UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to _________

Commission File Number **001-33034**

FREEDOM HOLDING CORP.

(Exact name of registrant as specified in its charter)

Nevada	**30-0233726**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
"Esentai Tower" BC, Floor 7 **77/7 Al Farabi Ave** **Almaty, Kazakhstan**	**50040**
(Address of principal executive offices)	(Zip Code)

+7 727 311 10 64
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	**FRHC**	**The Nasdaq Capital Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes☐ No ☒

As of February 7, 2022, the registrant had 59,534,712 shares of common stock, par value $0.001, issued and outstanding.

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FREEDOM HOLDING CORP.

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

	December 31, 2021	March 31, 2021
ASSETS		
Cash and cash equivalents	$ 493,263	$ 698,828
Restricted cash	404,718	437,958
Trading securities	1,348,656	736,188
Available-for-sale securities, at fair value	1	1
Brokerage and other receivables, net	302,403	64,801
Loans issued	44,995	11,667
Fixed assets, net	21,221	18,385
Intangible assets, net	8,703	9,785
Goodwill	7,840	7,868
Right-of-use asset	17,830	13,262
Other assets	30,321	19,902
TOTAL ASSETS	**$ 2,679,951**	**$ 2,018,645**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	$ 710,284	$ 426,715
Customer liabilities	1,145,070	1,163,697
Trade payables	51,031	22,304
Current income tax liability	20,620	14,843
Securities sold, not yet purchased – at fair value	15,167	8,592
Loans received	3,497	3,373
Debt securities issued	105,363	68,443
Lease liability	17,573	13,249
Deferred income tax liabilities	1	4,385
Deferred distribution payments	8,534	8,534
Other liabilities	11,321	8,839
TOTAL LIABILITIES	**$ 2,088,461**	**$ 1,742,974**
Commitments and Contingent Liabilities (Note 20)	—	—
SHAREHOLDERS' EQUITY		
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	$ —	$ —
Common stock - $0.001 par value; 500,000,000 shares authorized; 59,534,712 and 58,443,212 shares issued and outstanding as of December 31, 2021 and March 31, 2021, respectively	59	58
Additional paid in capital	115,278	104,672
Retained earnings	516,149	208,628
Accumulated other comprehensive loss	(39,152)	(36,046)
TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY	**592,334**	**277,312**
Non-controlling interest	(844)	(1,641)
TOTAL SHAREHOLDERS' EQUITY	591,490	275,671
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,679,951**	**$ 2,018,645**

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

FREEDOM HOLDING CORP.

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

	Three months ended December 31,		Nine Months Ended December 31,	
	2021	**2020**	**2021**	**2020**
Revenue:				
Fee and commission income	$ 122,237	$ 74,333	$ 336,178	$ 171,949
Net gain on trading securities	403	18,944	185,554	36,330
Interest income	22,907	7,374	61,047	16,571
Net gain/(loss) on foreign exchange operations	451	(1,413)	885	1,359
Net (loss)/gain on derivative	(314)	995	(1,029)	149
TOTAL REVENUE, NET	**145,684**	**100,233**	**582,635**	**226,358**
Expense:				
Fee and commission expense	22,716	20,278	67,547	50,068
Interest expense	20,799	6,649	51,256	15,092
Operating expense	50,496	21,921	117,384	52,214
Provision for impairment losses	45	1,109	704	1,775
Other (income)/expense, net	(64)	244	600	149
TOTAL EXPENSE	**93,992**	**50,201**	**237,491**	**119,298**
NET INCOME BEFORE INCOME TAX	51,692	50,032	345,144	107,060
Income tax expense	(806)	(7,711)	(38,037)	(16,900)
NET INCOME	**$ 50,886**	**$ 42,321**	**$ 307,107**	**$ 90,160**
Less: Net (loss)/income attributable to non-controlling interest in subsidiary	(343)	(53)	(414)	243
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 51,229**	**$ 42,374**	**$ 307,521**	**$ 89,917**
OTHER COMPREHENSIVE INCOME				
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of tax effect	—	—	—	71
Foreign currency translation adjustments, net of tax effect	(7,336)	6,851	(3,106)	4,565
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 43,550**	**$ 49,172**	**$ 304,001**	**$ 94,796**
Less: Comprehensive (loss)/income attributable to non-controlling interest in subsidiary	(343)	(53)	(414)	243
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 43,893**	**$ 49,225**	**$ 304,415**	**$ 94,553**
BASIC NET INCOME PER COMMON SHARE (In US Dollars)	0.85	0.72	5.18	1.54
DILUTED NET INCOME PER COMMON SHARE (In US Dollars)	0.85	0.72	5.18	1.54
Weighted average number of shares (basic)	59,534,712	58,395,606	59,326,201	58,370,521
Weighted average number of shares (diluted)	59,534,712	58,450,688	59,326,201	58,423,467

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

FREEDOM HOLDING CORP.

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

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2020
Cash Flows (Used In)/From Operating Activities		
Net income	$ 307,107	$ 90,160
Adjustments to reconcile net income (used in)/from operating activities:		
Depreciation and amortization	4,072	2,548
Noncash lease expense	6,152	4,502
Change in deferred taxes	(4,400)	2,868
Stock compensation expense	11,283	1,090
Share based payment	—	517
Unrealized (gain)/loss on trading securities	3,639	(7,695)
Net change in accrued interest	(23,170)	(1,036)
Allowances for receivables	704	1,775
Changes in operating assets and liabilities:		
Lease liabilities	(6,559)	(4,870)
Trading securities	(620,709)	(114,807)
Brokerage and other receivables	(236,841)	58,596
Loans purchased from microfinance organization	(29,020)	—
Loans sold to microfinance organization	6,828	—
Loans issued	(12,496)	(1,129)
Other assets	(11,649)	(3,887)
Securities sold, not yet purchased – at fair value	5,959	9,078
Customer liabilities	(20,404)	646,950
Current income tax liability	5,757	2,107
Trade payables	29,073	10,934
Other liabilities	2,594	1,253
Net cash flows (used in)/from operating activities	**(582,080)**	**698,954**
Cash Flows (Used In)/From Investing Activities		
Purchase of fixed assets	(6,557)	(3,072)
Proceeds from sale of fixed assets	447	227
Proceeds from sale of available-for-sale securities, at fair value	—	6,437
Consideration paid for Zerich Capital Management	—	(7,110)
Consideration paid for Prime Executions	—	(2,500)
Consideration paid for Freedom Bank KZ	—	(53,097)
Cash, cash equivalents and restricted cash received from acquisitions	—	157,533
Net cash flows (used in)/from investing activities	**(6,110)**	**98,418**

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

FREEDOM HOLDING CORP.

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

Cash Flows From Financing Activities		
Proceeds from securities repurchase agreement obligations	301,927	63,166
Proceeds from issuance of debt securities	46,850	3,554
Repurchase of debt securities	(10,104)	(8,186)
Proceeds from loans received	—	3,300
Exercise of options	119	118
Net cash flows from financing activities	**338,792**	**61,952**
Effect of changes in foreign exchange rates on cash and cash equivalents	10,593	3,787
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(238,805)**	**863,111**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	**1,136,786**	**129,805**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$ 897,981**	**$ 992,916**

	For The Nine Months ended	
	December 31, 2021	**December 31, 2020**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 26,506	$ 11,580
Income tax paid	$ 46,170	$ 12,186
Supplemental non-cash disclosures:		
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	$ 9,803	$ 2,665

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Condensed Consolidated Statements of Cash Flows:

	December 31, 2021	**December 31, 2020**
Cash and cash equivalents	$ 493,263	$ 624,572
Restricted cash	404,718	368,344
Total cash, cash equivalents and restricted cash shown as in the statement of cash flows	**$ 897,981**	**$ 992,916**

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

FREEDOM HOLDING CORP.

