

LLC IC FREEDOM FINANCE

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 financial statements of LLC IC Freedom Finance, which comprise the standalone balance sheets as of March 31, 2020 and 2019, and the related standalone 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 standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 financial statements.

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

Basis for Qualified Opinion

As discussed in Note 3 to the financial statements, the Company reports its investments in JSC Freedom Finance and FFIN Bank, majority-owned subsidiaries, on the cost method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of JSC Freedom Finance and FFIN Bank, had been consolidated with those of LLC IC Freedom Finance, as of March 31, 2020 and 2019 total assets would be increased by approximately \$159,428,000 and \$171,842,000, respectively, total liabilities would be increased by approximately \$140,018,000 and \$142,145,000, respectively; revenues would be increased by approximately \$35,463,000 and \$34,449,000, respectively, and expenses would be increased by approximately \$33,727,000 and \$33,442,000, respectively, for the years then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating all subsidiaries, as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of LLC IC Freedom Finance as of March 31, 2020 and 2019, and the results of its operations and its 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

STANDALONE BALANCE SHEETS

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

	March 31, 2020	March 31, 2019
ASSETS		
Cash and cash equivalents	\$ 76,782	\$ 18,577
Restricted cash	708	629
Trading securities	20,201	13,831
Investment in subsidiaries	46,569	46,569
Brokerage and other receivables, net	42,302	19,915
Loans issued	2,805	5,102
Deferred tax assets	605	1,167
Fixed assets, net	1,838	2,072
Intangible assets, net	1,967	2,789
Right-of-use asset	5,618	-
Other assets, net	1,726	1,889
TOTAL ASSETS	\$ 201,121	\$ 112,540
LIABILITIES AND EQUITY		
Customer liabilities	\$ 82,755	\$ 29,242
Debt securities issued	36,912	7,838
Trade payables	134	2,203
Securities repurchase agreement obligation	-	2,146
Lease liability	5,536	-
Other liabilities	651	1,243
TOTAL LIABILITIES	125,988	42,672
Commitments and Contingent Liabilities	-	-
EQUITY		
Charter capital	66,225	56,725
Additional paid in capital	13,519	13,519
Retained earnings	7,604	5,906
Accumulated other comprehensive loss	(12,215)	(6,282)
TOTAL EQUITY	75,133	69,868
TOTAL LIABILITIES AND EQUITY	\$ 201,121	\$ 112,540

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

On behalf of the Company:

 Tarlov T. R.
 Chief Executive Officer

 Morozova N.A.
 Chief Accountant



LLC IC FREEDOM FINANCE

STANDALONE 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
<i>Revenue:</i>		
Fee and commission income	\$ 19,768	\$ 13,966
Net gain/(loss) on trading securities	5,909	(133)
Interest income	1,895	6,226
Net loss on derivatives	(223)	-
Net gain/(loss) on foreign exchange operations	1,278	(288)
TOTAL REVENUE, NET	28,627	19,771
<i>Expense:</i>		
Interest expense	1,327	517
Fee and commission expense	4,304	2,436
Operating expense	20,622	15,888
Other (expense)/income, net	(128)	9
TOTAL EXPENSE	26,125	18,850
NET INCOME BEFORE INCOME TAX	2,246	939
Income tax (expense)/benefit	(548)	547
NET INCOME	\$ 1,698	\$ 1,486
OTHER COMPREHENSIVE LOSS		
Foreign currency translation adjustments, net of tax	(5,933)	(3,327)
COMPREHENSIVE LOSS	\$ (4,235)	\$ (1,841)

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

On behalf of the Company:

Turlov T. B.
Chief Executive Officer



Morozova N.A.
Chief Accountant

LLC IC FREEDOM FINANCE

STANDALONE STATEMENTS OF CHANGES IN EQUITY

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

	Charter Capital	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance at March 31, 2018	<u>\$ 29,029</u>	<u>\$ 21,824</u>	<u>\$ 4,420</u>	<u>\$ (2,955)</u>	<u>\$ 52,318</u>
Additional paid in capital reclassification	5,715	(5,715)	-	-	-
Capital contributions	19,391	-	-	-	19,391
Acquisition of Netrader	2,590	(2,590)	-	-	-
Foreign currency translation loss	-	-	-	(3,327)	(3,327)
Net income	-	-	1,486	-	1,486
Balance at March 31, 2019	<u>\$ 56,725</u>	<u>\$ 13,519</u>	<u>\$ 5,906</u>	<u>\$ (6,282)</u>	<u>\$ 69,868</u>
Capital contributions	9,500	-	-	-	9,500
Foreign currency translation loss	-	-	-	(5,933)	(5,933)
Net income	-	-	1,698	-	1,698
Balance at March 31, 2020	<u>\$ 66,225</u>	<u>\$ 13,519</u>	<u>\$ 7,604</u>	<u>\$ (12,215)</u>	<u>\$ 75,133</u>

