstani Tenge)

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### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Annual amortisation rates for intangibles assets are accepted by the management in the range of 10% to 100%.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### Taxation

Income tax expense represents the sum of the current and deferred tax expense.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit before tax differs from net profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

(in thousands of Kazakhstani Tenge)

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The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

#### **Operating taxes**

Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the separate statement of profit or loss.

#### **Share capital**

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

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

#### **Retirement and other benefit obligations**

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

#### **Fiduciary activities**

The Company provides trustee services to its customers. The Company also provides depositary services to its customers which include transactions with securities on their depositary accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Company's separate financial statements. The Company accepts the operational risk on these activities, but the Company's customers bear the credit and market risks associated with such operations. Revenue for provision of trustee services is recognized as services are provided.

#### **Segment reporting**

The Company operates in a single operating segment offering financial services to its customers in a single geographic region. The Company provides retail securities brokerage services, consulting investment services, underwriting services, asset management and market making services. The Company generates revenue from customers primarily from fee and commission income and interest income.

The Company does not use profitability reports or other information disaggregated on a regional, country or divisional basis for making business decisions. For the years ended 31 December 2023 and 2022, the Company did not generate income from transactions with single external counterparty exceeding at least 10 per cent of the Company's income.

# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

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### Foreign currencies

In preparing the separate financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. For financial assets measured at FVTPL, exchange differences are recognized in profit or loss in "Net gain/ (loss) on foreign exchange operations".

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

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

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

	31 December 2023	31 December 2022
KZT/1 US Dollar	454.6	462.7
KZT/1 Euro	502.2	492.9
KZT/1 Russian rouble	5.1	6.4
KZT/1 Kyrgyz som	5.1	5.4

### 3. Critical accounting judgements and key sources of estimation uncertainty

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

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

#### *Key sources of estimation uncertainty*

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

#### **Valuation of financial instruments**

As described in Note 26, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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Note 26 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

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

### ***Critical accounting judgements***

#### **Significant increase of credit risk**

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

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

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

#### **Establishing groups of assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- The instrument type;
- The credit risk ratings;
- The date of origination;
- The remaining term to maturity.

# Joint Stock Company Freedom Finance

## Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

(in thousands of Kazakhstani Tenge)

### Probability of default

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

### Loss Given Default

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

## 4. Adoption of new and revised standards

### New and amended IFRSs that are effective for the current year

The following amendments and interpretations are effective for the Company since 1 January 2023:

Amendments to IAS 1	<i>Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies</i>
Amendments to IAS 12	<i>Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>
Amendments to IAS 12	<i>Income Taxes—International Tax Reform—Pillar Two Model Rules</i>
Amendments to IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</i>

The above standards and interpretation were reviewed by the Company’s management and determined to not have a significant effect on the Company’s separate financial statements.

### New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these separate financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

<b>New or revised standard or interpretation</b>	<b>Applicable to annual reporting periods beginning on or after</b>
<i>Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2024
<i>Amendments to IAS 1 – “Classification of Liabilities as Current or Non-current”</i>	1 January 2024
<i>Amendments to IAS 1 – “Non-current Liabilities with Covenants”</i>	1 January 2024
<i>Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements</i>	1 January 2024
<i>Amendments to IFRS 16 – Lease liability in a sale and leaseback</i>	1 January 2024

The management of the Company does not expect that the adoption of the Standards listed above will have a material impact on the separate financial statements of the Company in future periods.

# Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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## 5. Net interest (loss)/income

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Interest income:</b>		
Financial assets at fair value through profit or loss	21,611,287	9,358,305
Financial assets at amortized cost	95,398	50,790
<b>Total interest income</b>	<b>21,706,685</b>	<b>9,409,095</b>
<b>Interest expense on financial liabilities recorded at amortized cost:</b>		
Securities repurchase agreement obligations	(24,176,706)	(6,693,653)
Lease liabilities	(298,510)	(63,802)
<b>Total interest expense</b>	<b>(24,475,216)</b>	<b>(6,757,455)</b>
<b>Net interest (loss)/income</b>	<b>(2,768,531)</b>	<b>2,651,640</b>

## 6. Fee and commission income and expense

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Fee and commission income:</b>		
Brokerage services	6,692,492	7,923,863
Underwriting services	3,926,659	3,606,299
Market making services	194,718	125,088
Asset management services	138,029	157,326
Consulting services	13,142	42,800
<b>Total fee and commission income</b>	<b>10,965,040</b>	<b>11,855,376</b>
<b>Fee and commission expense:</b>		
Exchange services	(1,391,862)	(976,922)
Central Depository services	(168,527)	(166,978)
Other services	(33,708)	(49,901)
<b>Total fee and commission expense</b>	<b>(1,594,097)</b>	<b>(1,193,801)</b>

## 7. Net gain on financial assets at fair value through profit or loss

	Year ended 31 December 2023	Year ended 31 December 2022
Realized gain on trading securities	7,018,448	1,709,335
Unrealized gain on trading securities	5,214,962	3,976,667
Realized (loss)/gain on derivative instruments	(414,516)	41,955
<b>Total net gain on financial assets at fair value through profit or loss</b>	<b>11,818,894</b>	<b>5,727,957</b>

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 8. Net (loss)/gain on foreign exchange operations

	Year ended 31 December 2023	Year ended 31 December 2022
Translation difference, net	(302,812)	581,565
Purchase and sale of foreign currency	264,347	347,528
<b>Total net (loss)/gain on foreign exchange operations</b>	<b>(38,465)</b>	<b>929,093</b>

Translation difference includes net realised and unrealised gain/(loss) from revaluation of financial assets and liabilities, denominated in foreign currencies.