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

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interest	Total
	Shares	Amount					
Balance At September 30, 2021	**59,534,712**	**$ 59**	**$ 110,717**	**$ 464,920**	**$ (31,816)**	**$ (501)**	**$ 543,379**
Stock based compensation	—	—	4,561	—	—	—	4,561
Translation difference	—	—	—	—	(7,336)	—	(7,336)
Net income /(loss)	—	—	—	51,229	—	(343)	50,886
Balance At December 31, 2021	**59,534,712**	**$ 59**	**$ 115,278**	**$ 516,149**	**$ (39,152)**	**$ (844)**	**$ 591,490**
Balance At March 31, 2021	**58,443,212**	**$ 58**	**$ 104,672**	**$ 208,628**	**$ (36,046)**	**$ (1,641)**	**$ 275,671**
Stock based compensation	1,031,500	1	11,283	—	—	—	11,284
Sale of Freedom UA shares	—	—	(796)	—	—	1,211	415
Exercise of options	60,000	—	119	—	—	—	119
Translation difference	—	—	—	—	(3,106)	—	(3,106)
Net income (loss)	—	—	—	307,521	—	(414)	307,107
Balance At December 31, 2021	**$ 59,534,712**	**$ 59**	**$ 115,278**	**$ 516,149**	**$ (39,152)**	**$ (844)**	**$ 591,490**

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

FREEDOM HOLDING CORP.

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

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interest	Total
	Shares	Amount					
Balance At September 30, 2020	**58,358,212**	**$ 58**	**$ 103,945**	**$ 113,878**	**$ (40,189)**	**$ (1,976)**	**$ 175,716**
Stock based compensation	15,000	—	35	—	—	—	35
Share based payment	10,000	—	517	—	—	—	517
Exercise of options	60,000	—	118	—	—	—	118
Translation difference	—	—	—	—	6,851	—	6,851
Net income /(loss)	—	—	—	42,374	—	(53)	42,321
Balance At December 31, 2020	**58,443,212**	**$ 58**	**$ 104,615**	**$ 156,252**	**$ (33,338)**	**$ (2,029)**	**$ 225,558**
Balance At March 31, 2020	**58,358,212**	**$ 58**	**$ 102,890**	**$ 66,335**	**$ (37,974)**	**$ (2,272)**	**$ 129,037**
Stock based compensation	15,000	—	1,090	—	—	—	1,090
Share based payment	10,000	—	517	—	—	—	517
Exercise of options	60,000	—	118	—	—	—	118
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of tax effect	—	—	—	—	71	—	71
Translation difference	—	—	—	—	4,565	—	4,565
Net income	—	—	—	89,917	—	243	90,160
Balance At December 31, 2020	**$ 58,443,212**	**$ 58**	**$ 104,615**	**$ 156,252**	**$ (33,338)**	**$ (2,029)**	**$ 225,558**

NOTE 1 – DESCRIPTION OF BUSINESS

Overview

Freedom Holding Corp. (the "Company" or "FRHC") is a corporation organized in the United States under the laws of the State of Nevada that through its operating subsidiaries provides financial services including retail securities brokerage, investment research, investment advisory services, securities trading, market making, investment banking and underwriting services and complementary banking services in Eurasia. The Company is headquartered in Almaty, Kazakhstan, with supporting administrative office locations in Russia, Cyprus and the United States. The Company has retail locations in Russia, Kazakhstan, Cyprus, Ukraine, Uzbekistan, Kyrgyzstan, Azerbaijan, Armenia and Germany. The Company also owns an institutional broker dealer registered with the U.S. Securities and Exchange Commission ("SEC"). The Company's common stock trades on the Nasdaq Capital Market.

The Company owns directly, or through subsidiaries, the following companies:

- LLC Investment Company Freedom Finance, a Moscow, Russia-based securities broker-dealer ("Freedom RU");
- LLC FFIN Bank, a Moscow, Russia-based bank ("Freedom Bank RU");
- JSC Freedom Finance, an Almaty, Kazakhstan-based securities broker-dealer ("Freedom KZ");
- Freedom Finance Global PLC, an Astana International Financial Centre-based securities broker-dealer, ("Freedom Global");
- Bank Freedom Finance Kazakhstan JSC, an Almaty, Kazakhstan-based bank ("Freedom Bank KZ");
- Freedom Finance Special Purpose Company LTD, an Astana International Financial Centre-based special purpose company ("Freedom SPC");
- Freedom Finance Commercial LLP, a Kazakhstan-based sales consulting company ("Freedom Commercial");
- Freedom Finance Europe Limited, a Limassol, Cyprus-based broker-dealer ("Freedom EU");
- Freedom Finance Technologies Ltd, a Limassol, Cyprus-based IT development company ("Freedom Technologies");
- Freedom Finance Germany GmbH, a Berlin, Germany-based tied agent of Freedom EU ("Freedom GE");
- UK Prime Limited, a London, United Kingdom-based financial intermediary company ("Prime UK");
- LLC Freedom Finance Uzbekistan, a Tashkent, Uzbekistan-based broker-dealer ("Freedom UZ");
- LLC Freedom Finance Azerbaijan, an Azerbaijan-based financial educational center ("Freedom AZ");
- LLC Freedom Finance Armenia, an Armenia-based broker-dealer ("Freedom AR");
- Prime Executions, Inc., a New York City, New York-based NYSE institutional brokerage, that recently received approval to engage in certain capital markets and investment banking activities ("PrimeEx"); and
- FFIN Securities, Inc., a currently-dormant Nevada corporation ("FFIN")

As of December 31, 2021, the Company also owned a 9% interest in LLC Freedom Finance Ukraine, a Kiev, Ukraine-based broker-dealer ("Freedom UA"). The remaining 91% interest in Freedom UA is owned by Askar Tashtitov, the Company's president. However, as a result of a series of contractual relationships between FRHC and Freedom UA, we account for Freedom UA as a variable interest entity ("VIE") under the accounting standards of the Financial Accounting Standards Board ("FASB"). Accordingly, the financial statements of Freedom UA are consolidated into the financial statements of the Company.

Prior to July 2021 we owned approximately 32.9% of Freedom UA, but due to recent changes to Ukrainian regulations to further restrict foreign ownership of registered Ukrainian broker-dealers, in July 2021 we were required to sell approximately 23.9% of our equity interest in Freedom UA to Mr. Tashtitov, reducing our direct ownership interest in Freedom UA to approximately 9%. In April 2019 the Company entered into a series of contractual arrangements with Freedom UA and Mr. Tashtitov that obligate the Company to guarantee the performance of all Freedom UA obligations and provide Freedom UA sufficient funding to cover all operating losses and net capital requirements, enable the Company to receive 90% of the net profits of Freedom UA after tax, and require the Company to provide Freedom UA the management competence, operational support, and ongoing access to the Company's significant assets, necessary technology resources and expertise to conduct the business of Freedom UA.

The Company's subsidiaries are professional participants on the Kazakhstan Stock Exchange (KASE), Astana Stock Exchange (AIX), Moscow Exchange (MOEX), Saint-Petersburg Exchange (SPBX), the Ukrainian Exchange (UX), the Republican Stock Exchange of Tashkent (UZSE), the Uzbek Republican Currency Exchange (UZCE) and a member of the New York Stock Exchange (NYSE) and Nasdaq Stock Exchange (Nasdaq). We also own a 24.3% interest in the UX.

Unless otherwise specifically indicated or as is otherwise contextually required, FRHC, Freedom RU, Freedom Bank RU, Freedom KZ, Freedom Global, Freedom Bank KZ, Freedom SPC, Freedom Commercial, Freedom EU, Freedom Technologies, Freedom GE, Prime UK, Freedom UZ, Freedom AZ, Freedom AR, PrimeEx and FFIN are collectively referred to herein as the "Company".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

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

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 FRHC, Freedom RU, Freedom Bank RU, Freedom KZ, Freedom Global, Freedom Bank KZ, Freedom SPC, Freedom Commercial, Freedom EU, Freedom Technologies, Freedom GE, Prime UK, Freedom UZ, Freedom AZ, Freedom AR, PrimeEx, and FFIN. All significant inter-company balances and transactions have been eliminated from the consolidated financial statements.

Consolidation of variable interest entities

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

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 its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue recognition

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

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.

Loans

The Company's loan portfolio is divided intothree 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.

The component of the allowance related to credit card, mortgages and retail banking loans that the Company collectively evaluated for impairment is based on a statistical calculation and on its historical loss experience for loans with similar risk characteristics and consideration of the current credit quality of the portfolio. The asset-specific component of the allowance includes smaller-balance homogeneous credit card and retail banking loans whose terms have been modified in a troubled debt restructuring and larger-balance nonperforming, non-homogeneous commercial banking loans. The Company generally measures the asset-specific component of the allowance based on the difference between the recorded investment of individually impaired loans and the present value of expected future cash flows. In addition to the allowance, the Company also estimates probable losses related to contractually binding unfunded lending commitments.

