LLC IC FREEDOM FINANCE

Consolidated Financial Statements and
Independent Auditor's Report
For the years ended March 31, 2022 and 2021

LLC IC FREEDOM FINANCE

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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

Opinion

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, 2022 and 2021, and the related consolidated statements of operations and statements of other comprehensive (loss)/income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

WSRP, LLC

Salt Lake City, Utah
August 31, 2022

LLC IC FREEDOM FINANCE

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

	March 31, 2022	March 31, 2021
ASSETS		
Cash and cash equivalents	$ 526,489	$ 606,113
Restricted cash	64,874	55,604
Trading securities	1,007,130	709,099
Available-for-sale securities, at fair value	1	1
Brokerage and other receivables, net	216,389	20,268
Loans issued	88,385	2,922
Deferred tax assets	11,161	—
Fixed assets, net	16,296	15,137
Intangible assets, net	5,173	5,789
Goodwill	1,110	1,947
Right-of-use assets	10,281	10,733
Other assets, net	19,256	12,765
TOTAL ASSETS	$ 1,966,545	$ 1,440,378
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	$ 648,400	$ 417,522
Customer liabilities	997,247	768,005
Trade payables	1,455	696
Current income tax liability	—	645
Loans received	—	6,935
Debt securities issued	64,637	47,572
Lease liability	10,050	10,707
Deferred income tax liabilities	—	1,698
Other liabilities	14,400	6,724
TOTAL LIABILITIES	1,736,189	1,260,504
SHAREHOLDERS' EQUITY		
Charter capital	159,339	86,395
Additional paid in capital	65,120	29,731
Retained earnings	46,999	93,109
Accumulated other comprehensive loss	(54,683)	(37,961)
TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY	216,775	171,274
Non-controlling interest	13,581	8,600
TOTAL SHAREHOLDERS' EQUITY	230,356	179,874
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,966,545	$ 1,440,378

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

On behalf of the Company

Pochekuev V. A.
Chief Executive Officer

Morozova N. A.
Chief Accountant

LLC IC FREEDOM FINANCE

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE (LOSS)/INCOME
(All amounts in thousands of United States dollars, unless otherwise stated)

	Years ended March 31, 2022	Years ended March 31, 2021
Revenue:		
Fee and commission income	$ 109,275	$ 70,027
Net (loss)/gain on trading securities	(39,222)	37,144
Interest income	88,539	31,712
Net (loss)/gain on foreign exchange operations	(34,890)	3,944
Net gain on derivatives	946	74
TOTAL REVENUE, NET	**124,648**	**142,901**
Expense:		
Fee and commission expense	27,174	11,641
Interest expense	64,501	21,762
Operating expense	87,085	49,537
Provision for impairment losses	2,973	862
Other expense/(income), net	1,354	(14)
TOTAL EXPENSE	**183,087**	**83,788**
NET (LOSS)/INCOME BEFORE INCOME TAX	(58,439)	59,113
Income tax benefit/(expense)	13,585	(6,687)
NET (LOSS)/INCOME	**$ (44,854)**	**$ 52,426**
Less: Net income attributable to non-controlling interest in subsidiary	1,256	1,583
NET (LOSS)/ INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ (46,110)**	**$ 50,843**
OTHER COMPREHENSIVE (LOSS)/INCOME		
Foreign currency translation adjustments, net of tax effect	(16,722)	2,658
COMPREHENSIVE (LOSS0/INCOME BEFORE NON-CONTROLLING INTERESTS	**(61,576)**	**55,084**
Less: Comprehensive income attributable to non-controlling interest in subsidiary	1,256	1,583
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ (62,832)**	**$ 53,501**