### 9. Dividend income

	Year ended 31 December 2023	Year ended 31 December 2022
Dividend income from subsidiaries	80,000	7,227,993
	<b>80,000</b>	<b>7,227,993</b>
<b>Dividend income on equity securities measured at fair value through profit or loss:</b>		
Equity securities of Kazakhstan corporations	870,313	241,878
Equity securities of foreign organizations	63,861	47,016
Other	4,064	625
<b>Total dividend income</b>	<b>1,018,238</b>	<b>7,517,512</b>

During 2023, the Company received dividend income from subsidiary JSC Bank Freedom Finance Kazakhstan for the total amount of KZT 80,000 thousand. During 2022, the Company received dividend income from subsidiary JSC Freedom Finance Life for the total amount of KZT 7,147,993 thousand and from subsidiary JSC Bank Freedom Finance Kazakhstan for the total amount of KZT 80,000 thousand.



# Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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## 10. Operating expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Payroll and bonuses	5,458,145	2,787,681
Sponsorship	4,051,813	576,432
Advertising expenses	849,089	448,885
Taxes, other than income tax	493,179	406,522
Depreciation of leased assets	454,595	337,398
Software support	358,536	98,043
Business trip expenses	253,399	119,059
Depreciation and amortization of property, equipment and intangible assets	245,004	210,727
Communication services	217,677	117,318
Utilities	159,214	124,173
Professional services	150,644	122,980
Repairs	139,934	122,472
Fines, penalties, forfeit	76,243	203,315
Inventory write-off	66,237	36,927
Operating rent	65,142	98,378
Fees paid to the Company's auditor*	38,080	34,234
Transportation services	10,949	9,964
Other expenses	484,655	170,988
<b>Total operating expenses</b>	<b>13,572,535</b>	<b>6,025,496</b>

\*Deloitte LLP performs an audit of the consolidated and separate financial statements of the Company. Other than the fees disclosed above, no other fees were paid to the Company's auditor.

During the year ended 31 December 2023, the Company provided sponsorship to the Republican Public Association "Kazakhstan Chess Federation" in the amount of thousand 3,261,153 KZT to support the development of chess in the Republic of Kazakhstan.

## 11. Income taxes

The Company measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Kazakhstan where the Company operates, which may differ from IFRS.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2023 and 2022 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the Republic of Kazakhstan on taxable profits (as defined) under the tax law in that jurisdiction. Temporary differences as at 31 December 2023 and 2022 comprise:

	31 December 2023	31 December 2022
<b>Deductible temporary differences:</b>		
Lease liabilities	1,813,004	1,885,697
Unused vacation reserves	623,212	273,314
Property, equipment and intangible assets	111,511	43,309
<b>Total deductible temporary differences</b>	<b>2,547,727</b>	<b>2,202,320</b>
<b>Taxable temporary differences:</b>		
Right-of-use assets	(1,646,777)	(1,817,619)
<b>Total taxable temporary differences</b>	<b>(1,646,777)</b>	<b>(1,817,619)</b>
Net deductible temporary differences	900,950	384,701
Net deductible temporary differences at the statutory rate (20%)	180,190	76,940
Deferred tax assets not recognized	(180,190)	(76,940)
<b>Net deferred tax assets at the statutory rate (20%)</b>	<b>-</b>	<b>-</b>

Relationships between tax expenses and accounting profit for the years ended 31 December 2023 and 2022 are presented as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Profit before income tax</b>	<b>6,362,485</b>	<b>21,228,573</b>
Tax at the statutory tax rate 20%	1,272,497	4,245,715
Tax-exempt income on state and other qualifying securities	(1,141,898)	(3,939,799)
Changes in deferred tax assets not recognized	(103,250)	(22,533)
Adjustments for current tax of prior periods	-	(152,538)
<b>Income tax expense recognized in profit or loss</b>	<b>27,349</b>	<b>130,845</b>
Current income tax expense	27,349	130,845
<b>Income tax expense recognized in profit or loss</b>	<b>27,349</b>	<b>130,845</b>

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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### 12. Earnings per share

The earnings and weighted average number of ordinary shares used in calculation of basic and diluted earnings per share are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Net profit for the year attributable to owners of the Company	6,335,136	21,097,728
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	11,891,631	10,020,819
<b>Total basic and diluted earnings per share</b>	<b>0.53</b>	<b>2.11</b>

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 31 December 2023 and 2022 is disclosed as follows:

	31 December 2023	31 December 2022
Total assets	316,949,434	205,204,750
Less: Intangible assets	(8,144)	(11,506)
Less: Total liabilities	(164,700,581)	(85,280,711)
<b>Total Net Assets (as calculated per KASE rules, non – IFRS measure)</b>	<b>152,240,709</b>	<b>119,912,533</b>
Outstanding shares (Note 23)	12,781,784	10,511,086
Book value of one share, in KZT (per KASE rules, non – IFRS measure)	11,910.76	11,408.20

### 13. Cash and cash equivalents

	31 December 2023	31 December 2022
Current accounts with stock exchanges	2,141,643	1,925,110
Current accounts with banks	666,856	1,576,683
Loans under reverse purchase agreements	48,876	158,184
Current accounts with Central Depository	24,500	4,080
Less: allowance for expected credit losses	(645)	(254)
<b>Total cash and cash equivalents</b>	<b>2,881,230</b>	<b>3,663,803</b>

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

Credit loss expense on cash and cash equivalents, which is reflected in the separate statement of profit or loss, comprised KZT 391 thousand for the year ended 31 December 2023 and KZT 218 thousand for the year ended 31 December 2022.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

(in thousands of Kazakhstani Tenge)

The fair value of equity pledged and carrying amount of loans under reverse repurchase agreements as at 31 December 2023 and 2022 are presented as follows:

	31 December 2023	
	Fair value of collateral	Carrying amount of loans
Equity securities of Kazakhstan corporations	48,799	48,621
Equity securities of foreign organizations	255	255
<b>Total</b>	<b>49,054</b>	<b>48,876</b>

	31 December 2022	
	Fair value of collateral	Carrying amount of loans
Equity securities of Kazakhstan corporations	124,654	132,910
Equity securities of foreign organizations	25,197	25,274
<b>Total</b>	<b>149,851</b>	<b>158,184</b>

As at 31 December 2023 and 2022, reverse repurchase agreements included accrued interest in the amount KZT 55 thousand and KZT 81 thousand and those agreements had maturity in January 2024 and January - February 2023, respectively.