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, European euro, U.S. dollar, Ukrainian hryvnia, Uzbekistani som, Kazakhstani tenge, Kyrgyzstani som, UK pound sterling, Azerbaijani manat and the Armenian dram, 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 stockholders' 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 Condensed Consolidated Balance Sheets.

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

The Company enters into reverse repurchase, repurchase, 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 securities 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 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 are included in 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, which are recognized in the Condensed Consolidated Statements of Operations and Statements of other Comprehensive Income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is then reclassified to Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Trading securities

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

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

Debt securities issued

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

Brokerage and other receivables

Brokerage and other receivables are comprised of 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.

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.

Margin lending tends to have lower credit risk due to the value of the collateral held and also its short-term nature. Margin lending balances tend to fluctuate from period to period as total customer balances change because of changing market levels, customer positioning and leverage.

Client margin requirements and established credit limits are continuously monitored by risk management of the Company. It is Company policy that clients must post additional collateral or reduce positions when necessary to avoid automatic liquidation of their positions.

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 when 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.

Impairment of goodwill

As of December 31, 2021, and March 31, 2021, goodwill recorded in the Company's Consolidated Balance Sheets totaled $7,840 and $7,868, 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. The goodwill value as of December 31, 2021, decreased compared to March 31, 2021, due to foreign exchange currency translation.

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

The changes in the carrying amount of goodwill as of March 31, 2021, and for the quarter December 31, 2021, were as follows:

Balance as of March 31, 2021	**$ 7,868**
Foreign currency translation	(28)
Balance as of December 31, 2021	**$ 7,840**

Income taxes

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

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

The Company will include interest and penalties arising from the underpayment of income taxes in the provision for income taxes (if anticipated). As of December 31, 2021, and March 31, 2021, the Company had no accrued interest or penalties related to uncertain tax positions.

The Global Intangible Low-Taxed Income (“GILTI”) provisions of the Tax Reform Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. The Company has presented the deferred tax impacts of GILTI tax in its consolidated financial statements as of December 31, 2021 and 2020.

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

Right-of-use assets and corresponding lease liabilities are recognized on the Company’s Consolidated Balance Sheets. Refer to Note 19 - Leases, within the notes to condensed consolidated financial statements for additional disclosure and significant accounting policies affecting leases.

Fixed assets

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

Segment information

The Company operates in a single operating segment offering financial services to its customers in a single geographic region covering Eurasia. The Company’s financial services business provides retail securities brokerage, research, investment counseling, securities trading, market making, corporate investment banking, underwriting, complementary banking services and retail banking services to its customers. The Company generates revenue from customers primarily from fee and commission income and interest income. The Company does not use profitability reports or other information disaggregated on a regional, country or divisional basis for making business decisions.

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 FASB 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 FASB will consider requiring an effective date staggered at least two years after bucket one for major updates. At the date when ASU 2016-13 was issued, the Company was an SRC 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 January 2021 the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope, which clarifies that certain optional expedients and exceptions in FASB Accounting Standards Codification (ASC) Topic 848, Reference Rate Reform, for contract modifications and hedge accounting apply as well to derivatives that are affected by the changes in interest rates used for margining, discounting or contract price alignment (i.e., the discounting transition). Examples of such use include (1) rates used in interest rate swaps to compute the cash flows for the swap's variable leg, (2) interest rate indexes used to discount the future cash flows of a derivative instrument to determine its fair value, and (3) the compensation or the interest amount earned on margin payments (i.e., contract price alignment). The amended guidance in ASU No. 2021-01 is effective immediately for all entities. The guidance may be applied on (1) a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or (2) a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of ASU No. 2021-01 through the date that financial statements are available to be issued. If any of the amendments are applied for an eligible hedging relationship, adjustments resulting therefrom must be reflected as of the date that the election is applied. The Company's adoption of the provisions of ASU No. 2021-01 had no significant impact on the Company's consolidated financial statements.

In May 2021 the FASB issued Accounting Standards Update No. 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, a consensus of the Emerging Issues Task Force (EITF) , which amends the FASB Accounting Standards Codification (ASC or the "Codification") to provide explicit guidance, and, thus, reduce diversity in practice, on accounting by issuers for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange. This amendment provides that for an entity that presents earnings per share (EPS) in accordance with Topic 260, the effects of a modification or an exchange of a freestanding equity-classified written call option that is recognized as a dividend should be an adjustment to net income (or net loss) in the basic EPS calculation. The amended guidance becomes mandatorily effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years, and should be applied prospectively to modifications or exchanges occurring on or after the effective date. The Company is currently evaluating the impact that ASU 2021-04 will have on its consolidated financial statements and related disclosures.

In August 2021 the FASB issued Accounting Standard Update No 2021-06 "Presentation of Financial Statements (Topic 205), Financial Services — Depository and Lending (Topic 942), and Financial Services — Investment Companies (Topic 946)" which amends various SEC paragraphs pursuant to the issuance of SEC Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses. SEC issued Final Rulemaking Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, which modified the disclosure and presentation requirements concerning acquisitions and disposals of businesses. Primarily, the new rules amended (1) Rule 1-02(w) of Regulation S-X, Definition of Terms Used in Regulation S-X, Significant Subsidiary, (2) Rule 3-05 of Regulation S-X, Financial Statements of Businesses Acquired or to Be Acquired, (3) Rule 8-05 of Regulation S-X, Pro Forma Financial Information (which covers smaller reporting companies), and (4) Article 11 of Regulation S-X, Pro Forma Financial Information. In addition, new Rule 6-11 of Regulation S-X, Financial Statements of Funds Acquired or to Be Acquired, covering acquisitions specific to investment companies, was added. Corresponding changes were made to other Regulation S-X rules, various Securities Act and Securities Exchange Act rules, and Forms 8-K and 10-K. Compliance with the amended rules is required from the beginning of a registrant's fiscal year commencing after December 31, 2020 (i.e., the mandatory compliance date). Acquisitions and dispositions that are probable or consummated after the mandatory compliance date are required to be evaluated for significance pursuant to the amended rules. Early compliance is permitted, provided that all the amended rules are applied in their entirety from the early compliance date. ASU No. 2021-06 amends SEC material in the Codification to give effect to Release No. 33-10786. The new rules apply to fiscal years ending on or after December 15, 2021 (i.e., calendar-year 2021). Early voluntary compliance is allowed. Note that the rescission of Industry Guide 3 is effective on January 1, 2023. ASU No. 2021-06 amends SEC material in the Codification to give effect to Release No. 33-10835. The Company is currently evaluating the impact that ASU 2021-06 will have on its consolidated financial statements and related disclosures.

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

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, 2021, and March 31, 2021, cash and cash equivalents consisted of the following:

	December 31, 2021	March 31, 2021
Securities purchased under reverse repurchase agreements	$ 238,657	$ 248,946
Current accounts with brokers	56,498	94,494
Current account with National Bank (Kazakhstan)	55,819	36,726
Current accounts with commercial banks	41,820	75,903
Current accounts in clearing organizations	41,218	83,194
Petty cash in bank vault and on hand	20,490	25,830
Accounts with stock exchanges	20,040	98,521
Current account with National Settlement Depository (Russia)	15,527	28,215
Current account with Central Bank (Russia)	2,417	6,930
Current account with Central Depository (Kazakhstan)	777	69
Total cash and cash equivalents	**$ 493,263**	**$ 698,828**

As of December 31, 2021, and March 31, 2021, with the exception of funds deposited with banks in the United States which may qualify for FDIC insurance up to $250,000, cash and cash equivalents were not insured.

As of December 31, 2021, and March 31, 2021, the cash and cash equivalents balance included collateralized securities received under reverse repurchase agreements on the terms presented below:

	December 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				
Corporate equity	0.87 %	$ 224,684	$ —	$ 224,684
US sovereign debt	0.35 %	7,773	—	7,773
Non-US sovereign debt	0.57 %	6,192	—	6,192
Corporate debt	6.99 %	8	—	8
Total securities sold under repurchase agreements		**$ 238,657**	**$ —**	**$ 238,657**

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

	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 %	$ 101,258	$ —	$ 101,258
Corporate debt	4.42 %	94,562	—	94,562
Corporate equity	2.76 %	51,564	—	51,564
US sovereign debt	0.50 %	1,562	—	1,562
Total securities sold under repurchase agreements		**$ 248,946**	**$ —**	**$ 248,946**

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 December 31, 2021, and March 31, 2021, was $333,803 and $272,586, respectively.