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

On behalf of the Company

Pochekuev M.A.
Chief Executive Officer

Morozova N.A.
Chief Accountant

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LLC IC FREEDOM FINANCE

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

	Charter capital	Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interest	Total
At March 31, 2020	$ 66,225	$ 20,953	$ 42,266	$ (40,611)	$ 5,710	$ 94,543
Issuance of charter capital	20,000	—	—	—	—	20,000
Capital contributions from Freedom Holding Corp to increase ownership in subsidiary	—	5,664	—	—	1,307	6,971
Foreign currency translation gain	—	—	—	2,650	—	2,650
Net income	—	—	50,843	—	1,583	52,426
Merger of Zerich Capital Management from Freedom Holding Corp	170	3,114	—	—	—	3,284
At March 31, 2021	$ 86,395	$ 29,731	$ 93,109	$ (37,961)	$ 8,600	$ 179,874
Issuance of charter capital	72,944	—	—	—	—	72,944
Capital contributions from related party	—	21,600	—	—	—	21,600
Capital contributions from Freedom Holding Corp to increase ownership in subsidiary	—	7,022	—	—	3,725	10,747
Debt forgiveness by Freedom Holding Corp	—	6,767	—	—	—	6,767
Foreign currency translation loss	—	—	—	(16,722)	—	(16,722)
Net income/(loss)	—	—	(46,110)	—	1,256	(44,854)
At March 31, 2022	$ 159,339	$ 65,120	$ 46,999	$ (54,683)	$ 13,581	$ 230,356

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

On behalf of the Company

Pochekuev V. A.
Chief Executive Officer

Morozova N. A.
Chief Accountant

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, 2022	March 31, 2021
Cash Flows From Operating Activities		
Net (loss)/income	$ (44,854)	$ 52,426
Adjustments to reconcile net (loss)/income (used in)/from operating activities:		
Depreciation and amortization	3,487	2,678
Noncash lease expense	6,105	5,229
Goodwill impairment	723	—
Change in deferred taxes	(13,919)	1,105
Unrealized loss on trading securities	40,329	950
Net change in accrued interest	1,840	(13,153)
Allowance for receivables	2,973	862
Changes in operating assets and liabilities:		
Trading securities	(423,552)	(504,306)
Brokerage and other receivables, net	(218,399)	25,653
Loans purchased from microfinance organization	(59,839)	—
Loans sold to microfinance organization	12,107	—
Loans issued	(46,972)	18,078
Other assets, net	(8,473)	(6,626)
Securities sold, but not yet purchased - at fair value	239	23
Customer liabilities	328,925	497,823
Current income tax liability	(634)	(659)
Trade payables	642	(1,409)
Changes in lease liability	(6,404)	(5,083)
Other liabilities	8,882	2,685
Net cash flows (used in)/ from operating activities	**(416,794)**	**76,276**
Cash Flows From Investing Activities		
Purchase of fixed assets and intangible assets	(6,253)	(2,481)
Proceeds from sale of fixed assets	334	91
Consideration paid for Freedom Bank KZ	—	(43,462)
Cash, cash equivalents and restricted cash received from acquisition of Freedom Bank KZ	—	129,185
Cash, cash equivalents and restricted cash received from acquisition of Zerich Capital Management	—	14,411
Net cash flows (used in)/from investing activities	**(5,919)**	**97,744**

Cash Flows From Financing Activities		
Repurchase of securities repurchase agreement obligations	283,881	342,128
Proceeds from issuance of debt securities	34,000	3,626
Repurchase of debt securities	(16,703)	(8,350)
Capital contributions by related party	21,600	—
Capital contributions from Freedom Holding Corp. to increase ownership in subsidiary	10,747	6,971
Issuance of charter capital	72,944	20,000
Net cash flows from financing activities	**406,469**	**364,375**
Effect of changes in foreign exchange rates on cash and cash equivalents	(54,110)	(5,235)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(70,354)**	**533,160**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	**661,717**	**128,557**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$ 591,363**	**$ 661,717**

	For the years ended	
	March 31, 2022	**March 31, 2021**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ (26,332)	$ (19,153)
Income taxes paid	$ (5,703)	$ (6,176)
Supplemental non-cash disclosures:		
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	$ 6,045	$ 2,171

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:

	March 31, 2022	**March 31, 2021**
Cash and cash equivalents	$ 526,489	$ 606,113
Restricted cash	64,874	55,604
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	**$ 591,363**	**$ 661,717**

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

On behalf of the Company

Pochekuev V. A.
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")

As of March 31, 2022, the Company owned directly, or through subsidiaries, the following companies:

