LLC IC FREEDOM FINANCE

Consolidated Financial Statements and Independent Auditor`s Report
For the years ended March 31, 2020 and 2019

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Shareholders and Board of Directors
LLC IC Freedom Finance
Moscow, Russia

We have audited the accompanying consolidated financial statements of LLC IC Freedom Finance and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2020 and 2019, and the related consolidated statements of operations and statements of other comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LLC IC Freedom Finance and its subsidiaries as of March 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WSRP, LLC

Salt Lake City, Utah
August 28, 2020

LLC IC FREEDOM FINANCE

CONSOLIDATED BALANCE SHEETS

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

	March 31, 2020	March 31, 2019
ASSETS		
Cash and cash equivalents	$ 115,348	$ 39,088
Restricted cash	13,209	13,877
Trading securities	143,471	166,932
Available-for-sale securities, at fair value	1	2
Brokerage and other receivables, net	42,939	46,592
Loans issued	18,637	2,525
Deferred tax assets	748	1,265
Fixed assets, net	4,325	4,396
Intangible assets, net	3,048	4,063
Right-of-use asset	13,555	-
Goodwill	1,775	2,104
Other assets, net	3,493	3,538
TOTAL ASSETS	$ 360,549	$ 284,382
LIABILITIES AND EQUITY		
Debt securities issued	$ 51,427	$ 28,538
Customer liabilities	148,717	77,403
Trade payables	1,794	2,456
Securities repurchase agreement obligation	48,204	73,621
Lease liability	13,381	-
Other liabilities	2,483	2,799
TOTAL LIABILITIES	266,006	184,817
Commitments and Contingent Liabilities	-	-
EQUITY		
Charter capital	66,225	56,725
Additional paid in capital	19,416	19,416
Retained earnings	42,730	39,575
Accumulated other comprehensive loss	(33,828)	(16,151)
TOTAL EQUITY	94,543	99,565
TOTAL LIABILITIES AND EQUITY	$ 360,549	$ 284,382

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

On behalf of the Company:

Turlov T. R.
Chief Executive Officer

Morozova N.A.
Chief Accountant

LLC IC FREEDOM FINANCE

CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE LOSS

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

	Years ended March 31,	
	2020	2019
Revenue:		
Fee and commission income	$ 34,177	$ 23,608
Net gain on trading securities	15,462	20,125
Interest income	12,198	13,515
Net loss on derivatives	(138)	-
Net gain/(loss) on foreign exchange operations	2,391	(3,019)
TOTAL REVENUE	64,090	54,229
Expense:		
Interest expense	11,621	14,526
Fee and commission expense	3,318	2,423
Operating expense	45,681	33,469
Provision for impairment (recoveries)/ losses	(1,087)	1,839
Other expense, net	319	11
Loss from disposal of subsidiary	-	15
TOTAL EXPENSE	59,852	52,283
NET INCOME BEFORE INCOME TAX	4,238	1,946
Income tax (expense)/benefit	(1,083)	501
NET INCOME	$ 3,155	$ 2,447
OTHER COMPREHENSIVE INCOME/(LOSS)		
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of tax effect	-	22
Foreign currency translation adjustments, net of tax	(17,677)	(8,665)
COMPREHENSIVE LOSS	$ (14,522)	$ (6,196)

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

On behalf of the Company:

Turlov T. R.
Chief Executive Officer

Morozova N.A.
Chief Accountant

ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ «Инвестиционная компания «Фридом Финанс» * МОСКВА * ОГРН 1107746963785

LLC IC FREEDOM FINANCE

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All amounts in thousands of United States dollars, unless otherwise stated)

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

	Charter Capital	Additional Paid in Capital	Retained Earnings	Accumulated other Comprehensive Loss	Total Equity
Balance at March 31, 2018	$ 29,029	$ 29,961	$ 37,518	$ (7,508)	$ 89,000
Capital contributions	19,391	-	-	-	19,391
Additional paid in capital reclassification	5,715	(5,715)	-	-	-
Acquisition of Nettrader	2,590	(2,590)	-	-	-
Acquisition of Asyl	-	(2,240)	-	-	(2,240)
Foreign currency translation loss	-	-	-	(8,665)	(8,665)
Available-for-sale securities, at fair value, revaluation	-	-	-	22	22
Dividends paid	-	-	(390)	-	(390)
Net income	-	-	2,447	-	2,447
Balance at March 31, 2019	56,725	19,416	39,575	(16,151)	99,565
Capital contributions	9,500	-	-	-	9,500
Foreign currency translation loss	-	-	-	(17,677)	(17,677)
Net income	-	-	3,155	-	3,155
Balance at March 31, 2020	$ 66,225	$ 19,416	$ 42,730	$ (33,828)	$ 94,543