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

On behalf of the Company:


 Turlov T. R.
 Chief Executive Officer




 Morozova N.A.
 Chief Accountant

LLC IC FREEDOM FINANCE

STANDALONE 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	\$ 1,698	\$ 1,486
Adjustments to reconcile net income from/(used in) operating activities:		
Depreciation and amortization	1,171	1,040
Noncash lease expenses	2,359	-
Change in deferred taxes	441	(600)
Unrealized (gain)/loss on trading securities	(2,394)	1,854
Allowance for receivables	-	(213)
Net change in accrued interest	409	114
Changes in operating assets and liabilities:		
Lease liability	(2,458)	-
Trading securities	(8,020)	(3,771)
Brokerage and other receivables	(30,848)	(11,934)
Loans issued	1,731	2,854
Other assets	(183)	(359)
Customer liabilities	70,055	15,679
Trade payables	(2,039)	1,376
Securities repurchase agreement obligation	(2,144)	(8,693)
Other liabilities	(459)	699
Net cash flows from/(used in) operating activities	29,319	(468)
Cash Flows From Investing Activities		
Purchase of fixed assets	(1,516)	(1,992)
Proceeds from sale of fixed assets	636	12
Investments in subsidiaries	-	(19,007)
Net cash flows used in investing activities	(880)	(20,987)
Cash Flows From Financing Activities		
Capital contributions	9,500	19,391
Proceeds from issue of debt securities	36,037	7,698
Net cash flows from financing activities	45,537	27,089
Effect of changes in foreign exchange rates on cash and cash equivalents	(15,692)	(2,287)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	58,284	3,347
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	19,206	15,859
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 77,490	\$ 19,206

LLC IC FREEDOM FINANCE

STANDALONE 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	\$ (842)	\$ (450)
Income tax paid	\$ (319)	\$ (105)
Supplemental non-cash disclosures:		
Consideration for Netrader 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	\$ 6,963	\$ -
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	\$ 1,409	\$ -

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

	For the years ended	
	March 31, 2020	March 31, 2019
Cash and cash equivalents	\$ 76,782	\$ 18,577
Restricted cash	708	629
Total cash, cash and cash equivalents and restricted cash shown in the statement of cash flows	\$ 77,490	\$ 19,206

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

On behalf of the Company:


 Turlov T. R.
 Chief Executive Officer


 Morozova N.A.
 Chief Accountant



LLC IC FREEDOM FINANCE

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 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 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 Standalone 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 Standalone financial statements present the Standalone accounts of Freedom RU.

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 Standalone 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.

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NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 year ended March 31, 2020, and are included in net gain on derivatives in the Standalone Statements of Operations and Statements of 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 currency is the Russian ruble. The Company's Parent'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.

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 classified as cash and cash equivalents in the Standalone 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

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NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 Standalone Balance Sheets. The consideration received under repurchase agreements is classified as securities repurchase agreement obligations in the Standalone Balance Sheets.

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

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 Standalone 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 Standalone 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 Standalone 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 over the period of the borrowings using the effective interest method. If the Company purchases its own debt it is removed from the Standalone Balance Sheets and the difference between the carrying amount of the liability and the consideration paid is recognized in the Standalone 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

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

receivables are recognized at fair value. Subsequently, brokerage and other receivables are carried at cost net of any allowance for impairment losses.

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.

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 Standalone Statements of Operations and Statements of Other Comprehensive Loss 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

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

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 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 balance sheets. Refer to Note 21 – Leases, within the notes to standalone 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 \$2,042 and \$2,145, respectively. All costs associated with advertising are expensed in the period incurred.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 standalone 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 standalone 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

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NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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 standalone 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 standalone 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

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retrospective basis. The Company is currently evaluating the impact that ASU 2019-12 will have on its standalone 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 standalone 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 standalone financial statements.

NOTE 3 – UNCONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2020 and 2019, the investment balance in the Company’s wholly-owned subsidiaries, i.e. JSC Freedom Finance (Freedom KZ), an Almaty, Kazakhstan-based securities broker-dealer and FFIN Bank, a Moscow, Russia-based bank, was \$46,569.