- FFIN Bank LLC, a Moscow, Russia-based bank ("Freedom Bank RU");
- Freedom Finance JSC, an Almaty, Kazakhstan-based securities broker-dealer ("Freedom KZ");
- Bank Freedom Finance Kazakhstan JSC, an Almaty, Kazakhstan-based bank ("Freedom Bank KZ");

The Company owns a 90.43% interest in Freedom KZ. The remaining 9.57% interest in Freedom KZ is owned by Freedom Holding Corp. 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, underwriting services and engage in market making activities. Freedom Bank RU is licensed to engage in customer banking operations in Russian Federations. Freedom Bank KZ is licensed to engage in customer banking operations in Kazakhstan.

Unless otherwise specifically indicated or as is otherwise contextually required, Freedom RU, Freedom Bank RU, Freedom KZ, Freedom Bank KZ, 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 (U.S. GAAP).

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

Basis of presentation and principles of consolidation

The Company's consolidated financial statements present the consolidated accounts of Freedom RU, Freedom Bank RU, Freedom KZ and Freedom Bank KZ. 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing the Company's financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and expense recognition

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

- Step 1: Identify the contract(s) with a customer - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- Step 2: Identify the performance obligations in the contract - A contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.
- Step 3: Determine the transaction price - The transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price also is adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- Step 4: Allocate the transaction price to the performance obligations in the contract - An entity typically allocates the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. If a standalone selling price is not observable, an entity estimates it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation - An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress toward complete satisfaction of that performance obligation.

Interest income

Interest income on loans issued, trading securities and reverse repurchase agreement obligations are recognized based on the contractual provisions of the underlying arrangements.

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

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

Loans

The Company's loan portfolio is divided into three portfolio segments: credit cards, mortgages and retail banking loans. Credit cards consist of loans provided to individuals and businesses through the cards. Mortgage loans consist of loans provided to individuals to purchase real estate, which is used as collateral for the loan. Retail banking loans consist of unsecured loans provided to individuals.

Loans Acquired

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

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

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

Estimate of Incurred Loan Losses

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

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

Derivative financial instruments

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

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Company's functional currencies are the Russian ruble and Kazakhstan tenge and its reporting currency is the U.S. dollar. For financial reporting purposes, foreign currencies are translated into U.S. dollars as the reporting currency. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of shareholders' equity as "Accumulated other comprehensive loss".

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase. Cash and cash equivalents include reverse repurchase agreements 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 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 leverage and grow its proprietary trading portfolio, cover short positions and settle other securities obligations, to accommodate customers' needs and to finance its inventory positions. The Company enters into these transactions in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Available-for-sale securities

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

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

Trading securities

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

Trading securities are stated at fair value, with any gains or losses arising on remeasurement recognized in revenue. Changes in fair value are recognized in the Consolidated Statements of Operations and Other Comprehensive (Loss)/ Income and included in net gain on trading securities. Interest earned and dividend income are recognized in the Consolidated Statements of Operations and Other Comprehensive (Loss)/Income 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 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 Other Comprehensive (Loss)/Income.

Margin lending

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

Debt securities issued

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized over the period of the borrowings using the effective interest method. If the Company purchases its own debt it is removed from the 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 Other Comprehensive (Loss)/Income.

Brokerage and other receivables

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

Derecognition of financial assets

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

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

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

Impairment of long-lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the fair value from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal.

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

Impairment of goodwill

As of March 31, 2022 and 2021, goodwill recorded in the Company's Consolidated Balance Sheets totaled $1,110 and $1,947 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 determined the fair value of the Company's goodwill exceeded the carrying amount of the Company's goodwill.

During the year ended March 31, 2022, the conflict between Russia and Ukraine escalated, and military operations began on the territory of Ukraine. The conflict resulted in sanctions being imposed on Russia. As a result of this conflict, the Company's subsidiaries operating in Russia incurred significant losses.

The current uncertainty surrounding the conflict between Russia and Ukraine makes it difficult to perform reasonable projections of future income and expenses of the Russian and Ukrainian subsidiaries.