On behalf of the Company:

Turlov T. R.
Chief Executive Officer

Morozova N.A.
Chief Accountant

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

	For the years ended	
	March 31, 2020	March 31, 2019
Cash Flows From Operating Activities		
Net income	$ 3,155	$ 2,447
Adjustments to reconcile net income from operating activities:		
Depreciation and amortization	2,303	1,803
Noncash lease expense	5,602	-
Loss on sale of fixed assets	201	30
Change in deferred taxes	367	(580)
Unrealized loss on trading securities	7,401	5,198
(Recoveries)/ losses for receivables	(1,087)	1,839
Net change in accrued interest	(802)	271
Changes in operating assets and liabilities:		
Trading securities	(10,367)	8,684
Changes in lease liability	(5,796)	-
Brokerage and other receivables	(3,356)	(39,083)
Loans issued	(19,274)	2,704
Other assets	(702)	156
Securities sold, but not yet purchased – at fair value	-	(521)
Customer liabilities	100,758	48,523
Trade payables	(377)	771
Other liabilities	156	1,669
Net cash flows from operating activities	78,182	33,911
Cash Flows From Investing Activities		
Purchase of fixed assets	(3,002)	(4,288)
Proceeds from sale of fixed assets	285	264
Contribution paid for Asyl	-	(2,240)
Proceeds on sale of investments available-for-sale	-	231
Net cash flows used in investing activities	(2,717)	(6,033)
Cash Flows From Financing Activities		
Repurchase of securities repurchase agreement obligations	(16,730)	(58,865)
Proceeds from issuance of debt securities	42,112	34,287
Repurchase of debt securities	(9,578)	(14,786)
Dividend paid	-	(390)
Capital contributions	9,500	19,391
Proceeds from loans received	-	1,751
Repayment of loans	-	(8,015)
Net cash flows from/(used in) financing activities	25,304	(26,627)
Effect of changes in foreign exchange rates on cash and cash equivalents	(25,177)	(1,833)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	75,592	(582)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	52,965	53,547
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 128,557	$ 52,965

LLC IC FREEDOM FINANCE

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	For the years ended	
	March 31, 2020	March 31, 2019
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ (9,538)	$ (13,102)
Income tax paid	$ (1,233)	$ (681)
Supplemental non-cash disclosures:		
Consideration for Nettrader acquisition to be settled	-	$ 2,590
Operating lease right-of-use assets obtained in exchange for operating lease obligations on adoption of new lease standard	$ 15,725	$ -
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	$ 4,337	$ -

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the statement of cash flow:

	March 31, 2020		March 31, 2019	
Cash and cash equivalents	$	115,348	$	$39,088
Restricted cash		13,209		$13,877
Total cash, cash and cash equivalents and restricted cash shown in the statement of cash flows	$	128,557	$	52,965

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

On behalf of the Company:

Turlov T. R.
Chief Executive Officer

Morozova N.A.
Chief Accountant

Note 1 – Description of Business

Overview

LLC IC Freedom Finance (referred to herein as "Freedom RU" or the "Company") is a Russian limited liability company that was organized in 2010. Since 2010, Freedom RU has been engaged in the securities brokerage and financial services business in the Russian Federation. Freedom RU is 100% owned by Freedom Holding Corp. ("Owner").

Freedom RU provides brokerage and financial services in the capital markets in Russia, including maintaining customer accounts, managing investment portfolios, providing financial consulting and engaging in market making activities. Freedom KZ is licensed to provide brokerage and financial services in the capital markets of Kazakhstan, including the right to maintain customer accounts, manage investment portfolios, provide financial consulting, provide underwriting services and engage in market making activities. FFIN Bank is licensed to engage in consumer banking operations in the Russian Federation.

Freedom RU also maintains a representative office in Kazakhstan (referred to herein as "KZ Branch"). This office is located in Almaty, Kazakhstan. In addition to acting as the representative office of Freedom RU in Kazakhstan, the representative office offers educational courses, training materials and online resources to individuals interested in learning about stock markets and securities trading.

Unless otherwise specifically indicated or as is otherwise contextually required, Freedom RU, Freedom KZ, FFIN Bank and KZ Branch are collectively referred to herein as the "Company".