NOTE 4 – RESTRICTED CASH

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

	December 31, 2021	March 31, 2021
Brokerage customers' cash	$ 394,756	$ 427,233
Deferred distribution payments	8,534	8,534
Reserve with Central Bank of Russia	1,330	1,758
Guaranty deposits	98	433
Total restricted cash	**$ 404,718**	**$ 437,958**

As of December 31, 2021, and March 31, 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 Russian Federation which represents cash on hand balance requirements. Restricted cash also included a deferred distribution payment amount, which is a reserve held for distribution to shareholders who have not yet claimed their distributions from the 2011 sale of the Company's oil and gas exploration and production operations of $8,534. This distribution is currently payable, subject to the entitled shareholders completing and submitting to the Company the necessary documentation to claim his, her or its distribution payments. The Company has no control over when, or if, an entitled shareholder will submit the necessary documentation to claim their distribution payment. The entire deferred distribution payment amount was held in cash at December 31, 2021, and March 31, 2021. A Company shareholder entitled to a portion of the distribution amount died before claiming the distribution. As a result of disputes between the individual's putative heirs and potential owners of an entity that also claimed through the shareholder, the Company has been unable to determine who is legally entitled to receive the distribution payment. During the quarter ended December 31, 2021, the putative estate asserted claims in Utah state court seeking, among other things, payment of the distribution. The Company and the putative estate have agreed to attempt to mediate the dispute. For additional information regarding this matter see Part II, Item 1 Legal Proceedings of this quarterly report on Form 10-Q.

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

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

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

	December 31, 2021	March 31, 2021
Corporate debt	$ 624,247	$ 334,763
Non-US sovereign debt	451,437	333,619
Corporate equity	161,550	47,340
Exchange traded notes	104,462	9,638
US sovereign debt	6,960	10,828
Total trading securities	**$ 1,348,656**	**$ 736,188**
Equity securities	$ 1	$ 1
Total available-for-sale securities, at fair value	**$ 1**	**$ 1**

As of December 31, 2021, the Company held debt securities oftwo issuers which individually exceeded 10% of the Company's total trading securities - the Kazakhstan Sustainability Fund JSC (BBB credit rating) in the amount of $297,214 and the Ministry of Finance of the Republic of Kazakhstan (BBB- credit rating) in the amount of $374,982. The Company also held equities of Public Joint Stock Company "St. Petersburg Exchange" in the amount of $140,257. As of March 31, 2021, the Company held debt securities oftwo issuers which individually exceeded 10% of the Company's total trading securities - the Ministry of Finance of the Republic of Kazakhstan and the Kazakhstan Sustainability Fund JSC in the amounts of $293,451 and $193,677, respectively.

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

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

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

The valuation hierarchy contains three levels:

- Level 1 - Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2 - Valuation inputs are quoted market prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets, and other observable inputs directly or indirectly related to the asset or liability being measured.
- Level 3 - Valuation inputs are unobservable and significant to the fair value measurement.

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

The following tables present securities assets in the Condensed Consolidated Financial Statements or disclosed in the Notes to the Condensed Consolidated Financial Statements at fair value on a recurring basis as of December 31, 2021, and March 31, 2021:

			Fair Value Measurements at December 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	8.80 %	$ 624,247	$ 623,463	$ 415	$ 369
Non-U.S. sovereign debt	9.35 %	451,437	448,895	1,593	949
Corporate equity	—	161,550	155,694	5,409	447
Exchange traded notes	—	104,462	104,462	—	—
U.S. sovereign debt	2 %	6,960	6,960	—	—
Total trading securities		**$ 1,348,656**	**$ 1,339,474**	**$ 7,417**	**$ 1,765**
Equity securities	—	$ 1	$ —	$ —	$ 1
Total available-for-sale securities, at fair value		$ 1	$ —	$ —	$ 1

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

			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	9.22 %	$ 334,763	$ 334,403	$ —	$ 360
Non-U.S. sovereign debt	8.06 %	333,619	333,619	—	—
Corporate equity	—	47,340	28,630	1	18,709
U.S. sovereign debt	1.68 %	10,828	10,828	—	—
Exchange traded notes	—	9,638	9,638	—	—
Total trading securities		**$ 736,188**	**$ 717,118**	**$ 1**	**$ 19,069**
Equity securities	—	$ 1	$ —	$ —	$ 1
Total available-for-sale securities, at fair value		$ 1	$ —	$ —	$ 1

The table below presents the valuation techniques and significant level 3 inputs used in the valuation as of December 31, 2021, and March 31, 2021. The table is not intended to be all inclusive, but instead captures the significant unobservable inputs relevant to determination of fair value.

Type	Valuation Technique	FV as of December 31, 2021	FV as of March 31, 2021	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	$ 949	—	Discount rate	13.8%
				Estimated number of years	1 year
Corporate equity	DCF	$ 447	$ 301	Discount rate	18.5%
				Estimated number of years	9 years
Corporate debt	DCF	$ 369	$ 360	Discount rate	16.5%
				Estimated number of years	9 years
Corporate equity	DCF	—	$ 18,408	Discount rate	10.6%
				Estimated number of years	9 years
Total		**$ 1,765**	**$ 19,069**		

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

As of December 31, 2021, shares of SPBX held by the Company were transferred from level 3 to level 1, due to active trades on the market. During the nine months ended December 31, 2021, market trades of SPBX shares were executed in the market, and market data for these shares became available.

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the nine months ended December 31, 2021, and the year ended March 31, 2021:

	Trading securities	Available-for-sale securities
Balance as of March 31, 2021	**$ 19,069**	**$ 1**
Reclassification to level 1	(18,408)	—
Redemption of securities that use Level 3 inputs	(1,030)	—
Purchase of investments that use Level 3 inputs	1,964	—
Revaluation of investments that use Level 3 inputs	170	—
Balance as of December 31, 2021	**1,765**	1
Balance as of March 31, 2020	**$ 11,259**	**$ 1**
Sale of investments that use Level 3 inputs	(2)	—
Purchase of investments that use Level 3 inputs	834	—
Revaluation of investments that use Level 3 inputs	6,978	—
Balance as of March 31, 2021	**$ 19,069**	**$ 1**

The table below presents the amortized cost, unrealized gains and losses accumulated in other comprehensive income, and fair value of available-for-sale securities as of December 31, 2021, and March 31, 2021:

	December 31, 2021		
	Assets measured at amortized cost	Unrealized loss accumulated in other comprehensive income/(loss)	Assets measured at fair value
Equity securities	$ 1	$ —	$ 1
Balance as of December 31, 2021	**$ 1**	**$ —**	**$ 1**

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

	March 31, 2021		
	Assets measured at amortized cost	Unrealized loss accumulated in other comprehensive income/(loss)	Assets measured at fair value
Equity securities	$ 1	$ —	$ 1
Balance as of March 31, 2021	**$ 1**	**$ —**	**$ 1**

NOTE 6 – BROKERAGE AND OTHER RECEIVABLES, NET

Brokerage and other receivables as of December 31, 2021, and March 31, 2021, consisted of:

	December 31, 2021	March 31, 2021
Margin lending receivables	$ 291,237	$ 58,095
Receivables from brokerage clients	5,281	4,199
Long-term installments receivables	1,208	1,280
Receivable from sale of securities	1,050	484
Receivable for underwriting and market-making services	812	564
Bank commissions receivable	429	767
Dividends accrued	120	1,392
Bonds coupon receivable	1,717	—
Other receivables	2,385	56
Allowance for receivables	(1,836)	(2,036)
Total brokerage and other receivables, net	**$ 302,403**	**$ 64,801**

On December 31, 2021, and March 31, 2021, amounts due from a single related party customer were$156,141 and $8,948, respectively or 52% and 14% respectively, of total brokerage and other receivables, net. Based on historical data, the Company considers receivables due from related parties fully collectible. As of December 31, 2021 and March 31, 2021, using historical and statistical data, the Company recorded an allowance for brokerage receivables in the amounts of $1,836 and $2,036, respectively.