The Company recognized impairment loss for the goodwill previously recognized for Freedom Bank RU in the amount of $723 through other expenses, net as presented on the Consolidated Statements of Operations and Other Comprehensive (Loss)/Income.

The changes in the carrying amount of goodwill for the year ended March 31, 2022, were as follows:

	Amount
Balance as of March 31, 2021	**$ 1,947**
Impairment of goodwill of Freedom Bank RU	(723)
Foreign currency translation	(114)
Balance as of March 31, 2022	**$ 1,110**

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 fines arising from the underpayment of income taxes in the provision for income taxes (if anticipated). As of March 31, 2022 and 2021, the Company had no accrued interest or fines 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

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

Operating lease assets and corresponding lease liabilities were recognized on the Company's 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, 2022 and 2021, the Company had expenses related to advertising in the amount of $7,656, $2,543, respectively. All costs associated with advertising are expensed in the period incurred.

Recent accounting pronouncements

In June 2016 the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which introduced an expected credit loss methodology for the impairment of financial assets measured at amortized cost basis. That methodology replaces the probable, incurred loss model for those assets. In November 2019, the FASB issued ASU 2019-10 "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)". The Board developed a philosophy to extend and simplify how effective dates are staggered between larger public companies (bucket one) and all other entities (bucket two). Those other entities include private companies, smaller public companies, not-for-profit organizations, and employee benefit plans. Under this philosophy, a major update would first be effective for bucket-one entities, that is, public business entities that are SEC filers, excluding entities eligible to be smaller reporting companies (SRCs) under the SEC's definition. The Master Glossary of the Codification defines public business entities and SEC filers. All other entities, including SRCs, other public business entities, and nonpublic business entities (private companies, not-for-profit organizations, and employee benefit plans) would compose bucket two. For those entities, it is anticipated that the Board will consider requiring an effective date staggered at least two years after bucket one for major updates. The Company is private company and according to ASU 2019-10, qualifies for bucket two. Accordingly, ASU 2016-13 and ASU 2017-12 are effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that ASU 2016-13 and 2017-12 will have on its consolidated financial statements and related disclosures.

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

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In March 2022 the FASB issued Accounting Standards Update No. 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures", which introduces the amendments on solving two issues of creditors related to troubled debt restructurings and gross writeoffs of vintage debt disclosures. The amendments in Update 2016-13 require that an entity measure and record the lifetime expected credit losses on an asset that is within the scope of the Update upon origination or acquisition, and, as a result, credit losses from loans modified as troubled debt restructurings (TDRs) have been incorporated into the allowance for credit losses. Investors and preparers observed that the additional designation of a loan modification as a TDR and the related accounting are unnecessarily complex and no longer provide decision-useful information. Moreover, Investors and other financial statement users observed that disclosing gross writeoffs by year of origination provides important information that allows them to better understand changes in the credit quality of an entity's loan portfolio and underwriting performance. Accordingly, ASU 2022-02 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that ASU 2022-02 will have on its consolidated financial statements and related disclosures.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

	March 31, 2022	March 31, 2021
Securities purchased under reverse repurchase agreements	$ 269,079	$ 248,746
Current accounts in clearing organizations	78,177	83,194
Current account with National Bank (Kazakhstan)	42,517	36,726
Petty cash in bank vault and on hand	36,987	25,800
Current account with National Settlement Depository (Russia)	35,860	28,215
Current accounts with commercial banks	28,061	20,649
Current accounts with brokers	15,890	57,767
Accounts with stock exchange	11,785	98,016
Cash in transit	4,142	—
Current account with Central Bank (Russia)	3,654	6,931
Current account with Central Depository (Kazakhstan)	337	69
Total cash and cash equivalents	$ 526,489	$ 606,113

As of March 31, 2022 and 2021, cash and cash equivalents were not insured. As of March 31, 2022 and 2021, the cash and cash equivalents balance included collateralized securities received under reverse repurchase agreements on the terms presented below:

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	March 31, 2022			
	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	2.13 %	$ 251,474	$ —	$ 251,474
US sovereign debt	0.85 %	7,740	—	7,740
Corporate debt	13.99 %	7,233	—	7,233
Non-US sovereign debt	0.94 %	2,632	—	2,632
Total		$ 269,079	$ —	$ 269,079

	March 31, 2021			
	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				
Non-US sovereign debt	1.07 %	$ 101,057	$ —	$ 101,057
Corporate debt	4.42 %	94,563	—	94,563
Corporate equity	2.76 %	51,564	—	51,564
US sovereign debt	0.50 %	1,562	—	1,562
Total		$ 248,746	$ —	$ 248,746

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, 2022 and 2021, was $370,727 and $272,586 respectively.