Note 2 – Summary of Significant Accounting Policies

Accounting principles

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

These financial statements have been prepared on the accrual basis of accounting.

Basis of presentation

The Company's consolidated financial statements present the consolidated accounts of Freedom RU, Freedom KZ and FFIN Bank. All significant inter-company balances and transactions have been eliminated from the consolidated financial statements.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and expense recognition

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

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

Under Topic 606, the Company is required to recognize incentive fees when they are probable and there is not a significant chance of reversal in the future.

The Company recognizes revenue when five basic criteria have been met:

- The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations.
- The entity can identify each party's rights regarding the goods or services to be transferred.
- The entity can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract).

- It is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Derivative financial instruments

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

The Company purchases foreign currency futures contracts from financial institutions to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables. Futures are traded on Kazakhstan Stock Exchange and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price.

All gains and losses on foreign currency contracts were realized during the years ended March 31, 2020 and 2019, and are included in net loss on derivatives in the Consolidated Statements of Operations and Other Comprehensive Loss.

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Company’s functional currencies are the Russian ruble and Kazakhstani tenge. The Parent Company’s functional currency and reporting currency is the United States dollars. Consistent with the group policy the Company’s reporting currency is the United States dollars. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in revenue.

The functional currencies of our operating subsidiaries are the Russian ruble. For financial reporting purposes, those currencies are translated into USD as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of equity as accumulated other comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase. Cash and cash equivalents include securities received under agreement to repurchase which are recorded at the amounts at which the securities were acquired or sold plus accrued interest.

Securities reverse repurchase and repurchase agreements

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

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

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

Available-for-sale securities

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

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

Trading securities

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

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

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

Debt securities issued

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

Brokerage and other receivables

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

Derecognition of financial assets

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

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

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

Impairment of long lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the fair value from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of March 31, 2020 and 2019, the Company had not recorded any charges for impairment of long-lived assets.

Impairment of goodwill

As of March 31, 2020 and 2019, goodwill recorded in the Company's Consolidated Balance Sheets totaled $1,775 and $2,104, respectively. The Company performs an impairment review at least annually, unless indicators of impairment exist in interim periods. The impairment test for goodwill uses a two-step approach. Step one compares the estimated fair value of a reporting unit with goodwill to its carrying value. If the carrying value exceeds the estimated fair value, step two must be performed. Step two compares the carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal to the excess. In its annual goodwill impairment test, the Company estimated the fair value of the reporting unit based on the income approach (also known as the discounted cash flow method) and as a result of the test the fair value of the Company's goodwill exceeded the carrying amount of the reporting unit's goodwill. The goodwill value as March 31, 2020 decreased compared to March 31, 2019 due to foreign exchange currency translation.

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

The changes in the carrying amount of goodwill for the year ended March 31, 2020 and 2019 were as follows:

	Amount
Balance as of March 31, 2019	**$ 2,104**
Foreign currency translation	(329)
Balance as of March 31, 2020	**$ 1,775**

Income taxes

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

Current income tax expenses are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. The Company accounts for income taxes using the asset and liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years based on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income.

The Company will include interest and penalties arising from the underpayment of income taxes in the provision for income taxes. As of March 31, 2020 and 2019, the Company had no accrued interest or penalties related to uncertain tax positions.

Financial instruments

Financial instruments are carried at fair value as described below.

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

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases have been classified as either finance or operating, with classification affecting the pattern of expense recognition in the Consolidated Statements of Operations and Statements of Other Comprehensive Loss. The new standard also requires disclosures that provide additional information on recorded lease arrangements. In July 2018, the FASB issued ASU 2018-11, Leases –Targeted Improvements, which provides an optional transition method that allows entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Company adopted the provisions of ASU 2018-11, including the optional transition method, on April 1, 2019, and selected practical expedients package as follows:

- An entity need not reassess whether any expired or existing contracts are or contain leases;
- An entity need not reassess the lease classification for any expired or existing leases;
- An entity need not reassess initial direct costs for any existing leases.

Operating lease assets and corresponding lease liabilities were recognized on the Company's consolidated balance sheets. Refer to Note 17 - Leases, within the notes to consolidated financial statements for additional disclosure and significant accounting policies affecting leases.

Fixed assets

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

Advertising expense

For the years ended March 31, 2020 and 2019, the Company had expenses related to advertising in the amount of $3,466 and $3,990, respectively. All costs associated with advertising are expensed in the period incurred.