#### 14. Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

	31 December 2023	31 December 2022
Government bonds of the Republic of Kazakhstan	100,025,003	33,330,456
Bonds of Kazakhstan corporations	86,982,772	75,483,834
Equity securities of Kazakhstan corporations	19,258,497	16,217,892
Bonds of foreign organizations	2,699,094	2,430,990
Equity securities of foreign organizations	2,263,202	622,743
Mutual investments fund	817,701	404,701
Preference shares of Kazakhstan corporations	465,474	714,465
<b>Total financial assets at fair value through profit or loss</b>	<b>212,511,743</b>	<b>129,205,081</b>

As at 31 December 2023 and 2022, financial assets at fair value through profit or loss included accrued interest in the amount of KZT 11,146,996 thousand and KZT 5,470,293 thousand, respectively.

As at 31 December 2023, the Company had securities of three issuers - JSC Kazakhstan Sustainability Fund, JSC KazAgroFinance and Ministry of Finance of the Republic of Kazakhstan, totalling KZT 143,890,069 thousand, which individually exceeded 10% of the Company's total equity (as at 31 December 2022, the Company had securities of three issuers - JSC Kazakhstan Sustainability Fund, JSC KazAgroFinance and Ministry of Finance of the Republic of Kazakhstan, totalling KZT 67,370,558 thousand, which individually exceeded 10% of the Company's total equity).

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 15. Investments in subsidiaries

Subsidiary	Holding %		Country	Industry
	31 December 2023	31 December 2022		
JSC Bank Freedom Finance Kazakhstan	100	100	Kazakhstan	Banking
JSC Freedom Insurance	100	100	Kazakhstan	Insurance
JSC Freedom Finance Life	100	100	Kazakhstan	Insurance

Subsidiary	31 December 2023	31 December 2022
JSC Bank Freedom Finance Kazakhstan	70,579,435	40,579,429
JSC Freedom Finance Insurance	13,638,020	13,638,020
JSC Freedom Finance Life	12,748,259	12,748,259
	<b>96,965,714</b>	<b>66,965,708</b>

During the third quarter of 2023, the Company made additional contribution to the capital of JSC Bank Freedom Finance Kazakhstan in the amount of KZT 30,000,006 thousand.

In May 2022, the Company completed the acquisition of two insurance companies - JSC Freedom Finance Life and JSC Freedom Finance Insurance. These two companies were 100% controlled by the Parent's Chief Executive Officer, Chairman and majority shareholder - Timur Turlov.

On 17 May 2022, the Company signed the agreement with Timur Turlov to purchase 97.617% share of JSC Freedom Life for KZT 5,198,000 thousand, however on 31 May 2022, there was an addendum signed with an updated purchase amount of KZT 5,398,268 thousand and updated purchase share of 100%. On 14 December 2022, the Board of Directors of JSC Freedom Finance Life decided to place 936,690 common shares with a total amount of KZT 7,349,991 thousand.

On 17 May 2022, the Company signed an agreement with Timur Turlov to purchase 89.4974% share of JSC Freedom Finance Insurance for KZT 5,344,000 thousand, however on 31 May 2022, there was an addendum signed with an updated purchase amount of KZT 5,988,020 thousand and updated purchase share of 100%. As at 31 December 2022, an amount of KZT 5,988,020 was reflected in the statement of financial position as 'payable for acquisition'. On 8 February 2023, accounts payable to Timur Turlov in the amount of KZT 5,988,020 thousand was fully paid.

On 1 September 2022, the Company completed the acquisition of JSC Insurance Company 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 JSC Insurance Company London-Almaty to expand its presence in insurance segment. The purchase price was KZT 7,650,000 thousand.

On 15 December 2022, JSC Insurance Company London-Almaty merged with JSC Freedom Finance Insurance.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 16. Property, equipment and intangible assets

	Intangible assets	Vehicles	Furniture	Office equipment	Leasehold improvement	Servers and information storages	Other	Total
At historical cost								
31 December 2021	82,114	26,780	347,993	278,838	283,161	52,742	143,185	1,214,813
Additions	3,910	192,184	70,827	236,611	79,795	34,105	12,262	629,694
Disposals	-	-	(4,425)	-	-	-	(3,365)	(7,790)
31 December 2022	86,024	218,964	414,395	515,449	362,956	86,847	152,082	1,836,717
Additions	1,037	-	63,451	244,380	40,147	1,255	1,133	351,403
Disposals	-	(4,200)	(2,019)	(12,120)	-	-	(3,964)	(22,303)
31 December 2023	87,061	214,764	475,827	747,709	403,103	88,102	149,251	2,165,817
Accumulated depreciation								
31 December 2021	(68,333)	(6,338)	(131,807)	(180,277)	(201,911)	(28,100)	(57,510)	(674,276)
Charge for the year	(6,185)	(9,172)	(34,021)	(57,417)	(73,648)	(15,787)	(14,497)	(210,727)
Eliminated on disposals	-	-	2,324	-	-	-	1,551	3,875
31 December 2022	(74,518)	(15,510)	(163,504)	(237,694)	(275,559)	(43,887)	(70,456)	(881,128)
Charge for the year	(4,399)	(21,861)	(42,229)	(108,734)	(34,199)	(17,488)	(16,094)	(245,004)
Eliminated on disposals	-	1,890	1,403	7,815	-	-	1,962	13,070
31 December 2023	(78,917)	(35,481)	(204,330)	(338,613)	(309,758)	(61,375)	(84,588)	(1,113,062)
Net book value								
31 December 2023	8,144	179,283	271,497	409,096	93,345	26,727	64,663	1,052,755
31 December 2022	11,506	203,454	250,891	277,755	87,397	42,960	81,626	955,589

As at 31 December 2023 and 2022, intangible assets comprised of software and licenses.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 17. Right-of-use assets

Right-of-use assets	Buildings
<b>Cost</b>	
As at 1 January 2022	1,593,562
Modification	1,580,898
Additions	215,971
<b>As at 31 December 2022</b>	<b>3,390,431</b>
Modification	(692,888)
Additions	976,641
<b>As at 31 December 2023</b>	<b>3,674,184</b>
<b>Accumulated depreciation</b>	
As at 1 January 2022	(1,235,414)
Charge for the year	(337,398)
<b>As at 31 December 2022</b>	<b>(1,572,812)</b>
Charge for the year	(454,595)
<b>As at 31 December 2023</b>	<b>(2,027,407)</b>
<b>Carrying amount</b>	
As at 31 December 2023	1,646,777
As at 31 December 2022	1,817,619

The Company leases buildings for the average lease term of 3 years.