NOTE 4 - RESTRICTED CASH

Restricted cash for the periods ended March 31, 2022 and 2021, consisted of:

	March 31, 2022	March 31, 2021
Brokerage customers' cash	$ 61,317	$ 53,415
Guaranty deposits	3,531	431
Reserve with Central Bank of Russia	26	1,758
Total restricted cash	$ 64,874	$ 55,604

As of March 31, 2022 and 2021, the Company's restricted cash included the cash portion of the funds segregated in a special custody account for the exclusive benefit of its brokerage customers, as well as required reserves with the Central Bank of the Russia which represents cash on hand balance requirements

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

As of March 31, 2022 and 2021, trading and available-for-sale securities consisted of:

	March 31, 2022	March 31, 2021
Corporate debt	$ 736,607	$ 334,021
Non-US sovereign debt	203,741	326,116
Corporate equity	50,043	28,496
US sovereign debt	10,306	10,828
Exchange traded notes	6,433	9,638
Total trading securities	$ 1,007,130	$ 709,099
Equity securities	1	1
Total available-for-sale securities, at fair value	$ 1	$ 1

As of March 31, 2022, the Company held debt securities of two issuers which individually exceeded 10% of the Company's total trading securities - JSC "Kazakhstan Sustainability Fund" and Ministry of Finance of the Republic of Kazakhstan of $414,591 and $185,802, respectively.

As of March 31, 2021, the Company held debt securities of two issuers which individually exceeded 10% of the Company's total trading securities - JSC "Kazakhstan Sustainability Fund" and Ministry of Finance of the Republic of Kazakhstan of $254,170 and $229,564, respectively.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2022 and 2021:

			Fair Value Measurements at March 31, 2022 using		
	Weighted average interest rate	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant unobservable units (Level 3)
Corporate debt	9.62 %	$ 736,607	$ 736,607	$ —	$ —
Non-U.S. sovereign debt	9.51 %	203,741	203,741	—	—
Corporate equity	—	50,043	45,000	5,041	2
U.S. sovereign debt	2.36 %	10,306	10,306	—	—
Exchange traded notes	—	6,433	6,433	—	—
Total trading securities		$ 1,007,130	$ 1,002,087	$ 5,041	$ 2
Equity securities	—	$ 1	$ —	$ —	$ 1
Total available-for-sale securities, at fair value		$ 1	$ —	$ —	$ 1

			Fair Value Measurements at March 31, 2021 using		
	Weighted average interest rate	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant unobservable units (Level 3)
Corporate debt	9.21 %	$ 334,021	$ 334,021	$ —	$ —
Non-U.S. sovereign debt	8.15 %	326,116	326,116	—	—
Corporate equity	—	28,496	28,459	1	36
U.S. sovereign debt	1.68 %	10,828	10,828	—	—
Exchange traded notes	—	9,638	9,638	—	—
Total trading securities		$ 709,099	$ 709,062	$ 1	$ 36
Equity securities	—	$ 1	$ —	$ —	$ 1
Total available-for-sale securities, at fair value		$ 1	$ —	$ —	$ 1

During the March 31, 2022, the Company's Level 3 inputs was not material, thus, quantitative information is not disclosed.

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NOTE 6 - BROKERAGE AND OTHER RECEIVABLES, NET

Brokerage and other receivables, net of the Company are comprised of the following:

	March 31, 2022	March 31, 2021
Margin lending receivables	$ 212,787	$ 14,957
Receivables from brokerage clients	3,223	2,940
Long-term installments receivables	1,367	1,280
Bank commissions receivable	874	795
Receivable for underwriting and market-making services	296	525
Dividends accrued	45	1,392
Other receivables	41	25
Allowance for receivables	(2,244)	(1,646)
Total brokerage and other receivables, net	$ 216,389	$ 20,268

As of March 31, 2022 and 2021, using historical and statistical data, the Company recorded an allowance for brokerage receivables in the amounts of $2,244 and $1,646, respectively.