Recent accounting pronouncements

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. In March 2014, the Board issued a proposed FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, which the Board finalized on

August 28, 2018. The disclosure framework project's objective and primary focus are to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by GAAP. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments in this Update apply to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company does not expect that the new guidance will significantly impact its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. On June 16, 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss methodology for the impairment of financial assets measured at amortized cost basis. That methodology replaces the probable, incurred loss model for those assets. Through that Update, the Board added Topic 326 and made several consequential amendments to the FASB Accounting Standards Codification. The amendment clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The effective date and transition requirements for the amendments in this Update are the same as the effective dates and transition requirements in Update 2016-13, as amended by this Update. The Company does not expect a material impact from the new guidance on its consolidated financial statements.

In April 2019, FASB also issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments and in May 2019, FASB issued ASU No. 2019-05, Financial Instruments-Credit Losses (Topic 326). The ASU 2019-04 amendments affect a variety of Topics in the Codification and is part of the Board's ongoing project on Codification improvement. The FASB received several agenda request letters asking that the Board consider amending the transition guidance for Update 2016-13. ASU 2019-05 addresses stakeholders' concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. For entities that have not yet adopted the amendments in Update 2016-13, the effective dates and transition requirements for the amendments related to ASU 2019-04 are the same as the effective dates and transition requirements in Update 2016-13. ASU 2019-05 is effective for entities that have adopted the amendments in Update 2016-13 for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this Update as long as an entity has adopted the amendments in Update 2016-13.

The Company does not expect that the new guidance will significantly impact its consolidated financial statements.

In November 2019, the FASB issued ASU 2019-10 Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842). On the basis of feedback obtained from outreach with stakeholders and monitoring of implementation, the Board has gained a greater understanding about the implementation challenges encountered by all types of entities when adopting a major Update. The Board developed a philosophy to extend and simplify how effective dates are staggered between larger public companies (bucket one) and all other entities (bucket two). Those other entities include private companies, smaller public companies, not-for-profit organizations, and employee benefit plans. Under this philosophy, a major Update would first be effective for bucket-one entities, that is, public business entities that are Securities and Exchange Commission (SEC) filers, excluding entities eligible to be smaller reporting companies (SRCs) under the SEC's definition. The Master Glossary of the Codification defines public business entities and SEC filers. All other entities, including SRCs, other public business entities, and nonpublic business entities (private companies, not-for-profit organizations, and employee benefit plans) would compose bucket two. For those entities, it is anticipated that the Board will consider requiring an effective date staggered at least two years after bucket one for major Updates. The Company, according to the ASU 2019-10, qualifies for bucket two, ASU 2016-13, ASU 2017-12 and ASU 2016-02 is effective for fiscal years beginning after December 15, 2022. ASU 2016-02, Leases (Topic 842) was adopted by the Company beginning April 1, 2019.

In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments-Credit Losses. On June 16, 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost basis. That model replaces the probable, incurred loss model for those assets. Through the amendments in that Update, the Board added Topic 326, Financial Instruments—Credit Losses, and made several consequential amendments to the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance. ASU 2019-11 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that this guidance will have on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is currently evaluating the impact that ASU 2019-12 will have on its consolidated financial statements and related disclosures.
In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging

(Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force) (“ASU 2020-01”). The amendments in this Update clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815, which could change how an entity accounts for an equity security under the measurement alternative of a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option in accordance with Topic 825, Financial Instruments. These amendments improve current GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years and should be applied prospectively. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2020-01 may have on its consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU No. 2020-03 Codification Improvements to Financial Instruments, An Amendment of the FASB Accounting Standards Codification: a)in ASU No. 2016-01, b) in Subtopic 820-10, c) for depository and lending institutions clarification in disclosure requirements, d) in Subtopic 470-50, e) in Subtopic 820-10, f) Interaction of Topic 842 and Topic 326, g) Interaction of the guidance in Topic 326 and Subtopic 860-20.The amendments in this Update represent changes to clarify or improve the Codification. The amendments make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. For all other than public business entities updates under the following paragraphs: a), b), d) and e) are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years beginning after December 15, 2020. The effective date for c) is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company does not expect that the new guidance will significantly impact its consolidated financial statements.