The accompanying financial statements do not include the assets, liabilities and operations of Freedom KZ, or FFIN Bank as required by US GAAP. Consolidation of these subsidiaries in the accompanying financial statements at March 31, 2020 and 2019 would result in an increase of total

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assets of approximately \$159,428 and \$171,842, respectively, an increase in total liabilities of approximately \$140,018 and \$142,145, respectively, an increase in total equity of approximately \$19,410 and \$29,697, and revenues would be increased by \$35,463 and \$34,449, respectively, and expenses would be increased by \$33,727 and \$33,442, respectively, for the years then ended.

NOTE 4 – CASH AND CASH EQUIVALENTS

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Current accounts with brokers	\$ 57,895	\$ 2,350
Accounts with stock exchange	7,291	10,400
Securities purchased under reverse repurchase agreements	4,578	-
Current accounts with clearing organizations	4,575	3,689
Current account with National Settlement Depository (Russia)	1,222	1,275
Current accounts with commercial banks	1,219	745
Current account with Central Depository (Kazakhstan)	2	118
Total cash and cash equivalents	<u>\$ 76,782</u>	<u>\$ 18,577</u>

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

	<u>March 31, 2020</u>				
	<u>Interest rates and remaining contractual maturity of the agreements</u>				
	<u>Average interest rate</u>	<u>Up to 30 days</u>	<u>30-90 days</u>	<u>Over 90 days</u>	<u>Total</u>
<i>Securities sold under repurchase agreements</i>					
Corporate equity	14.09%	\$ 4,578	\$ -	\$ -	\$ 4,578
Total		<u>\$ 4,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,578</u>

The fair value of collateral pledged under repurchase agreements as of March 31, 2020 was \$4,578 respectively.

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

As of March 31, 2020 and March 31, 2019, cash and cash equivalents were not insured.

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NOTES TO STANDALONE FINANCIAL STATEMENTS

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NOTE 5 – 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 in the amount of \$708 and \$629, respectively.

NOTE 6 – TRADING SECURITIES

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Equity securities	\$ 10,510	\$ 11,556
Debt securities	9,961	2,035
Mutual investment funds	-	240
Total trading securities	<u>\$ 20,201</u>	<u>\$ 13,831</u>

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

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.

The following table presents trading securities assets and redeemable non-controlling interests in the standalone financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as March 31, 2020 and 2019:

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

	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	\$ 10,510	\$ 10,510	\$ -	\$ -
Debt securities	9,961	9,961	-	-
Trading securities	\$ 20,201	\$ 20,201	\$ -	\$ -

	Fair Value Measurements at March 31, 2019 using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant unobservable units
	March 31, 2019	(Level 1)	(Level 2)	(Level 3)
Equity securities	\$ 11,556	\$ 11,556	\$ -	\$ -
Debt securities	2,035	2,035	-	-
Mutual investment funds	240	240	-	-
Trading securities	\$ 13,831	\$ 13,831	\$ -	\$ -

NOTE 7 – INVESTMENTS IN SUBSIDIARIES

The Company's principal subsidiaries as of March 31, 2020 and 2019 are set out below. The proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

	March 31, 2020		March 31, 2019		Country	Sector
	Ownership	Percentage, %	Ownership	Percentage, %		
JSC Freedom Finance	\$ 41,851	94.13 %	\$ 41,851	94.13 %	Republic of Kazakhstan	Brokerage and dealing services
FFIN Bank	4,718	100 %	4,718	100 %	Russian Federation	Banking services
Total investments in subsidiaries	\$ 46,569		\$ 46,569			

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NOTE 8 – BROKERAGE AND OTHER RECEIVABLES, NET

	March 31, 2020	March 31, 2019
Margin lending receivables	\$ 42,092	\$ 19,876
Receivables from brokerage clients	187	35
Other receivables	23	4
Total brokerage and other receivables, net	\$ 42,302	\$ 19,915

On March 31, 2020 and 2019 amounts due from single related party customer were 22,569 or 53% and \$12,063 or 61%, respectively. Based on past experience Company considers receivables with related party fully collectible. Company allowed to directly withhold its brokerage commissions from client's broker accounts and thus evaluates collectability of receivables nearly 100% thereof no allowance for uncollectible amounts is recognized as of March 31, 2020 and 2019.

NOTE 9 – LOANS ISSUED

As of March 31, 2020, and March 31, 2019 the Company had loans issued in the amount of \$2,805 and \$5,102, respectively. Loans issued as of March 31, 2020, consisted of \$129 uncollateralized loans issued due in March 2021 with 6% interest rate, \$2,676 subordinated loan issued to subsidiary with interest rate of 3% and undefined maturity date. Loans issued as of March 31, 2019, consisted of \$1,888 collateralized loans issued with \$4,718 fair value of collateral due in December 2019 with 4.75% interest rate, \$3,214 subordinated loan issued to subsidiary with interest rate of 3% and undefined maturity date.