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

NOTE 7 – LOANS ISSUED

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

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loan	$ 19,873	February 2023 - September 2036	15.19 %	$ 19,846	KZT
Uncollateralized bank customer loans	16,075	January 2022 - December 2036	18.22 %	—	KZT
Subordinated loan	5,132	December 2022-April 2024	4.89 %	—	USD
Bank customer loans	2,557	January 2022 - September 2045	7.22 %	1,000	RUB
Subordinated loan	1,358	September 2029	7.00 %	—	UAH
	$ 44,995				

During the nine months ended December 31, 2021, the Company entered into agreements with a related party microfinance organization to purchase uncollateralized consumer retail loans. The agreements provide the Company the ability to sell back to the microfinance organization up to $9,263 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 Condensed Consolidated Balance Sheets.

During the nine months ended December 31, 2021, the Company purchased loans in the aggregate amount of $29,020 and sold back loans totaling $6,828 to the microfinance organization.

As of December 31, 2021, the Company held outstanding loans purchased from the microfinance organization totaling $16,802, net of an allowance of $727.

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

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Subordinated loan	$ 5,033	December 2022-April 2024	3.69 %	—	USD
Uncollateralized non-bank loan	2,382	January 2022 – February 2022	3.00 %	—	USD
Uncollateralized non-bank loan	1,384	May 2021	13.00 %	—	RUB
Subordinated loan	1,331	September 2029	7.00 %	—	UAH
Bank customer loans	880	March 2024	15.41 %	729	KZT
Bank customer loans	657	July 2021- September 2045	11.27 %	611	RUB
	$ 11,667				

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

NOTE 8 – DEFERRED TAXES LIABILITIES

The Company is subject to taxation in the Russian Federation, Kazakhstan, Kyrgyzstan, Cyprus, Ukraine, Uzbekistan, Germany, Azerbaijan United Kingdom, Armenia and the United States of America.

The tax rates used for deferred tax assets and liabilities as of December 31, 2021, and March 31, 2021, were 21% for the U.S., 20% for the Russian Federation, Kazakhstan, and Kyrgyzstan, 31% for Germany, 12.5% for Cyprus, 18% for Ukraine, 2% for Azerbaijan, 25% for United Kingdom, 18% for Armenia and 15% for Uzbekistan. Deferred tax assets and liabilities of the Company are comprised of the following:

	December 31, 2021	March 31, 2021
Deferred tax assets:		
Tax losses carryforward	$ 305	$ 316
Accrued liabilities	244	236
Depreciation	16	16
Revaluation on trading securities	1,338	—
Valuation allowance	(305)	(316)
Deferred tax assets	**$ 1,598**	**$ 252**
Deferred tax liabilities:		
Revaluation on trading securities	$ 978	$ 2,546
Fixed and intangible assets	621	1,568
Subordinated debt	—	523
Deferred tax liabilities	**$ 1,599**	**$ 4,637**
Net deferred tax liabilities	**$ (1)**	**$ (4,385)**

During the nine months ended December 31, 2021, and 2020, the effective tax rate was equal to 11.0% and 15.8%, respectively.

Net operating loss carryforwards as of December 31, 2021, and March 31, 2021, were $2,034 and $2,104, respectively, and are subject to income tax in Uzbekistan.

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

NOTE 9 – SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

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

	December 31, 2021			
	Interest rates and remaining contractual maturity of the agreements			
	Average interest rate	Up to 30 days	30-90 days	Total
Securities sold under repurchase agreements				
Corporate debt	9.92 %	$ 365,625	$ —	$ 365,625
Non-U.S. sovereign debt	9.84 %	336,383	—	336,383
US sovereign debt	0.36 %	4,399	—	4,399
Corporate equity	8.23 %	3,877	—	3,877
Total		**$ 710,284**	**$ —**	**$ 710,284**

	March 31, 2021			
	Interest rate and remaining contractual maturity of the agreements			
	Average interest rate	Up to 30 days	30-90 days	Total
Securities sold under repurchase agreements				
Non-US sovereign debt	9.28 %	$ 229,812	$ —	$ 229,812
Corporate debt	9.27 %	189,337	—	189,337
Corporate equity	3.78 %	5,757	—	5,757
US sovereign debt	0.40 %	1,809	—	1,809
Total securities sold under repurchase agreements		**$ 426,715**	**$ —**	**$ 426,715**

The fair value of collateral pledged under repurchase agreements as of December 31, 2021, and March 31, 2021, was $711,850 and $426,669, respectively.

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

NOTE 10 – CUSTOMER LIABILITIES

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

	December 31, 2021	March 31, 2021
Brokerage customers	$ 879,598	$ 938,086
Banking customers	265,472	225,611
Total	**$ 1,145,070**	**$ 1,163,697**

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

As of December 31, 2021, banking customer liabilities consisted of current accounts and deposits of $129,409 and $136,063, respectively. As of March 31, 2021, banking customer liabilities consisted of current accounts and deposits of $133,493 and $92,118, respectively.

NOTE 11 – TRADE PAYABLES

Trade payables of the Company is comprised of the following:

	December 31, 2021	March 31, 2021
Margin lending payable	$ 45,990	$ 20,120
Payables to suppliers of goods and services	4,307	1,708
Trade payable for securities purchased	516	264
Other	218	212
Total	**$ 51,031**	**$ 22,304**

On December 31, 2021, and March 31, 2021, trade payables due to a single related party were $41,801 or 82% and $13,810 or 62%, respectively.

NOTE 12 – SECURITIES SOLD, NOT YET PURCHASED – AT FAIR VALUE

As of December 31, 2021, and March 31, 2021, the Company's securities sold, not yet purchased at fair value was $15,167 and $8,592, respectively.

During the nine months ended December 31, 2021, the Company sold shares that were not owned by it in the amount of $6,285 and closed short positions in the amount of $23. During the nine months ended December 31, 2021, the Company recognized a loss on the change in the fair value of financial liabilities in the amount of $313 in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

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

NOTE 13 – LOANS RECEIVED

Loans received by the Company includes:

Company	Lender	December 31, 2021	March 31, 2021	Interest Rate	Term	Maturity dates
Freedom Holding Corp.	Non-Bank	$ 3,497	$ 3,373	5.00 %	26 months	12/31/22
Total		**$ 3,497**	**$ 3,373**			

As of December 31, 2021, non-bank loans received were unsecured. As of December 31, 2021, and March 31, 2021, accrued interest on the loans totaled $97 and $73, respectively.

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

NOTE 14 – DEBT SECURITIES ISSUED

Outstanding debt securities of the Company include the following:

	December 31, 2021	March 31, 2021
Debt securities issued denominated in USD	$ 97,541	$ 60,743
Debt securities issued denominated in RUB	6,730	6,605
Accrued interest	1,092	1,095
Total	**$ 105,363**	**$ 68,443**

As of December 31, 2021, and March 31, 2021, the Company's outstanding debt securities had fixed annual coupon rates ranging from5.5% to 12% and maturity dates ranging from February 2022 to November 2026. The Company's debt securities include $34,000 of Freedom RU notes issued in November 2021. The Freedom RU notes denominated in U.S. dollars, bear interest at an annual rate of 5.50% and are due in November 2026. The Freedom RU notes were issued under Russian Federation law and trade on the Moscow Stock Exchange. The Company's debt securities include $20,498 of FRHC notes issued from December 2019 to February 2020. The FRHC notes denominated in U.S. dollars, bear interest at an annual rate of 7.00% and are due in December 2022. The FRHC notes were issued under Astana International Financial Centre law and trade on the AIX. The Company's debt securities also include $13,000 of Freedom SPC bonds issued in October 2021. The Freedom SPC bonds are denominated in U.S. dollars, bear interest at an annual rate of 5.50% and are due in October 2026. The Freedom SPC bonds were issued under Astana International Financial Centre law and trade on the AIX. FRHC is a guarantor of the Freedom SPC bonds. The proceeds from Freedom SPC bonds were loaned to FRHC pursuant to a loan agreement dated November 22, 2021. The interest rate of the loan agreement is 5.5% per annum. Interest payments are duly semi-annually in April and October. Repayment of the loan is due October 2026.