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

Note 3 – Cash and Cash Equivalents

	March 31, 2020	March 31, 2019
Current accounts with brokers	$ 58,061	$ 2,351
Accounts with stock exchange	14,885	10,439
Current account with commercial banks	12,947	3,724
Securities purchased under reverse repurchase agreements	9,319	7,887
Petty cash in bank vault and on hand	8,970	2,672
Current account in clearing organizations	6,590	5,887
Current account with Central Bank (Russia)	2,726	2,161
Current account with National Settlement Depository (Russia)	1,348	1,275
Current account with Central Depository (Kazakhstan)	502	2,692
Total cash and cash equivalents	$ 115,348	$ 39,088

As of March 31, 2020 and 2019, cash and cash equivalents were not insured. As of March 31, 2020 and 2019, the cash and cash equivalents balance included collateralized securities received under reverse repurchase agreements on the terms presented below:

	March 31, 2020			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities purchased under reverse repurchase agreements				
Corporate equity	13.65%	$ 9,211	$ -	$ 9,211
Corporate debt	14.25%	108	-	108
Total		$ 9,319	$ -	$ 9,319

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

	March 31, 2019			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities purchased under reverse repurchase agreements				
Corporate equity	11.9%	$ 4,328	$ 804	$ 5,132
Corporate debt	14.00%	120	-	120
Non-US sovereign debt	8.25%	2,635	-	2,635
Total		$ 7,083	$ 804	$ 7,887

The securities received by the Company as collateral under reverse repurchase agreements are liquid trading securities with market quotes and significant trading volume. The fair value of collateral received by the Company under reverse repurchase agreements as of March 31, 2020 and 2019, is $9,968 and $8,472, respectively.

Note 4 – Restricted Cash

As of March 31, 2020 and 2019, the Company's restricted cash consisted of cash segregated in a special custody account for the exclusive benefit of our brokerage customers and required reserves with the Central Bank of the Russian Federation which represents cash on hand balance requirements. Restricted cash consisted of:

	March 31, 2020	March 31, 2019
Brokerage customers' cash	$ 12,217	$ 12,882
Guarantee deposits	516	732
Reserve with Central Bank	476	263
Total restricted cash	$ 13,209	$ 13,877

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

Note 5 – Trading and Available-For-Sale Securities, at fair value

As of March 31, 2020, and 2019, trading and available-for-sale securities consisted of:

	March 31, 2020	March 31, 2019
Equity securities	$ 57,874	$ 104,771
Debt securities	85,597	61,921
Mutual investment funds	-	240
Total trading securities	$ 143,471	$ 166,932
Equity securities	$ 1	$ 2
Total available-for-sale securities, at fair value	$ 1	$ 2

The Company recognized no other than temporary impairment in accumulated other comprehensive income.

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

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

The valuation hierarchy contains three levels:

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

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

● Level 3 - Valuation inputs are unobservable and significant to the fair value measurement.

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

The following tables present trading securities assets in the Consolidated Financial Statements or disclosed in the Notes to the Consolidated Financial Statements at fair value on a recurring basis as of March 31, 2020 and 2019:

		Fair Value Measurements at March 31, 2020 using		
		Quoted Prices in Active Markets for Identical Assets	**Significant Other Observable Inputs**	**Significant unobservable units**
	March 31, 2020	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity securities	$ 57,874	$ 57,874	$ -	$ -
Debt securities	85,597	85,597	-	-
Total trading securities	$ 143,471	$ 143,471	$ -	$ -

		Fair Value Measurements at March 31, 2019 using		
		Quoted Prices in Active Markets for Identical Assets	**Significant Other Observable Inputs**	**Significant unobservabl e units**
	March 31,2019	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity securities	$ 104,771	$ 104,771	$ -	$ -
Debt securities	61,921	61,417	-	504
Mutual investment funds	240	240	-	-
Total trading securities	$ 166,932	$ 166,428	$ -	$ 504

The table below presents the Valuation Techniques and Significant Level 3 Inputs used in the valuation as of March 31, 2020. The table is not intended to be all inclusive, but instead captures the significant unobservable inputs relevant to determination of fair value.