The maturity analysis of lease liabilities is presented in Note 20.

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Amounts recognized in profit and loss</b>		
Depreciation expense on right-of-use assets	454,595	337,398
Interest expense on lease liabilities	298,510	63,802

### 18. Accounts receivable

As at 31 December 2023 and 2022, accounts receivable include:

	31 December 2023	31 December 2022
Brokerage services	624,043	2,299,447
Dividends and coupon receivable	206,845	310,809
Underwriting services	103,949	157,992
Receivables from trust management	65,732	62,623
Market maker services	12,093	16,898
Other	76,639	17,959
	<b>1,089,301</b>	<b>2,865,728</b>
Less – Allowance for expected credit losses	(274,368)	(723,118)
Stage 1	(18,682)	(1,951)
Stage 2	(6,994)	(134,947)
Stage 3	(248,691)	(586,220)
<b>Total accounts receivable</b>	<b>814,933</b>	<b>2,142,610</b>

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

For the Year Ended 31 December 2023

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The Company always measures the allowance for expected credit losses on accounts receivable from brokerage, trust management, underwriting and market maker services at an amount equal to lifetime ECL using a provision matrix, which is based on historical and statistical data. The Company measures the allowance for expected credit losses on accounts receivable from dividends and coupon receivable using the general impairment model.

The movement in the allowances for expected credit losses on accounts receivable is as follows:

	31 December 2023	31 December 2022
<b>At the beginning of the year</b>	<b>(723,118)</b>	<b>(511,736)</b>
Additional allowances recognized	(2,452,627)	(1,715,682)
Recoveries of allowances	2,817,297	1,483,748
Write-off of receivables	84,080	20,552
<b>At the end of the year</b>	<b>(274,368)</b>	<b>(723,118)</b>

Recovery of credit loss expense on accounts receivable, which is reflected in the separate statement of profit or loss, comprised KZT 364,670 thousand for the year ended 31 December 2023 and credit loss expense in the amount of KZT 231,934 thousand for the year ended 31 December 2022.

## 19. Other assets

	31 December 2023	31 December 2022
<b>Other non-financial assets:</b>		
Prepayments	1,026,279	424,114
Tax settlements, other than income tax	10,701	21,717
Insurance premiums	5,599	4,682
Other	31,477	3,253
<b>Total other assets</b>	<b>1,074,056</b>	<b>453,766</b>

During the year ended 31 December 2023, the Company made prepayments for equipment for the 2024 Biology Olympiad, as well as for office rent and sponsorship-related financial support to soccer clubs and recognized deferred software costs.



## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 20. Lease liabilities

	31 December 2023	31 December 2022
<b>Maturity analysis:</b>		
Year 1	661,523	526,527
Year 2	619,357	483,817
Year 3	600,440	473,745
Year 4	541,499	473,745
Year 5	82,482	428,319
Year 6	-	68,766
Less: unearned interest	(692,297)	(569,222)
<b>Total lease liabilities</b>	<b>1,813,004</b>	<b>1,885,697</b>
<b>Analysed as:</b>		
Current	661,523	527,689
Non-current	1,151,481	1,358,008
<b>Total lease liabilities</b>	<b>1,813,004</b>	<b>1,885,697</b>

	31 December 2022	Non-cash changes			31 December 2023
		Repayments	Modifications	Additions	
Lease liabilities	1,885,697	(654,763)	(692,888)	976,641	1,813,004

	31 December 2021	Non-cash changes			31 December 2022
		Repayments	Modifications	Additions	
Lease liabilities	544,514	(525,476)	1,580,898	215,971	1,885,697

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

### 21. Securities repurchase agreement obligations

Fair value of assets pledged and carrying amount of loans under securities repurchase agreement obligations as at 31 December 2023 and 2022 are presented as follows:

	31 December 2023	
	Fair value of collateral	Carrying amount of loans
Government bonds of the Republic of Kazakhstan	98,914,665	98,635,895
Bonds of Kazakhstan corporations	60,909,737	60,860,795
Bonds of foreign organisations	2,187,288	2,203,668
Equity securities of foreign organisations	7,555	7,631
<b>Total securities repurchase agreement obligations</b>	<b>162,019,245</b>	<b>161,707,989</b>

	31 December 2022	
	Fair value of collateral	Carrying amount of loans
Bonds of Kazakhstan corporations	48,530,589	48,366,956
Government bonds of the Republic of Kazakhstan	26,571,154	26,510,758
Bonds of foreign organisations	847,864	847,867
<b>Total securities repurchase agreement obligations</b>	<b>75,949,607</b>	<b>75,725,581</b>

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

As at 31 December 2023 and 2022, securities repurchase agreement obligations included accrued interest in the amount of KZT 335,448 thousand and KZT 170,113 thousand and those agreements had maturity in January and March 2024 and January 2023, respectively.

## 22. Other liabilities

	31 December 2023	31 December 2022
<b>Other financial liabilities:</b>		
Other accounts payable	27,153	15,822
	<b>27,153</b>	<b>15,822</b>
<b>Other non-financial liabilities:</b>		
Unused vacation reserve	623,212	273,314
Taxes payable, other than income tax	192,707	223,342
Liabilities on payments to pension fund	41,856	53,026
Current income tax payable	5,179	204,432
Payroll payable	974	586,915
<b>Total other liabilities</b>	<b>891,081</b>	<b>1,356,851</b>

## 23. Share capital

As at 31 December 2023, the authorized and issued share capital comprised of 12,781,784 ordinary shares for the total amount of KZT 98,510,824 thousand (31 December 2022: the authorized and issued share capital comprised of 10,511,086 ordinary shares for the total amount of KZT 66,822,797 thousand). On 5 August 2022, the Parent Company made cash contributions for the total amount of KZT 5,700,000 thousand, which were reflected as an additional paid-in capital. As at 31 December 2023, this amount was reclassified to share capital from the additional paid-in capital.