On May 29, 2021 the Company retired U.S. dollar denominated8% Freedom KZ bonds that had a carrying value of $10,477 including interest accrued of $274 as of March 31, 2021

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

NOTE 15 – NET GAIN ON TRADING SECURITIES

Net gain on trading securities is comprised of:

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
Net gain recognized during the period on trading securities sold during the period	$ 39,658	$ 11,462
Net unrealized (loss)/gain recognized during the reporting period on trading securities still held at the reporting date	(39,255)	7,482
Net gain recognized during the period on trading securities	**$ 403**	**$ 18,944**

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

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2020
Net gain recognized during the period on trading securities sold during the period	$ 189,193	$ 28,635
Net unrealized (loss)/gain recognized during the reporting period on trading securities still held at the reporting date	(3,639)	7,695
Net gain recognized during the period on trading securities	**$ 185,554**	**$ 36,330**

As of December 31, 2021, and March 31, 2021, the Company held in its proprietary trading portfolio shares SPBX at fair value of $40,258 and $18,408, respectively.

During the three months ended December 31, 2021, the Company exchanged approximately 1,000,000 shares of its stock of SPBX for units in the closed-end unit investment combined fund "SPB fund" (the "SPBX ETF") and sold those SPBX ETF units to approximately 490 investors through placement agents for net proceeds of $11,338. Additionally, during the three months ended December 31, 2021, the Company sold approximately 2,423,000 shares of SPBX to the market for net proceeds of $32,858. As a result, during the three months ended December 31, 2021, the Company recognized net gain on trading securities sold of $39,658, which included $36,079 of unrealized net gain recognized during previous periods that was reclassified to realized gain during the three months ended December 31, 2021.

During the nine months ended December 31, 2021, the Company exchanged approximately 12,500,000 shares of its stock of SPBX for units in the SPBX ETF. During the nine months ended December 31, 2021, the Company sold its SPBX ETF units to approximately 15,490 investors through placement agents for net proceeds of $167,011. Additionally, during the three months ended December 31, 2021, the Company sold approximately 2,423,000 shares of SPBX to the market for net proceeds of $32,858. As a result, during the nine months ended December 31, 2021, the Company recognized net gain on trading securities sold of $189,193, which included $177,146 of realized gain from the sale of the SPBX ETF and SPBX shares.

NOTE 16 – RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2021, and 2020, the Company earned commission income from related parties in the amounts of $83,831 and $56,243, respectively. During the nine months ended December 31, 2021, and 2020, the Company earned commission income from related parties in the amounts of $234,247 and $128,200, respectively. Commission income earned from related parties is comprised primarily of brokerage commissions and commissions for money transfers by brokerage clients.

During the three months ended December 31, 2021, and 2020, the Company paid commission expense to related parties in the amount of $3,823 and $6,139, respectively. During the nine months ended December 31, 2021, and 2020, the Company paid commission expense to related parties in the amount of $14,350 and $10,381, respectively.

During the three months ended December 31, 2021, and 2020, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of $385 and $0, respectively. During the nine months ended December 31, 2021, and 2020, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of $951 and $0, respectively.

As of December 31, 2021, and March 31, 2021, the Company had cash and cash equivalents held in brokerage accounts of related parties totaling $22,863 and $12,256, respectively.

As of December 31, 2021, and March 31, 2021, the Company had bank commission receivables and receivables from brokerage clients from related parties totaling $62 and $962, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of December 31, 2021, and March 31, 2021, the Company had margin lending receivables with related parties totaling $159,047 and $9,886, respectively.

As of December 31, 2021, and March 31, 2021, the Company had margin lending payables to related parties, totaling $41,801 and $13,810, respectively.

As of December 31, 2021, and March 31, 2021, the Company had accounts payable due to a related party totaling $438 and $339, respectively.

As of December 31, 2021, and March 31, 2021, the Company had financial liability with related parties totaling $1,712 and $1,707, respectively.

As of December 31, 2021, and March 31, 2021, the Company had customer liabilities to related parties totaling $210,514 and $327,610 respectively.

As of December 31, 2021, and March 31, 2021, the Company had restricted customer cash deposited in current and brokerage accounts with related parties in the amounts of $195,824 and $156,878.

During the nine months ended December 31, 2021, the Company purchased loans in the aggregate amount of $29,020 and sold back loans totaling $6,828 to a related party microfinance organization. As of December 31, 2021, the Company held outstanding loans purchased from the microfinance organization totaling $16,802, net of an allowance of $727.

In July 2021, to comply with certain foreign ownership restrictions relating to registered Ukrainian broker-dealers, the Company sold 23.88% of the outstanding equity interest of Freedom UA to Askar Tashtitov, the Company's president, for $416. For additional information regarding this transaction, see Note 1 – Description of Business.

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

NOTE 17 – STOCKHOLDERS' EQUITY

During the nine months ended December 31, 2021, non-qualified stock options to purchase 60,000 shares were exercised at a strike price of $1.98 per share for total proceeds of $119. During the nine months ended December 31, 2020, no outstanding nonqualified stock options were exercised.

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

On December 30, 2020, the Company awarded restricted stock grants in the amount of 15,000 shares of its common stock to three employees. Of the 15,000 shares awarded pursuant to the restricted stock grant awards, 4,500 shares are subject to one-year vesting conditions, 4,500 shares are subject to two-year vesting conditions and 6,000 shares are subject to three-year vesting conditions.

The Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of $4,561 and $11,283 during the three and nine months ended December 31, 2021, respectively. During the three and nine months ended December 31, 2020, the Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of $35 and $1,090, respectively.

NOTE 18 – STOCK BASED COMPENSATION

During the nine months ended December 31, 2021, a total of 1,031,500 restricted shares were awarded to key employees. The compensation expense related to restricted stock grants was $4,561 during the three months ended December 31, 2021, and $31 during three months ended December 31, 2020. The compensation expense related to restricted stock grants was $11,283 during the nine months ended December 31, 2021, and $978 during the nine months ended December 31, 2020. As of December 31, 2021, there was $28,899 of total unrecognized compensation cost related to non-vested shares of common stock granted. The cost is expected to be recognized over a weighted average period of 4.36 years.

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

The Company has determined the fair value of restricted shares awarded during the nine months ended December 31, 2021 using the Monte Carlo valuation model based on the following key assumptions:

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

The table below summarizes the activity for the Company's restricted stock outstanding during the nine months ended December 31, 2021:

	Shares	Weighted Average Fair Value
Outstanding, at March 31, 2021	15,000	$ 775
Granted	1,031,500	39,465
Vested	—	—
Forfeited/cancelled/expired	—	—
Outstanding, at December 31, 2021	1,046,500	$ 40,240

During the nine months ended December 31, 2021 and 2020, no stock options were awarded. Total compensation expense related to outstanding options was $0 for the three and nine months ended December 31, 2021, and $54 and $162, for the three and nine months ended December 31, 2020, respectively.During the nine months ended December 31, 2021, options to purchase a total of 60,000 shares were exercised.

The Company has determined the fair value of such stock options using the Black-Scholes option valuation model based on the following key assumptions:

Term (years)	3
Volatility	165.33 %
Risk-free rate	1.66 %

Stock-based compensation expense for the cost of the awards granted is based on the grant-date fair value. For stock option awards, the fair value is estimated at the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. Additionally, there may be other factors that would otherwise have a significant effect on the value of employee stock options granted but are not considered by the model. Accordingly, while management believes that the Black-Scholes option-pricing model provides a reasonable estimate of fair value, the model does not necessarily provide the best single measure of fair value for the Company's employee stock options.