NOTE 7- LOANS ISSUED

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

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loan	$ 51,923	April, 2022 - March, 2047	11.86 %	$ 52,134	KZT
Uncollateralized bank customer loans	34,067	April, 2022 - March, 2047	17.56 %	—	KZT
Bank customer loans	2,395	January, 2022 - September, 2045	14.57 %	1,000	RUB
Total loans issued	$ 88,385			$ 53,134	

As of March 31, 2022, mortgage loans include the state mortgage program "7-20-25" with the principal amount of $21,310.

Microfinance organization Freedom Finance Credit ("FFIN Credit") is a start-up created by Mr.Turlov. It is a non-bank credit institution that issues loans in Kazakhstan under simplified lending procedures. FFIN Credit was created as a pilot project to test and improve the scoring models used for qualifying and issuing loans. The principal operation of FFIN Credit is to provide loans to customers online using biometric identification and its proprietary scoring process. After completion of the pilot launch, it is anticipated ownership of FFIN Credit will be transferred to the Company.

During the year ended March 31, 2022, the Company entered into agreements with FFIN Credit to purchase uncollateralized consumer retail loans. The agreements provide the Company the ability to sell back to FFIN Credit up to $36,010 of the total loans purchased.

The Company has determined that it has assumed substantially all of the risks and rewards from the transferor of the loans, with the exception of the amount it has the right to sell back to the transferor, accordingly the Company has received control of the loans and has recognized the loans on its Consolidated Balance Sheets.

During the year ended March 31, 2022, the Company purchased loans in the aggregate amount of $59,839 and sold back loans totaling $12,107 to FFIN Credit.

As of March 31, 2022, the Company held outstanding loans purchased from FFIN Credit totaling $35,388, net of an allowance of $1,321.

Loans issued as of March 31, 2021, consisted of the following:

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	Outstanding	Due Dates	Interest Rate	Collateral	Currency
Uncollateralized non-bank loan	$ 1,384	May, 2021	13.00 %	$ —	RUB
Bank customer loans	880	March, 2024	15.41 %	729	KZT
Bank customer loans	658	July, 2021 - September, 2045	11.27 %	611	RUB
Total loans issued	$ 2,922			$ 1,340	

NOTE 8 - DEFERRED TAX (LIABILITIES)/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, 2022 and 2021 are 20% for the Russian Federation and Kazakhstan.

As of March 31, 2022 and 2021, deferred tax assets and liabilities of the Company were comprised of the following:

	March 31, 2022	March 31, 2021
Deferred tax assets:		
Revaluation on trading securities	$ 6,161	$ —
Tax losses carryforward	5,000	—
Accrued liabilities	—	140
Deferred tax assets	$ 11,161	$ 140
Deferred tax liabilities:		
Fixed and intangible assets	$ —	$ 806
Subordinated debt	—	524
Revaluation on trading securities	—	508
Deferred tax liabilities	$ —	$ 1,838
Net deferred tax assets/(liabilities)	$ 11,161	$ (1,698)

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 as reported is as follows:

	March 31, 2022	March 31, 2021
Profit before tax at 20%	$ (11,688)	$ 11,823
Provision for impairment losses/(recoveries)	(27)	187
Foreign tax rate differential	—	(389)
Permanent differences	—	(690)
Nontaxable (loss)/gain on trading securities	115	(4,244)
Other permanent losses	(3,604)	—
Non-taxable interest income	(3,131)	—
Tax effect on gain recognized through APIC	4,750	—
Income tax (benefit)/expense	$ (13,585)	$ 6,687

As of March 31, 2022 and 2021, income tax (benefit)/expense was comprised of the following:

	Year ended March 31, 2022	Year ended March 31, 2021
Current income tax charge	$ 299	$ 5,578
Deferred income tax charge	(13,884)	1,109
Income tax (benefit)/expense	$ (13,585)	$ 6,687