During the year ended 31 December 2023 and 31 December 2022, dividends were not declared and paid.

During the years ended 31 December 2023 and 2022, the shareholders of the Company made a decision to increase share capital by means of an equity injection by cash in the total amount of KZT 25,988,027 thousand (1,770,698 ordinary shares) and KZT 5,400,003 thousand (514,286 ordinary shares), respectively.

## 24. Commitments and contingencies

### Capital commitments

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

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### Operating lease commitments

As at 31 December 2023, where the Company is the lessee, the future minimum lease payments under non-cancelable leases of office premises are as follows:

Contractual obligations	Less than 1 year	1-3 years	3-5 years	Total
Operating office lease	19,005	-	-	19,005
<b>TOTAL</b>	<b>19,005</b>	<b>-</b>	<b>-</b>	<b>19,005</b>

As at 31 December 2022, where the Company is the lessee, the future minimum lease payments under non-cancelable leases of office premises are as follows:

Contractual obligations	Less than 1 year	1-3 years	3-5 years	Total
Office lease	30,236	-	-	30,236
<b>TOTAL</b>	<b>30,236</b>	<b>-</b>	<b>-</b>	<b>30,236</b>

### Legal proceedings

In the ordinary course of business, the Company could be subject to legal actions and claims. Management believes that no material unaccrued losses will be incurred and accordingly no provision has been made in these separate financial statements as the result of these claims.

### Taxation

Kazakhstani commercial and tax legislation may give rise to varying interpretations and amendments, which may be retrospective in nature. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as result the Company may be assessed additional taxes, penalties and interest. The Company believes that it has already made all tax payments, and therefore no allowance has been made in the separate financial statements. Tax years remain open to review by the tax authorities for three years.

### Pensions and retirement plans

JSC Unified Accumulative Pension Fund pays state pension benefits to employees in accordance with the laws of the Republic of Kazakhstan. As at 31 December 2023 and 2022, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

### Fiduciary activities

In the normal course of its business the Company enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Company may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are not returned to the client due to gross negligence or willful misconduct by the Company only. The maximum potential financial risk of the Company at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the clients' position.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

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The carrying amount of the financial assets under management of the Company approximates to the fair value due to the nature of the assets under management. The commission income is determined as a certain percentage from the financial assets.

#### Operating environment

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

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

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

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

In 2023, the National Bank of the Republic of Kazakhstan reduced the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points. In January 2024, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points. However, uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

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

## 25. Transactions with related parties

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

The Company had the following transactions outstanding with related parties:

	31 December 2023		31 December 2022	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Investments in subsidiaries	96,965,714	96,965,714	66,965,708	66,965,708
Accounts receivable before allowances for expected credit losses	450,671	1,089,301	685,449	2,865,728
- key management personnel of the Company or its Parent Company	1,038		4,562	
- the Parent Company, companies affiliated through the Parent Company	429,840		640,435	
- ultimate shareholder	19,793		40,452	
Allowances for expected credit losses on accounts receivable	(59,602)	(274,368)	(178,516)	(723,118)
- key management personnel of the Company or its Parent Company	(33)		(2,421)	
- the Parent Company, companies affiliated through the Parent Company	(58,955)		(168,697)	
- ultimate shareholder	(614)		(7,398)	
Other liabilities	-	(891,081)	(19,949)	(1,356,851)
- key management personnel of the Company or its Parent Company	-		(19,949)	

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Fee and commission income	4,030,678	10,965,040	3,077,721	11,855,376
- key management personnel of the Company or its Parent company	7,484		3,675	
- the Parent Company, companies affiliated through the Parent Company	3,759,671		2,898,226	
- ultimate shareholder	263,523		175,820	
Fee and commission expense	(28,087)	(1,594,097)	(23,680)	(1,193,801)
-the Parent company, companies affiliated through the Parent Company	(28,087)		(23,680)	
Operating expenses	(3,342,354)	(13,572,535)	(15,672)	(6,025,496)
- the Parent Company, companies affiliated through the Parent Company	(3,342,354)		(14,967)	
- key management personnel of the Company or its Parent company	-		(705)	
Payroll expenses, represented by short-term benefits	(304,987)	(5,458,145)	(223,607)	(2,787,681)
- key management personnel of the Company or its Parent company	(304,987)		(223,607)	

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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### 26. Fair value of financial instruments

IFRS defines fair value as 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.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This analysis is performed and approved by the Department of accounting and reporting and the Department of risk management.

The table below summarizes the Company's financial assets and liabilities held at fair value by valuation methodology as at 31 December 2023 and 2022 before any allowances for expected credit losses:

Financial Assets/Financial Liabilities	Fair value hierarchy			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022	Fair value hierarchy			
Non-derivative financial assets at fair value through profit or loss (Note 14)	143,021,766	106,739,468	Level 1	Quoted bid prices in an active market*	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 14)	68,708,555	21,751,148	Level 2	Quoted bid prices in a market that is not active Present value of expected future cash flows, using the discount rate of similar financial instrument in the market	Not applicable Discount rate of 11.13%, indefinite period	Not applicable The higher discount rate, the lower fair value
Non-derivative financial assets at fair value through profit or loss (Note 14)	781,422	714,465	Level 3			
<b>Total financial assets at fair value through profit or loss</b>	<b>212,511,743</b>	<b>129,205,081</b>				
Non-derivative financial assets at fair value through other comprehensive income	2,226	574	Level 3	Simplified approach is applied due to low volume of securities	Not applicable	Not applicable
<b>Total financial assets at fair value through other comprehensive income</b>	<b>2,226</b>	<b>574</b>				
Non-derivative financial liabilities at fair value through profit or loss	27,366	-	Level 2	Observable inputs other than quoted prices	Not applicable	Not applicable
<b>Total financial liabilities at fair value through profit or loss</b>	<b>27,366</b>	<b>-</b>				

\*Market, where at least 10 trades take place within a quarter, and the volume of trades is not less than KZT 100,000 thousand.