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

The following is a summary of stock option activity for the nine months ended December 31, 2021:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding, March 31, 2021	60,000	$ 1.98	6.52	$ 3,083,000
Granted	—	—	—	—
Exercised	(60,000)	1.98	6.52	3,742,000
Forfeited/cancelled/expired	—	—	—	—
Outstanding, at December 31, 2021	—	—	0	$ —
Exercisable, at December 31, 2021	—	$ —	0	$ —

NOTE 19 – LEASES

The Company determines whether a contract contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When 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 December 31, 2021:

	Classification on Balance Sheet	December 31, 2021
Assets		
Operating lease assets	Right-of-use assets	$ 17,830
Total lease assets		$ 17,830
Liabilities		
Operating lease liability	Operating lease obligations	$ 17,573
Total lease liability		$ 17,573

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

Lease obligations at December 31, 2021, consisted of the following:

Twelve months ending March 31,		
2022	$	2,373
2023		8,551
2024		4,437
2025		2,906
2026		1,973
Thereafter		550
Total payments		20,790
Less: amounts representing interest		(3,217)
Lease liability, net	**$**	**17,573**
Weighted average remaining lease term (in months)		26
Weighted average discount rate		12 %

Lease commitments for short term operating leases as of December 31, 2021, are approximately $606. The Company’s rent expense for office space was $386 and $1,123 for the three and nine months ended December 31, 2021, and $656 and $827 for the three and nine months ended December 31, 2020, respectively.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Freedom Bank KZ is a party to certain off-balance sheet financial instruments. These financial instruments include guarantees and unfunded commitments under existing lines of credit. These commitments expose the Company to varying degrees of credit and market risk which are essentially the same as those involved in extending loans to customers, and are subject to the same credit policies used in underwriting loans. Collateral may be obtained based on the Company’s credit evaluation of the counterparty. The Company’s maximum exposure to credit loss is represented by the contractual amount of these commitments.

Unfunded commitments under lines of credit

Unfunded commitments under lines of credit include commercial, commercial real estate, home equity and consumer lines of credit to existing customers. These commitments may mature without being fully funded.

Unfunded commitments under lines of guarantees

Unfunded commitments under lines of guarantees are conditional commitments issued by the Company to provide bank guarantees to a customers. These commitments may mature without being fully funded.

Bank guarantees

Bank guarantees are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support trade transactions or guarantee arrangements. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loan facilities to customers. A significant portion of the issued guarantees are collateralized by cash. Total lending related commitments outstanding at December 31, 2021, were as follows:

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

	As of December 31, 2021	As of March 31, 2021
Bank guarantees	$ 5,232	$ 6,594
Unfunded commitments under lines of credits and guarantees	10,142	182
	$ 15,374	**$ 6,776**

NOTE 21 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through the time of filing this quarterly report on Form 10-Q with the SEC. During this period the Company did not have any additional material recognizable subsequent events.

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

The following discussion and analysis is intended to assist you in understanding our results of operations and our present financial condition. Our unaudited condensed consolidated financial statements and the accompanying notes included in this quarterly report on Form 10-Q contain additional information that should be referred to when reviewing this material and this document should be read in conjunction with our financial statements and the related notes contained elsewhere in this report and in our other filings with the SEC including our annual report on Form 10-K filed with the SEC on June 15, 2021.

The following discussion contains forward-looking statements based on assumptions and estimates and is subject to risks and uncertainties. Our future results could differ materially from those discussed below. See "Special Note About Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements.

Special Note About Forward-Looking Information

All statements other than statements of historical fact included herein and in the documents incorporated by reference in this quarterly report on Form 10-Q, if any, including without limitation, statements regarding our future financial position, business strategy, potential acquisitions, budgets, projected costs, and plans and objectives of management for future operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "should," "strategy," "will," "would," and other similar expressions and their negatives.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which may be beyond our control. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, and actual results could differ materially as a result of various factors. The following include some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- general economic and political conditions globally and in the particular markets where we operate;
- declines in global financial markets;
- trading volumes and demand for brokerage services in our key markets;
- changes in our relationships or arrangements with related parties and third party service providers;
- the impacts of the COVID-19 pandemic, including viral variants, future outbreaks and the effectiveness of measures implemented to contain its spread;
- a lack of liquidity, e.g., access to funds or funds at reasonable rates for use in our businesses;
- the inability to meet regulatory capital or liquidity requirements;
- increased competition, including downward pressures on commissions and fees;
- risks inherent to the brokerage, banking and market making businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- failure to protect or enforce our intellectual property rights in our proprietary technology;
- risks associated with being a "controlled company" within the meaning of the rules of Nasdaq;
- the loss of key executives or failure to recruit and retain personnel;
- our ability to keep up with rapid technological change;
- information technology, trading platform and other system failures, cyber security threats and other disruptions;
- losses caused by non-performance by third parties;
- decreased profitability if loan payment delinquencies in our lending portfolio increase;
- losses (whether realized or unrealized) on our investments;
- our inability to integrate any businesses we acquire or otherwise adapt to expansion and rapid growth in our business;
- risks inherent in doing business in Russia and the other developing markets in which we do business;
- the impact of tax laws and regulations, and their changes, in any of the jurisdictions in which we operate;
- non-compliance with laws and regulations in each of the jurisdictions in which we operate, particularly those relating to the securities and banking industries;
- the creditworthiness of our trading counterparties, and banking and margin customers;
- litigation and regulatory liability;

- unforeseen or catastrophic events, including the emergence of pandemics, terrorist attacks, extreme weather events or other natural disasters, military conflict, political discord and social unrest; and
- other factors discussed in this report, as well as in our annual report on Form 10-K filed with the SEC on June 15, 2021 and our quarterly report on Form 10-Q filed with the SEC on November 8, 2021.

Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not place undue reliance on forward-looking statements. Forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management and apply only as of the date of this report or the respective dates of the documents from which they incorporate by reference. Neither we nor any other person assumes any responsibility for the accuracy or completeness of forward-looking statements. Further, except to the extent required by law, we undertake no obligations to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, made by us or on our behalf, are also expressly qualified by these cautionary statements.

Overview

Freedom Holding Corp. is a holding company that owns and operates several diversified financial services businesses. Our subsidiaries engage in a broad range of activities in the financial services industry, including full-service retail securities brokerage, banking services, investment research and advisory services, securities trading, investment banking, retail banking, underwriting services and market making activities in Eurasia. We are headquartered in Almaty, Kazakhstan, with supporting administrative offices in Russia, Cyprus and the United States of America.

Our subsidiaries are professional participants on the Kazakhstan Stock Exchange (KASE), Astana Stock Exchange (AIX), Moscow Exchange (MOEX), Saint-Petersburg Exchange (SPBX), the Ukrainian Exchange (UX), the Republican Stock Exchange of Tashkent (UZSE), the Uzbek Republican Currency Exchange (UZCE) and a member of the New York Stock Exchange (NYSE) and Nasdaq Stock Exchange (Nasdaq). Our Cyprus office provides our clients with operations support and access to the investment opportunities, relative stability, and integrity of the U.S., European and Asian securities markets, which under the regulatory regimes of many jurisdictions where we operate, provide only limited or no direct investor access to international securities markets.

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

As of December 31, 2021, we were the largest securities broker in Kazakhstan based on volume, revenues and number of clients for transactions on the KASE, according to National Bank of Kazakhstan and were recently recognized as the top investment bond bookrunner in Kazakhstan for 2021 by Cbonds. As of December 31, 2021, we were the ninth largest retail broker in Russia based on MOEX data. On December 21, 2021, S&P Global Ratings (“S&P”) assigned its “B/Stable/B” issuer credit rating to each of Freedom EU, Freedom RU, Freedom KZ and Freedom Global and on January 26, 2022, S&P assigned its “B/Stable/B” issuer credit rating to Freedom Bank KZ, while maintaining its Kazakhstan national scale rating of “kzBB+”.

As of December 31, 2021, we provided our retail brokerage services through 103 offices that provide brokerage, banking and other financial services, investment consulting and education, including (43) in Russia, (32) in Kazakhstan, (15) in Ukraine, (8) in Uzbekistan, and (1) in each of Cyprus, Germany, Kyrgyzstan, Azerbaijan and Armenia. In the United States we own PrimeEx a floor broker on the NYSE with an international clientele, but to date Freedom EU does not have an account with or conduct trading activities with PrimeEx. PrimeEx recently received approval to provide certain capital markets and investment banking activities in the U.S. We have representative offices of Freedom EU in Greece and

Spain. We also have a subsidiary in the United Kingdom which has applied for a brokerage license. In Russia (32) of our retail brokerage and financial services offices also provide banking services to our customers. During the quarter ended December 31, 2021, Freedom Bank RU received a universal banking license, which will allow Freedom Bank RU to offer services to customers outside of Russia, as well as, expanding the types of services it can offer. We operate a significant online and mobile banking presence, in particular through our proprietary “Tradernet” online securities trading platform and social network. Our Freedom EU subsidiary in Cyprus serves our Cypriot and emerging European clientele as well as servicing for international trading originating in Russia and Kazakhstan.