Tax loss carryforwards as of March 31, 2022, was $5,000, and do not have an expiration date

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NOTE 9 - FIXED ASSETS, NET

As of March 31, 2022 and 2021, fixed assets, net of the Company included the following:

	March 31, 2022	March 31, 2021
Buildings	$ 7,769	$ 8,014
Office equipment	4,361	2,892
Capital expenditures on leasehold improvements	2,868	2,586
Furniture	2,363	1,774
Processing and storage data centers	1,180	142
Land	800	743
Vehicles	732	702
Other	998	1,313
Less: Accumulated depreciation	(4,775)	(3,029)
Total fixed assets, net	$ 16,296	$ 15,137

Depreciation expense totaled $2,178 and $1,514 for the years ended March 31, 2022 and 2021, respectively.

NOTE 10 - INTANGIBLE ASSETS, NET

As of March 31, 2022 and 2021, intangible assets, net of the Company included the following:

	March 31, 2022	March 31, 2021
Licenses	$ 3,576	$ 2,012
Trading platform	2,359	2,610
Software	2,330	3,305
Client base	1,904	2,095
Less: Accumulated amortization	(4,996)	(4,233)
Total intangible assets, net	$ 5,173	$ 5,789

Amortization expense totaled $1,309 and $1,164 for the years ended March 31, 2022 and 2021, respectively.

NOTE 11 - OTHER ASSETS, NET

As of March 31, 2022 and 2021, other assets, net of the Company included the following:

	March 31, 2022	March 31, 2021
Advances paid	$ 6,105	$ 2,648
Current income tax asset	5,090	947
Due from financial institutions	3,260	2,043
Prepayments on future acquisitions	3,069	2
Outstanding settlement operations	519	5,731
Rent guarantee deposit	439	582
Taxes other than income taxes	335	209
Other	545	631
Allowance for other assets	(106)	(28)
Other assets, net	$ 19,256	$ 12,765

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NOTE 12 - DEBT SECURITIES ISSUED

As of March 31, 2022 and 2021, outstanding debt securities of the Company included the following:

	March 31, 2022	March 31, 2021
Debt securities issued denominated in USD	$ 64,043	$ 40,246
Debt securities issued denominated in RUB	—	6,605
Accrued interest	594	721
Total debt securities issued	$ 64,637	$ 47,572

As of March 31, 2022 and 2021, the Company's outstanding debt securities had fixed annual coupon rates ranging from 5.50% to 7% and maturity dates ranging from December 2022 to November 2026. The Company's debt securities include $34,000 of notes issued in November 2021. These notes denominated in U.S. dollars, bear interest at an annual rate of 5.50% and are due in November 2026. The notes were issued under Russian law and trade on the MOEX. The Company's debt securities also include $30,043 of notes issued in January 2020. These notes are denominated in U.S. dollars, bear interest at an annual rate of 6.50% and are due in January 2023. These notes were also issued under Russian law and trade on the MOEX.

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

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, 2022	March 31, 2021
Brokerage customers	$ 635,654	$ 497,147
Banking customers	361,593	270,858
Total customer liabilities	$ 997,247	$ 768,005

NOTE 14 - SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

As of March 31, 2022 and 2021, trading securities included collateralized securities subject to repurchase agreements as described in the following table:

	March 31, 2022				
	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 debt	12.07 %	$ 566,690	$ 142	$ —	$ 566,832
Non-US sovereign debt	22.96 %	74,888	—	—	74,888
US sovereign debt	0.77 %	5,968	—	—	5,968
Corporate equity	13.54 %	712	—	—	712
Total securities sold under repurchase agreements		$ 648,258	$ 142	$ —	$ 648,400

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	March 31, 2021				
	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					
Non-US sovereign debt	9.30 %	$ 227,196	$ —	$ —	$ 227,196
Corporate debt	9.27 %	187,208	—	—	187,208
US sovereign debt	0.40 %	1,809	—	—	1,809
Corporate equity	12.40 %	1,309	—	—	1,309
Total securities sold under repurchase agreements		$ 417,522	$ —	$ —	$ 417,522

The fair value of collateral pledged under repurchase agreements as of March 31, 2022 and 2021, was $642,440 and $417,168, 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 of March 31, 2022 and 2021 the authorized charter capital comprised $159,339 and $86,395, respectively. As of March 31, 2022 and 2021 the additional paid in capital comprised of $65,120 and $29,731.