## Joint Stock Company Freedom Finance

**Notes to the Separate Financial Statements (Continued)**  
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During the years ended 31 December 2023 and 2022, there were no significant transfers of financial instruments between levels, or changes in our methodology used to value the financial instruments.

	<b>Financial assets at fair value through profit or loss (Level 3)</b>
<b>31 December 2021</b>	<b>718,593</b>
Loss to profit or loss	(4,128)
<b>31 December 2022</b>	<b>714,465</b>
Gain to profit or loss	66,957
<b>31 December 2023</b>	<b>781,422</b>

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

The carrying amounts of cash and cash equivalents, accounts receivable, securities repurchase agreement obligations, trade payables and other financial liabilities approximates its' fair value due to the short-term nature of such financial instruments.

The Company's valuation approach and fair value hierarchy categorization for certain significant classes of financial instruments recognized and presented at fair value at 31 December 2023 and 2022 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December 2023 Total</b>
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss	143,021,766	68,708,555	781,422	212,511,743
Financial assets at fair value through other comprehensive income	-	-	2,226	2,226
<b>Liabilities measured at fair value</b>				
Financial liabilities at fair value through profit or loss	-	27,366	-	27,366
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December 2022 Total</b>
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss	106,739,468	21,751,148	714,465	129,205,081
Financial assets at fair value through other comprehensive income	-	-	574	574

# Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
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## 27. Risk management policies

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

### Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash equivalents, due from banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and accounts receivables. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable less allowance for expected credit losses represents the maximum amount exposed to credit risk. The Company has no significant concentrations of credit risk.

### Maximum exposure risk

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

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

As at 31 December 2023:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	2,881,230	48,876	2,832,354
Financial assets at fair value through profit or loss	212,511,743	-	212,511,743
Financial assets at fair value through other comprehensive income	2,226	-	2,226
Accounts receivable	814,933	-	814,933

As at 31 December 2022:

	Maximum exposure and net exposure after offset	Collateral pledged	Net exposure after offset and collateral
Cash and cash equivalents	3,663,803	158,184	3,505,619
Financial assets at fair value through profit or loss	129,205,081	-	129,205,081
Financial assets at fair value through other comprehensive income	574	-	574
Accounts receivable	2,142,610	-	2,142,610



## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

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

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

	BBB and higher	<BBB	Not rated	31 December 2023 Total
Cash and cash equivalents	94,466	782,767	2,003,997	2,881,230
Financial assets at fair value through profit or loss	145,310,278	52,422,147	14,779,318	212,511,743
Financial assets at fair value through other comprehensive income	-	-	2,226	2,226
Accounts receivable	-	-	814,933	814,933

	BBB and higher	<BBB	Not rated	31 December 2022 Total
Cash and cash equivalents	21,889	1,848,012	1,793,902	3,663,803
Financial assets at fair value through profit or loss	40,725,043	87,568,625	911,413	129,205,081
Financial assets at fair value through other comprehensive income	-	-	574	574
Accounts receivable	-	-	2,142,610	2,142,610

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

### Geographical concentration

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

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

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

	Republic of Kazakhstan	OECD countries	Non-OECD countries	31 December 2023 Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	2,875,429	-	5,801	2,881,230
Financial assets at fair value through profit or loss	207,154,402	4,834,268	523,073	212,511,743
Financial assets at fair value through other comprehensive income	2,226	-	-	2,226
Accounts receivable	629,326	26,776	158,831	814,933
<b>TOTAL FINANCIAL ASSETS</b>	<b>210,661,383</b>	<b>4,861,044</b>	<b>687,705</b>	<b>216,210,132</b>
<b>FINANCIAL LIABILITIES</b>				
Securities repurchase agreement obligations	159,496,690	2,211,299	-	161,707,989
Financial liabilities at fair value through profit and loss	27,366	-	-	27,366
Trade payables	260,899	53	189	261,141
Lease liabilities	1,804,444	-	8,560	1,813,004
Other financial liabilities	27,153	-	-	27,153
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>161,616,552</b>	<b>2,211,352</b>	<b>8,749</b>	<b>163,836,653</b>
<b>NET POSITION</b>	<b>49,044,831</b>	<b>2,649,692</b>	<b>678,956</b>	

	Republic of Kazakhstan	OECD countries	Non-OECD countries	31 December 2022 Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	3,633,738	-	30,065	3,663,803
Financial assets at fair value through profit or loss	112,732,031	11,409,006	5,064,044	129,205,081
Financial assets at fair value through other comprehensive income	574	-	-	574
Accounts receivable	1,954,509	186,514	1,587	2,142,610
<b>TOTAL FINANCIAL ASSETS</b>	<b>118,320,852</b>	<b>11,595,520</b>	<b>5,095,696</b>	<b>135,012,068</b>
<b>FINANCIAL LIABILITIES</b>				
Securities repurchase agreement obligations	74,877,714	847,867	-	75,725,581
Payable for acquisition	5,988,020	-	-	5,988,020
Trade payables	322,528	-	2,034	324,562
Lease liabilities	1,874,742	-	10,955	1,885,697
Other financial liabilities	15,822	-	-	15,822
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>83,078,826</b>	<b>847,867</b>	<b>12,989</b>	<b>83,939,682</b>
<b>NET POSITION</b>	<b>35,242,026</b>	<b>10,747,653</b>	<b>5,082,707</b>	

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

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#### Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Investment Committee controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization. In order to manage liquidity risk, the Company performs daily monitoring of future expected cash flows on clients' and other operations, which is a part of assets/liabilities management process. Stress testing is also used to assess the Company's ability to withstand liquidity outflows when capital markets are inaccessible, i.e. market reliance. The Company manages and monitors liquidity risks and ensures that liquidity risk management systems and arrangements are adequate with regard to the internal risk appetite, the strategy and regulatory requirements. The Company's funding and liquidity position is underpinned by its significant customers' base and is supported by strong relationships across customer segments. Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis and where concentrations do exist, these are managed as part of the planning process and limited by the internal funding and liquidity risk monitoring framework, with analysis regularly provided to senior management.