NOTE 10 – 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:

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

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
<i>Deferred tax assets:</i>		
Tax losses carryforward	\$ 1,005	\$ 1,124
Revaluation on trading securities	-	63
Valuation allowance	(55)	(20)
Deferred tax assets	<u>\$ 950</u>	<u>\$ 1,167</u>
<i>Deferred tax liabilities:</i>		
Revaluation on trading securities	\$ 345	\$ -
Deferred tax liabilities	<u>\$ 345</u>	<u>\$ -</u>
Net deferred tax assets	<u><u>\$ 605</u></u>	<u><u>\$ 1,167</u></u>

The income tax expense/(benefit) comprises:

	<u>Year ended March 31, 2020</u>	<u>Year ended March 31, 2019</u>
Current income tax benefit	\$ (14)	\$ (1,073)
Deferred income tax expense	562	526
Income tax expense/(benefit)	<u><u>\$ 548</u></u>	<u><u>\$ (547)</u></u>

During the years ended March 31, 2020 and 2019, the effective tax rate was equal to 24.4% and (58.25%) respectively. During the year ended March 31, 2020, the Company realized net income before income tax of \$2,246, primarily from taxable fee and commission income. This resulted in the Company realizing an income tax expense for the year ended March 31, 2020 in amount of \$548 and income tax benefit for the year ended March 31, 2019 in the amount of \$547.

Tax losses carryforward as of March 31, 2020 comprises \$1,005 and are subject to income tax in Russia.

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

NOTE 11 – FIXED ASSETS, NET

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Capital expenditures on lease improvement	\$ 1,129	\$ 852
Furniture	705	581
Office equipment	536	363
Vehicles	226	297
Land	-	394
Other	122	140
Total fixed assets	<u>2,718</u>	<u>2,627</u>
Less: Accumulated depreciation	(880)	(555)
Total fixed assets, net	<u>\$ 1,838</u>	<u>\$ 2,072</u>

Depreciation expense totaled \$533 and \$268 for the years ended March 31, 2020 and 2019, respectively.

NOTE 12 – INTANGIBLE ASSETS, NET

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Trading platform	\$ 2,542	\$ 3,052
Client base	640	483
Other intangible assets	724	506
Total intangible assets	<u>3,906</u>	<u>4,041</u>
Less: Accumulated depreciation and amortization	(1,939)	(1,252)
Total intangible assets, net	<u>\$ 1,967</u>	<u>\$ 2,789</u>

Amortization expense totaled \$638 and \$772 for the years ended March 31, 2020 and 2019, respectively.

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NOTES TO STANDALONE FINANCIAL STATEMENTS

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NOTE 13 – OTHER ASSETS

	March 31, 2020	March 31, 2019
Advances paid	\$ 584	\$ 1,200
Current income tax asset	425	300
Rent guarantee deposit	388	364
Outstanding settlement operations	257	-
Other	76	26
Total other assets	1,730	1,890
Allowance for other assets	(4)	(1)
Total other assets, net	\$ 1,726	\$ 1,889

NOTE 14 – DEBT SECURITIES ISSUED

	March 31, 2020	March 31, 2019
Debt securities issued denominated in USD	\$ 30,043	\$ -
Debt securities issued denominated in RUB	6,433	7,724
Accrued interest	436	114
Total debt securities issued	\$ 36,912	\$ 7,838

As of March 31, 2020 and 2019, the Company had bonds of Freedom RU issued under Russian Federation law in the amount of \$36,476 and \$7,724, respectively. As of March 31, 2020, Company issued bonds with fixed annual coupon rates of 6.5% and 12% and maturity date January 2023 and February 2022. As of March 31, 2019, Company issued bonds with fixed annual coupon rate 12% and maturity date February 2022.

Accrued interest on debt securities issued as of March 31, 2020 and 2019 was equal to \$436 and \$114, respectively. The Freedom RU bonds are actively traded on the Moscow Exchange.

NOTE 15 – CUSTOMER LIABILITIES

The Company recognizes customer liabilities associated with funds held by our brokerage customers. As of March 31, 2020 and 2019 the Company had customer liabilities in the amount of \$82,755 and \$29,242, respectively.

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NOTE 16 – TRADE PAYABLES

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Payables to suppliers of goods and services	\$ 132	\$ 274
Other	2	-
Margin lending payable	-	1,929
Total	<u>\$ 134</u>	<u>\$ 2,203</u>

As of March 31, 2020 and 2019, the amount due to a single related party was equal to \$19 or 14% and \$1,925 or 87%, respectively.