During the year ended March 31, 2022, the Company issued charter capital in amount of $72,944.

During the year ended March 31, 2022, Timur Turlov made a capital contribution to the Company in amount of $21,600.

During the year ended March 31, 2022, Freedom Holding Corp., parent of the Company, provided debt forgiveness to the Company' subsidiary Freedom Bank KZ, in the amount of $6,767.

During the year ended March 31, 2022, Noncontrolling interest increased by $3,725 as a result of the capital contribution made by Freedom Holding Corp. to increase ownership in subsidiary Freedom KZ and net loss attributable to non-controlling interest in subsidiary Freedom KZ.

NOTE 16 - RELATED PARTY TRANSACTIONS

During the years ended March 31, 2022 and 2021, the Company earned commission income from related parties in the amounts of $30,010 and $16,814, 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. Fee and commission income generated from FFIN Brokerage accounted for $16,496, or 55% of our total related party commission income for the year ended March 31, 2022.

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During the years ended March 31, 2022 and 2021, the Company paid commission expense to related parties in the amount of $11,654 and $6,626, respectively. Commission expense paid to Freedom EU accounted for $11,585, or 99% of our total related party commission expense for the year ended March 31, 2022.

As of March 31, 2022 and 2021, the Company had cash and cash equivalents held in brokerage accounts with related parties totaling $11,129 and $67,650, respectively. The Company had cash and cash equivalents on brokerage account of Freedom EU in the amount of $11,104, or 100% of our total related party cash and cash equivalents.

As of March 31, 2022 and 2021, the Company had brokerage and other receivables from related parties totaling $902 and $792, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of March 31, 2022 and 2021, the Company had marginal lending receivables with related party totaling $2,591 and $21, respectively.

As of March 31, 2022 and 2021, the Company had loans received from related parties totaling $0 and $9,549, respectively.

As of March 31, 2022 and 2021, the Company had customer liabilities on brokerage accounts and bank accounts of related parties totaling $145,002 and $154,308, respectively. The Company had customer liabilities on brokerage account of FFIN Brokerage in the amount of $69,690, or 48% of our total related party customer liabilities.

FFIN Brokerage is owned personally by Timur Turlov and is not subsidiary of Freedom Holding Corp. FFIN Brokerage has its own brokerage customers, which include individuals and market-maker institutions and conducts business with the Company.

Freedom EU is a Cyprus-based broker-dealer which is wholly owned by the Company's parent Freedom Holding Corp.

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, 2022:

	Classification on Balance Sheet	March 31, 2022
Assets		
Operating lease assets	Right-of-use assets	$ 10,281
Total lease assets		$ 10,281
Liabilities		
Operating lease liability	Lease liability	$ 10,050
Total lease liability		$ 10,050

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

Lease obligations at March 31, 2022, consisted of the following:

Twelve months ending March 31,	
2023	$ 5,539
2024	2,893
2025	1,814
2026	1,038
2027	298
Thereafter	271
Total payments	11,853
Less: amounts representing interest	(1,803)
Lease liability, net	**$ 10,050**
Weighted average remaining lease term (in months)	29
Weighted average discount rate	12 %

Lease commitments for short-term operating leases as of March 31, 2022 was approximately $382. The Company's rent expense for office space was $1,120 for the year ended March 31, 2022 and $655 for the year ended March 31, 2021.

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 May 17, 2022, the Company acquired two insurance companies in Kazakhstan: Insurance Company Freedom Finance Insurance JSC ("Freedom Insurance") and Life Insurance Company Freedom Finance Life JSC ("Freedom Life") . The purchase price of Freedom Insurance and Freedom Life was $12,440 and $12,100, respectively.

On behalf of the Company

Pochekuev V.A.
Chief Executive Officer

Morozova N. A.
Chief Accountant