In the table below, equity securities of financial assets at fair value through profit or loss are presented having "up to 1 month" maturity, because the Company believes that if needed it will be able to realize those securities within short period of time, as those securities are actively traded in the market. The Company can monetize liquid assets quickly, either through the securities repurchase agreement obligation (repos and reverse repos) market or through outright sale in addition to the sale of financial assets at fair value through profit or loss, which are presented below according to remaining contractual maturities of "3 months to 1 year", "1 year to 5 years" and "over 5 years", if this is necessary to restore the liquidity positions, prevailing on any existing business or risk management strategies. Securities repurchase agreement obligation presented in the maturity of "up to 1 month" were closed subsequently in accordance with contractual terms. To fulfill the liquidity gaps, the Company will refinance its liabilities through conclusion of securities repurchase agreement obligations.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

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	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2023 Total
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	2,881,230	-	-	-	-	2,881,230
Financial assets at fair value through profit or loss	23,429,625	-	18,435,211	84,423,453	86,223,454	212,511,743
Financial assets at fair value through other comprehensive income	2,226	-	-	-	-	2,226
Accounts receivable	814,933	-	-	-	-	814,933
<b>Total financial assets</b>	<b>27,128,014</b>		<b>18,435,211</b>	<b>84,423,453</b>	<b>86,223,454</b>	<b>216,210,132</b>
<b>FINANCIAL LIABILITIES</b>						
Securities repurchase agreement obligation	143,894,412	17,813,577	-	-	-	161,707,989
Financial liabilities at fair value through profit and loss	27,366	-	-	-	-	27,366
Trade payables	-	261,141	-	-	-	261,141
Lease liabilities	32,983	63,349	281,322	1,435,350	-	1,813,004
Other financial liabilities	-	-	27,153	-	-	27,153
<b>Total financial liabilities</b>	<b>143,954,761</b>	<b>18,138,067</b>	<b>308,475</b>	<b>1,435,350</b>	<b>-</b>	<b>163,836,653</b>
<b>Liquidity gap</b>	<b>(116,826,747)</b>	<b>(18,138,067)</b>	<b>18,126,736</b>	<b>82,988,103</b>	<b>86,223,454</b>	

The Company's financial assets at fair value through profit or loss are represented by the trading portfolio. This portfolio primarily consists of level 1 and level 2 investment securities, with the maturity ranging from 1 to 5 years and over 5 years. These securities are strategically positioned to be readily sold at fair value within a month to address any liquidity gaps that may arise.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	3,663,803	-	-	-	-	3,663,803
Financial assets at fair value through profit or loss	15,490,345	-	5,341,259	77,265,884	31,107,593	129,205,081
Financial assets at fair value through other comprehensive income	574	-	-	-	-	574
Accounts receivable	2,142,610	-	-	-	-	2,142,610
<b>Total financial assets</b>	<b>21,297,332</b>	<b>-</b>	<b>5,341,259</b>	<b>77,265,884</b>	<b>31,107,593</b>	<b>135,012,068</b>
<b>FINANCIAL LIABILITIES</b>						
Securities repurchase agreement obligation	68,130,602	7,594,979	-	-	-	75,725,581
Payable for acquisition	-	5,988,020	-	-	-	5,988,020
Trade payables	-	324,562	-	-	-	324,562
Lease liabilities	24,326	63,194	244,964	1,553,213	-	1,885,697
Other financial liabilities	-	-	15,822	-	-	15,822
<b>Total financial liabilities</b>	<b>68,154,928</b>	<b>13,970,755</b>	<b>260,786</b>	<b>1,553,213</b>	<b>-</b>	<b>83,939,682</b>
<b>Liquidity gap</b>	<b>(46,857,596)</b>	<b>(13,970,755)</b>	<b>5,080,473</b>	<b>75,712,671</b>	<b>31,107,593</b>	

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

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	31 December 2023 Total
<b>FINANCIAL LIABILITIES</b>					
Securities repurchase agreement obligation	144,106,848	18,367,818	-	-	162,474,666
Financial liabilities at fair value through profit and loss	27,366	-	-	-	27,366
Trade payables	-	261,141	-	-	261,141
Lease liabilities	56,948	113,896	490,679	1,843,777	2,505,300
Other financial liabilities	-	-	27,153	-	27,153
<b>Total financial liabilities</b>	<b>144,191,162</b>	<b>18,742,855</b>	<b>517,832</b>	<b>1,843,777</b>	<b>165,295,626</b>

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	31 December 2022 Total
<b>FINANCIAL LIABILITIES</b>					
Securities repurchase agreement obligation	68,359,166	7,893,009	-	-	76,252,175
Payable for acquisition	-	5,988,020	-	-	5,988,020
Trade payables	-	324,562	-	-	324,562
Lease liabilities	46,444	92,887	388,358	1,927,230	2,454,919
Other financial liabilities	-	-	15,822	-	15,822
<b>Total financial liabilities</b>	<b>68,405,610</b>	<b>14,298,478</b>	<b>404,180</b>	<b>1,927,230</b>	<b>85,035,498</b>

#### Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. In 2023 and 2022 years, there have been no significant changes as to the way the Company measures risk or to the risk it is exposed.

The Investment Committee also manages interest rate and market risks by matching the Company's interest rate position, which provides the Company with a positive interest margin. The Management Board conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

The Investment Committee determines and approves the investment strategy, approves the list of securities for recommended purchases, makes investment decisions and performs the investment portfolio analysis of the Company.

## Joint Stock Company Freedom Finance

Notes to the Separate Financial Statements (Continued)  
For the Year Ended 31 December 2023  
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### Interest rate risk

The Company manages interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Company's exposure to changes in interest rates relates primarily to the investment portfolio and outstanding debt. The Company's 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 the investment portfolio, the management of the Company 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 the investment positions of the Company as at 31 December 2023 and 2022, a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in KZT (5,885,198) thousand and KZT (3,390,900) thousand incremental decline in the fair market value of the portfolio, respectively. Such losses would only be realized if the Company sold the investments prior to maturity. As at 31 December 2023 and 2022, a hypothetical 100 basis point decrease in interest rates across all maturities would have resulted in KZT 5,885,198 thousand and KZT 3,390,900 thousand incremental rise in the fair market value of the portfolio, respectively.

### Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows.

The Company's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	Other currencies	31 December 2023 Total
<b>Financial assets</b>				
Cash and cash equivalents	1,292,061	1,497,064	92,105	2,881,230
Financial assets at fair value through profit or loss	190,844,935	20,021,066	1,645,742	212,511,743
Financial assets at fair value through other comprehensive income	2,226	-	-	2,226
Accounts receivable	606,652	162,753	45,528	814,933
<b>Total financial assets</b>	<b>192,745,874</b>	<b>21,680,883</b>	<b>1,783,375</b>	<b>216,210,132</b>
<b>Financial liabilities</b>				
Securities repurchase agreement obligation	157,853,496	3,854,493	-	161,707,989
Financial liabilities at fair value through profit and loss	27,366	-	-	27,366
Trade payables	260,914	53	174	261,141
Lease liabilities	1,804,444	-	8,560	1,813,004
Other financial liabilities	27,153	-	-	27,153
<b>Total financial liabilities</b>	<b>159,973,373</b>	<b>3,854,546</b>	<b>8,734</b>	<b>163,836,653</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>32,772,501</b>	<b>17,826,337</b>	<b>1,774,641</b>	

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued) For the Year Ended 31 December 2023 (in thousands of Kazakhstani Tenge)

	KZT	USD	Other currencies	31 December 2022 Total
<b>Financial assets</b>				
Cash and cash equivalents	1,866,629	1,732,427	64,747	3,663,803
Financial assets at fair value through profit or loss	116,077,504	10,894,197	2,233,380	129,205,081
Financial assets at fair value through other comprehensive income	574	-	-	574
Accounts receivable	2,142,610	-	-	2,142,610
<b>Total financial assets</b>	<b>120,087,317</b>	<b>12,626,624</b>	<b>2,298,127</b>	<b>135,012,068</b>
<b>Financial liabilities</b>				
Securities repurchase agreement obligation	73,579,056	2,146,525	-	75,725,581
Payable for acquisition	5,988,020	-	-	5,988,020
Trade payables	323,034	54	1,474	324,562
Lease liabilities	1,885,697	-	-	1,885,697
Other financial liabilities	15,822	-	-	15,822
<b>Total financial liabilities</b>	<b>81,791,629</b>	<b>2,146,579</b>	<b>1,474</b>	<b>83,939,682</b>
<b>OPEN BALANCE SHEET POSITION</b>	<b>38,295,688</b>	<b>10,480,045</b>	<b>2,296,653</b>	

#### Currency risk sensitivity

The following table details the Company's sensitivity to a 30% increase and decrease in the USD against KZT as at 31 December 2023 and 2022, respectively. These sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a percentage change in foreign currency rates.

Impact on profit or loss before income tax and equity based on asset values as at 31 December 2023 and 2022:

	As at 31 December 2023		As at 31 December 2022	
	KZT/USD +30%	KZT/USD -30%	KZT/USD +30%	KZT/USD -30%
Impact on profit before income tax and equity	5,347,901	(5,347,901)	3,144,014	(3,144,014)

#### Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

## Joint Stock Company Freedom Finance

### Notes to the Separate Financial Statements (Continued)

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The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

#### Price risk

The Company follows a number of principles in its investment policies: it makes investments from which it expects an appropriate return, and ensures that they offer a high degree of security. Sufficient liquidity is also important at all times coupled with a targeted diversification in terms of type of investment. The Company's 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 the Company holds. An analysis of 31 December 2023 and 2022 Statement of Financial Position estimates a decrease of 10% in the equity price would have reduced the value of the equity securities or instruments the Company held by approximately KZT 2,221,276 thousand and KZT 1,795,980 thousand, respectively.

#### Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.



## Joint Stock Company Freedom Finance

Additional Information to the Separate Financial Statements  
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### 28. Statements of net assets position of Mutual investment funds - Fixed Income and Goodwill

Information related to the statements of net assets position of mutual investment funds is not part of these separate financial statements prepared in accordance with IFRS, is disclosed below as an additional financial information and is presented for the purpose of additional analysis. Such additional financial information has been prepared in accordance with investment portfolio managing rule No.10 dated 3 February 2014 approved by the Management Board of the National Bank of the Republic of Kazakhstan.

#### Statement of net assets position of Mutual investment fund - Fixed Income:

	31 December 2023	31 December 2022
<b>ASSETS:</b>		
Cash and cash equivalents	302,340	1,349,532
Financial assets at fair value through profit or loss	7,595,934	5,436,042
Shares of mutual investment funds	229,313	-
Accounts receivable	10,591	16,969
<b>TOTAL ASSETS</b>	<b>8,138,178</b>	<b>6,802,543</b>
<b>LIABILITIES:</b>		
Securities repurchase agreement obligations	3,216,883	1,941,632
Dividend payable	36,583	35,972
Trade payables	43,582	64,641
<b>TOTAL LIABILITIES</b>	<b>3,297,048</b>	<b>2,042,245</b>
<b>NET ASSETS</b>	<b>4,841,130</b>	<b>4,760,298</b>

#### Statement of net assets position of Mutual investment fund – Goodwill:

	31 December 2023	31 December 2022
<b>ASSETS:</b>		
Cash and cash equivalents	16,943	376,976
Financial assets at fair value through profit or loss	1,951,944	741,785
<b>TOTAL ASSETS</b>	<b>1,968,887</b>	<b>1,118,761</b>
<b>LIABILITIES:</b>		
Securities repurchase agreement obligations	1,141,649	516,939
Dividend payable	26,550	19,725
Trade payables	26,061	978
<b>TOTAL LIABILITIES</b>	<b>1,194,260</b>	<b>537,642</b>
<b>NET ASSETS</b>	<b>774,627</b>	<b>581,119</b>