NOTE 17 – OTHER LIABILITIES

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Vacation reserve	\$ 396	\$ 589
Salaries and other employee benefits	225	556
Taxes payable other than income tax	30	95
Other	-	3
Total	<u>\$ 651</u>	<u>\$ 1,243</u>

NOTE 18 – SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

As of March 31, 2020, the Company had no any obligations under securities repurchase agreement. As of March 31, 2019, trading securities included collateralized securities subject to repurchase obligations as described in the following table:

	<u>March 31, 2019</u>				
	Interest rates and remaining contractual maturity of the agreements				
	<u>Average interest rate</u>	<u>Up to 30 days</u>	<u>30-90 days</u>	<u>Over 90 days</u>	<u>Total</u>
<i>Securities sold under agreement to repurchase</i>					
Corporate equity	4.75%	\$ -	\$ -	\$ 2,146	\$ 2,146
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,146</u>	<u>\$ 2,146</u>

The fair value of collateral pledged under repurchase agreements as of March 31, 2020 and 2019 was \$0 and \$4,718, respectively.

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

NOTE 19 – 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 \$13,519 and \$13,519, respectively.

During the year ended March 31, 2020, Freedom Holding Corp. made capital contributions in the amount of \$9,500.

During the year ended March 31, 2019, Freedom Holding Corp. made capital contributions in the amount of \$19,391. During the year ended March 31, 2019, the Company registered as an authorized charter capital contributions made in previous financial year in the amount of \$5,715 and accordingly reclassified this amount from additional paid-in capital to charter capital.

As of March 31, 2020 and 2019 the sole shareholder of Freedom RU was Freedom Holding Corp.

NOTE 20 – RELATED PARTY TRANSACTIONS

During the year ended March 31, 2020 and 2019, the Company earned commission income from related parties in the amounts of \$15,189 and \$12,915, respectively. Commission income earned from related parties is comprised primarily of brokerage commissions and commissions for money transfers by brokerage clients. During the year ended March 31, 2020 and 2019, the Company also paid commission expense to related parties in the amounts of \$341 and \$1,408, respectively.

As of March 31, 2020, and March 31, 2019, the Company had brokerage and other receivables from related parties totalling \$40 and \$13, 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 brokerage account with related party totalling \$55,916 and \$1,265, respectively.

As of March 31, 2020, and March 31, 2019, the Company had loan issued to related party totalling \$2,676 and \$5,101, respectively.

During the year ended March 31, 2020 and 2019, the Company earned interest income from related parties in the amounts of \$765 and \$251, respectively.

As of March 31, 2020, and March 31, 2019, the Company had marginal lending receivables with related party totalling \$41,053 and \$17,228, respectively.

As of March 31, 2020, and March 31, 2019, the Company had trade payables with related parties

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totaling \$25 and \$2,124, respectively.

As of March 31, 2020, and March 31, 2019, the Company had customer liabilities on brokerage accounts and bank accounts of related parties totalling \$15,347 and \$12,257, respectively.

During the year ended March 31, 2020 and 2019, the Company earned dividend income from related parties in the amounts of \$0 and \$4,699, respectively.

During the year ended March 31, 2020 and 2019, the Company earned rent income from related parties in the amounts of \$193 and \$206, respectively.

NOTE 21 – 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 standalone balance sheets as of March 31, 2020:

	Classification on Balance Sheet	March 31, 2020
Assets		
Operating lease assets	Right-of-use assets	\$ 5,618
Total lease assets		\$ 5,618
Liabilities		
Operating lease liability	Operating lease obligations	\$ 5,536
Total lease liability		\$ 5,536

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

Twelve months ending March 31,	
2021	\$ 2,239
2022	2,150
2023	1,717
2024	385
2025	153
Total payments	6,644
Less: amounts representing interest	(1,108)
	\$
Lease obligation, net	5,536
Weighted average remaining lease term (in months)	31
Weighted average discount rate	12%

Lease commitments for short term operating lease as of March 31, 2020 is approximately \$136. The Company's rent expense for office space was \$838 and \$2,013 for the year ended March 31, 2020 and 2019, respectively.

NOTE 22 – 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 6, 2020 the Company announced that the Company has concluded the acquisition of IC ZERICH Capital Management JSC following receipt of approval from the Russian Federal Antimonopoly Service. Zerich Capital commenced business in 1995 and is one of the oldest securities brokerage firms in Russia, currently ranking as the 19th largest brokerage house in Russia in terms of clients.

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 whereby the Company will 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.

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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