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

Type	Valuation Technique	FV as of March 31, 2020	FV as of March 31, 2019	Significant Unobservable Inputs	%
Corporate bonds	DCF	-	$ 504	Discount rate	11.3%

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the year ended March 31, 2020:

	Amount
Balance as of March 31, 2019	**$ 504**
Sale of investments that use Level 3 inputs	(497)
Foreign currency translation	(7)
Balance as of March 31, 2020	**$ -**

	March 31, 2020		
	Assets measured at amortized cost	Unrealized gain accumulated in other comprehensive income	Assets measured at fair value
Equity securities	$ 1	$ -	$ 1
Available-for-sale securities, at fair value	$ 1	$ -	$ 1

	March 31, 2019		
	Assets measured at amortized cost	Unrealized gain accumulated in other comprehensive income	Assets measured at fair value
Equity securities	$ 1	$ 1	$ 2
Available-for-sale securities, at fair value	$ 1	$ 1	$ 2

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

Note 6 – Brokerage and Other Receivables, net

	March 31, 2020	March 31, 2019
Margin lending receivables	$ 42,092	$ 19,876
Receivables from brokerage clients	796	822
Bank commissions receivable	218	17
Receivable from purchase or sale of securities	71	27,676
Receivable for underwriting market-making services	67	88
Other receivables	35	4
Dividends accrued	1	108
Allowance for receivables	(341)	(1,999)
Total brokerage and other receivables, net	$ 42,939	$ 46,592

On March 31, 2020 and 2019, amounts due from a single related party customer were $22,614 or 53% and $12,063 or 26%, of total brokerage and other receivables, respectively. Based on experience, the Company considers receivables due from related parties fully collectible. During the years ended March 31, 2020 and 2019, using historical and statistical data, the Company recorded an allowance for brokerage receivables in the amount of $341 and $1,999, respectively.

Note 7 – Loans Issued

Loans issued as of March 31, 2020 consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Subordinated loan	$ 16,873	January, 2020 - February, 2021	11 %	-	KZT
Bank customer loans	1,635	July, 2020 - May, 2044	14.31 %	258	RUB
Uncollateralized non-bank loan	129	March, 2021	6.00 %	-	RUB
	$ 18,637				

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

Loans issued as of March 31, 2019, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Collateralized brokerage loans	$ 1,888	December 2019	4.75 %	4,718	USD
Bank customer loans	637	May 2019 – January 2039	13.34 %	-	RUB
	$ 2,525				

Note 8 – Deferred Tax Assets

The Company is subject to taxation in the Russian Federation and Kazakhstan.

The tax rates used for deferred tax assets and liabilities for the years ended March 31, 2020 and 2019, is 20% for the Russian Federation and Kazakhstan.

Deferred tax assets and liabilities of the Company are comprised of the following:

	March 31, 2020	March 31, 2019
Deferred tax assets:		
Tax losses carryforward	$ 1,068	$ 1,124
Accrued liabilities	74	35
Revaluation on trading securities	7	2,093
Valuation allowance	(55)	(1,987)
Deferred tax assets	$ 1,094	$ 1,265
Deferred tax liabilities:		
Revaluation on trading securities	$ 346	$ -
Deferred tax liabilities	$ 346	$ -
Net deferred tax assets	$ 748	$ 1,265

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

The Company is subject to the Russian and Kazakhstan income taxes at a rate of 20%. The reconciliation of the provision for income taxes at the 20% tax rate compared to the Company's income tax expense/(benefit) as reported is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax at 20%	$ 848	$ 389
Nontaxable gain on trading securities	402	(3,578)
Other permanent items	288	350
Valuation allowance	6	169
Foreign tax differential	(12)	60
Other differences	-	143
Losses carryforward adjustment	(154)	1,598
Provision for impairment (recoveries)/ losses	(295)	368
Income tax expense/(benefit)	$ 1,083	$ (501)

The income tax expense/(benefit) comprises:

	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax expense/(benefit)	$ 566	$ (8)
Deferred income tax expense/(benefit)	517	(493)
Income tax expense/(benefit)	$ 1,083	$ (501)

During the years ended March 31, 2020 and 2019, the effective tax rate was equal to 25.56% and (25.75%), respectively. During the years ended March 31, 2020, the Company realized net income before income tax of $4,238, primarily from taxable fee and commission income. This resulted in the Company realizing an income tax expense for the year ended March 31, 2020 of $1,083. During the year ended March 31, 2019, the Company realized net income before income tax of $1,946 primarily from non-taxable revenues generated from Freedom KZ's trading operations resulting in an income tax benefit of $501.

Tax losses carryforward as of March 31, 2020 totaled $1,068 and were subject to income tax in Russia.

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

Note 9 – Fixed Assets, Net

	March 31, 2020	March 31, 2019
Capital expenditures on lease improvement	$ 1,968	$ 1,724
Office equipment	1,691	1,048
Furniture	1,623	1,446
Other	418	410
Vehicles	286	325
Servers	44	37
Land	-	394
Less: Accumulated depreciation	(1,705)	(988)
Total fixed assets	$ 4,325	$ 4,396

Depreciation expense totaled $1,073 and $574 for the years ended March 31, 2020 and 2019, respectively.

Note 10 – Intangible Assets, Net

	March 31, 2020	March 31, 2019
Trading platform	$ 2,542	$ 3,052
Client base	2,009	2,377
Other intangible assets	1,534	1,019
Less: Accumulated amortization	(3,037)	(2,385)
Total intangible assets	$ 3,048	$ 4,063

Amortization expense totaled $1,230 and $1,229 for the years ended March 31, 2020 and 2019, respectively.

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

Note 11 – Other Assets, net

	March 31, 2020	March 31, 2019
Rent guarantee deposit	$ 1,337	$ 714
Current income tax asset	851	498
Advances paid	631	1,471
Outstanding transfer transactions	310	429
Taxes other than income taxes	98	16
Prepaid insurance	21	-
Other	266	472
	3,514	3,600
Allowance for other assets	(21)	(62)
Other assets, net	$ 3,493	$ 3,538

Note 12 – Debt Securities Issued

	March 31, 2020	March 31, 2019
Debt securities issued denominated in USD	$ 44,226	$ 20,265
Debt securities issued denominated in RUB	6,432	7,724
Accrued interest	769	549
Total	$ 51,427	$ 28,538

As of March 31, 2020, and March 31, 2019, the Company had debt securities issued in the amount of $51,427 and $28,538, respectively. As of March 31, 2020, the Company's outstanding debt securities had fixed annual coupon rates ranging from 6.5% to 12% and maturity dates ranging from June 2020 to January 2023. The Company's debt securities include bonds of Freedom KZ and RU issued under Kazakhstani and Russian Federation law, which trade on the Kazakhstan Stock Exchange and the Moscow Exchange, respectively.

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Debt securities issued as of March 31, 2020 and March 31, 2019 included $769 and $549 accrued interest, respectively. The Freedom bonds are actively traded on Kazakhstan Stock Exchange and on Moscow Exchange.

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

Note 13 – Customer Liabilities

The Company recognizes customer liabilities associated with funds held by our brokerage and bank customers. Customer liabilities consist of:

	March 31, 2020	March 31, 2019
Brokerage customers	$ 94,654	$ 41,999
Banking customers	54,063	35,404
Total	$ 148,717	$ 77,403

Note 14 – Securities Repurchase Agreement Obligations

As of March 31, 2020 and 2019, trading securities included collateralized securities subject to repurchase obligations as described in the following table:

	March 31, 2020 Interest rates and remaining contractual maturity of the agreements				
	Average interest rate	Up to 30 days	30-90 days	Over 90 days	Total
Securities sold under repurchase agreements					
Corporate equity	12.16%	$ 20,711	$ -	$ -	$ 20,711
Corporate debt	13.27%	15,973	-	-	15,974
Non-US sovereign debt	13.00%	11,520	-	-	11,520
Total		$ 48,204	$ -	$ -	$ 48,204

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

	March 31, 2019				
	Interest rates and remaining contractual maturity of the agreements				
	Average interest rate	**Up to 30 days**	**30-90 days**	**Over 90 days**	**Total**
Securities sold under agreement to repurchase					
Corporate equity	12.06%	$ 49,048	$ -	$ 2,146	$ 51,194
Corporate debt	10.38%	13,548	-	-	13,548
Non-US sovereign debt	8.62%	8,879	-	-	8,879
Total		$ 71,475	$ -	$ 2,146	$ 73,621

The fair value of collateral pledged under repurchase agreements as of March 31, 2020 and March 31, 2019, was $54,222 and $105,842, respectively. Securities pledged as collateral by the Company under repurchase agreements are liquid trading securities with market quotes and significant trading volume.

Note 15 – Equity

As at March 31, 2020 and 2019 the authorized charter capital comprised $66,225 and $56,725, respectively. As at March 31, 2020 and 2019 the additional paid in capital comprised of $19,416.

During the years ended March 31, 2020 and 2019 shareholders made capital contribution in the amount of $9,500 and $19,391, respectively.

Note 16 – Related Party Transactions

During the years ended March 31, 2020 and 2019, the Company earned commission income from related parties in the amounts of $23,575 and $18,841, respectively. Commission income earned from related parties is comprised primarily of brokerage commissions and agency fees for referrals of new brokerage clients to other brokers and commissions for money transfers by brokerage clients.

As of March 31, 2020, and 2019, the Company had brokerage and other receivables from related parties totalling $175 and $19,422, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of March 31, 2020, and March 31, 2019, the Company had loans issued to related parties totalling $18,351 and $1,888, respectively.

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

As of March 31, 2019, and 2018, the Company had marginal lending receivables with related party totalling $41,053 and $17,228, respectively.

As of March 31, 2020, and 2019, the Company had brokerage account with related party totalling $55,169 and $2,547, respectively.

As of March 31, 2019, and 2018, the Company had customer liabilities on brokerage accounts and bank accounts of related parties totalling $20,123 and $16,257, respectively.

Note 17 – Leases

The Company determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company must discount lease payments based on an estimate of its incremental borrowing rate.

The table below presents the lease related assets and liabilities recorded on the Company's consolidated balance sheets as of March 31, 2020:

	Classification on Balance Sheet	March 31, 2020
Assets		
Operating lease assets	Right-of-use assets	$ 13,555
Total lease assets		**$ 13,555**
Liabilities		
Operating lease liability	Operating lease obligations	$ 13,381
Total lease liability		**$ 13,381**

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

Lease obligations at March 31, 2020, consisted of the following:

Twelve months ending March 31,		
2021	$	5,334
2022		5,234
2023		4,217
2024		936
2025		219
Total payments		15,940
Less: amounts representing interest		(2,559)
Lease obligation, net	**$**	**13,381**
Weighted average remaining lease term (in months)		33
Weighted average discount rate		12%

Lease commitments for short-term operating leases as of March 31, 2020 was approximately $347. The Company's rent expense for office space was $1,048 for the year ended March 31, 2020 and $4,272 for the year ended March 31, 2019, respectively.

Note 18 – Subsequent Events

The Company has performed an evaluation of subsequent events through the time of filing this annual report. Other than as disclosed below, during this period the Company did not have any additional material recognizable subsequent events.

On July 2, 2020, the Company announced that it had a fixed annual retired debt securities denominated in USD which had a fixed annual coupon rate of 8% and a carrying value of $6,175 including interest accrued of $124 as of March 31, 2020.

On August 3, 2020, the Company announced that through its wholly-owned subsidiary Freedom KZ, it had entered into an agreement to acquire all of the issued and outstanding ordinary shares of Bank Kassa Nova JSC ("Bank Kassa Nova") from ForteBank JSC. In connection with the transactions, the parties also expect to enter into agreements to acquire all of the outstanding preferred shares and outstanding subordinated debt of Bank Kassa Nova from the holders thereof. Closing of these transactions is contingent upon, among other things, receipt of necessary governmental approvals of the transactions in the Republic of Kazakhstan, which the parties expect to occur by the end of the year.

In March 2020, the World Health Organization recognized the outbreak of a novel strain of coronavirus, COVID-19, as a pandemic. The pandemic has affected every country in which we operate. In response to the pandemic, governments and communities have taken measures to contain the spread of the COVID-19 pandemic, including temporary closures of businesses; social distancing; travel restrictions; "shelter in place" and other governmental regulations; which have caused significant volatility in the financial markets and general economic conditions. These measures have negatively impacted businesses, market participants, financial markets and the global economy and could continue to do so for a prolonged period of time.

In response to local COVID-19 related restrictions, a significant percentage of our employees have transitioned to working remotely. For those functions that cannot be performed remotely, we have implemented a number of measures to maintain the health and safety of our employees and customers, including reducing the hours our bank branch offices are open, meeting with customers only by appointment, limiting customer interaction to functions that cannot be performed remotely, limiting non-essential travel, cancelling in-person work-related meetings, and temperature screening. Widespread illness or long-term continuation of such measures could negatively impact our business.

The COVID-19 measures did not go into effect in most countries where we operate until the latter part of March 2020. As a result, we do not believe they had a significant adverse impact on our financial condition and results of operations during the period ended March 31, 2020. The extent of the impact of COVID-19 on our business, operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, including any secondary outbreaks, and the impact on our customers, employees and the markets in which we operate, all of which is uncertain at this time and cannot be predicted. The extent to which COVID-19 may impact our business, financial condition, liquidity, results of operations, cash flows, strategies and prospects cannot be reasonably estimated at this time.

On behalf of the Company:

Turlov T. R.
Chief Executive Officer

Morozova N.A.
Chief Accountant

Общество с ограниченной ответственностью ОГРН 1077466963785 Инвестиционная компания «Фридом Финанс» * Москва *