All of our securities broker dealer activities are subject to extensive regulation in the various jurisdiction where they conduct business. Freedom RU is a member of the Russian National Association of Securities Market Participants (“NAUFOR”), a statutory self-regulatory organization with wide responsibility in regulation, supervision and enforcement of its broker-dealer, investment banking, commercial banking and other member firms in Russia. Freedom Bank RU is a member of the National Financial Association in Russia. In Kazakhstan, Freedom KZ and Freedom Bank KZ are members of the Association of Financiers of Kazakhstan. Freedom UA is a member of the Professional Association of Capital Market participants and Derivatives (“PARD”) in Ukraine. Freedom EU is a member of the Association for Financial Markets in Europe (“AFME”).

We have experienced recent rapid growth in our business over a short period. Our number of total client accounts increased from approximately 140,000 as of March 31, 2020 to approximately 290,000 as of March 31, 2021, to approximately 370,000 as of December 31, 2021. As of December 31, 2021, more than 60% of those client accounts carried positive cash or asset account balances. Internally, we designate “active accounts” as those in which at least one transaction occurs per quarter. For the three months ended December 31, 2021, we had approximately 100,000 active accounts. Our total assets increased by 82% to approximately $2.7 billion as of December 31, 2021 from approximately $1.5 billion as of December 31, 2020. In addition, we have made several recent significant acquisitions, including the acquisitions of Zerich Capital Management (“Zerich”) in July 2020, which was merged into Freedom RU in December 2020; and Freedom Bank KZ and PrimeEx both in December 2020. Our strategy includes making other acquisitions to grow our business.

Key Factors Affecting Our Results of Operations

Our operations have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors affecting our business and the results of operations include, in particular: the business environment in which we operate, the growth of retail brokerage activity in our key markets, the impact of COVID-19, governmental polices and acquisitions. Each of these factors is discussed in more detail below.

Business Environment

Financial services industry performance is closely correlated to economic conditions and financial market activity. Market conditions and activity are a product of many variables, most of which are generally beyond our control and unpredictable. These factors may affect the financial and investing decisions of our clients, including their level of participation in the financial markets and use of our services. Our clients’ financial decisions can directly affect our business.

Growth of Retail Brokerage Activity In Our Key Markets

The retail brokerage markets in Russia and Kazakhstan, our two main markets, have grown rapidly in recent years. This growth has had a significant positive effect on our results of operations in recent periods. According to the Moscow Exchange (based on data provided by NAUFOR), the number of retail clients on the MOEX increased from approximately $11.1 million as of March 31, 2021 to $16.8 million as of December 31, 2021. According to the MOEX, the rapid growth in retail securities investing in Russia has been driven by a number of factors, including among others the extension of trading hours on the MOEX and regulatory changes that have stimulated retail participation in the Russian financial market. In particular: in 2015, tax-advantaged individual investment accounts for private investors were introduced; in 2021, individual investment accounts became more relevant when bond coupons and interest on deposit (principal greater than RUB 1 million) became taxable; a tax exemption applies to capital gains on securities held for three or more years (up to RUB 9 million) for securities purchased after January 1, 2014; and retail investors are now able to remotely open brokerage accounts (which is particularly important in Russia’s remote regions). According to data from the KASE, the number of active accounts of retail investors on the KASE equity market increased from approximately 150.2 thousand in March 2021 to 218.3 thousand in December 2021.

Impact of COVID-19

The COVID-19 pandemic has affected the global financial markets. The pandemic has resulted in unprecedented global market conditions that have led to significant growth in our customer accounts, as well as increased activity from our existing customers, resulting in higher fee and commission income. These market conditions have also resulted in significant gains in our investment portfolio.

We continue to monitor conditions surrounding COVID-19, as well as economic and capital market conditions. We continue to follow the enhanced cleaning practices and other measures employed in our offices and retail locations in response to local health mandates. We have limited essential business travel and implemented practices to ensure that exposed employees, or those displaying symptoms of COVID-19, self-quarantine. In spring 2020, we transitioned the vast majority of our workforce to work remotely, with only essential employees working in the office. Where dictated by local health mandates, or as seems prudent to local management, this practice continues. As the pandemic continues to evolve, we regularly evaluate protocols and process in place to meet local health mandates. There have been no material disruptions to our business or processes to date as a result of these changes.

We believe that as a result of the intervention from banks and governments in response to the COVID-19 pandemic, the prospects and the subsequent introduction of viable vaccines, and increased time people have spent at home during the pandemic, there has been a corresponding opportunity and optimism in opening investment accounts and investing in financial markets worldwide, particularly in the U.S. capital markets, and in the non-U.S. markets where we operate. The increased levels of client activity combined with greater market volatility have led to significant growth in our client accounts, trading volume, commission and fee income and net income during the fiscal year ended March 31, 2021, and the nine months ended December 31, 2021.

While the overall impact of COVID-19 has been largely positive for our business during the quarters ended December 31, 2021 and 2020, its future impacts on our business, operational and financial performance is uncertain. Developments such as the duration and severity of future outbreaks of the same or different strains of the disease, such as the delta, omicron or other variants, the effectiveness of vaccines, new or additional measures implemented by governments, might impact our customers and employees, the financial markets, the global economy and the economies of the countries in which we operate. Because of these uncertainties, we cannot determine the future impacts of the pandemic on our business.

Governmental Policies

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

Acquisitions

Historically we have been active in pursuing inorganic growth through mergers and acquisitions. We expect this trend to continue in the future. We have made five acquisitions in the past four years, one of which was of a U.S. company (PrimeEx), two of which were of Russian companies (LLC Nettrader, and Zerich, which was merged into Freedom RU) and two of which were of Kazakhstani companies (Asyl Invest and Freedom Bank KZ). We anticipate making future acquisitions with a focus on enhancing or expanding our financial services offerings. We anticipate that we will continue to acquire financial services-related companies in the Commonwealth of Independent States (CIS) region, on an opportunistic basis. In December 2020, we established a presence in the United States with our acquisition of PrimeEx, an NYSE floor broker servicing sell-side institutional clients, that recently received regulatory approval to expand its services offering to include certain capital markets and investment banking activities. As part of our strategy, we will be exploring potential opportunities to acquire buy-side institutional brokers, investment research firms, investment banking and securities clearing firms in the United States, to enhance our international financial services offering. We anticipate that our acquisition of any company operating in the financial services industry in the United States will be subject to prior regulatory approval. Currently our strategy in the U.S. is to focus on expansion mainly in the institutional investor segment with a potential expansion in the retail segment in the medium-term and long-term future.

Planned Acquisitions

We are in the process of acquiring two insurance companies in Kazakhstan, JSC Life Insurance Company Freedom Finance Life, a life insurance company ("Freedom Life"), and Insurance Company Freedom Finance, a direct insurance carrier, excluding life, health and medical, ("Freedom Insurance"). Each of these companies is currently wholly owned by our controlling shareholder, Chairman and CEO, Timur Turlov. We have agreed with Mr. Turlov to acquire these companies from him at the historical cost paid by him plus amounts he has contributed as additional paid in capital since his purchase. These companies were not initially acquired directly by us because at the time they were put on the market for sale by their prior owner they did not have audit reports conforming to U.S. GAAP standards and had not demonstrated sustained profitability. We do not consider our planned acquisition of these two insurance companies collectively to be a material acquisition based on their size relative to the size of our group. These acquisitions require prior regulatory approval in Kazakhstan, which we are currently pursuing but which has not yet been granted. We plan to complete these acquisitions as soon as reasonably practicable following receipt of regulatory approval and execution of definitive acquisition agreements.

We have also agreed to purchase Asset Management Company Vostok-Zapad (East-West) Limited ("Vostok"), an asset management firm operating in Moscow, Russia, with assets under management of approximately $690 million. Vostok manages 13 mutual funds, including both open-end and closed-end funds. A number of the mutual funds are listed for trading on the SPBX, KASE and MOEX. We are also in the process of acquiring PayBox Technologies, and Ticketon.kz. PayBox is headquartered in Kazakhstan and operates regional payment aggregator platforms in Kazakhstan, Russia, Uzbekistan and Kyrgyzstan that provide businesses and consumers the ability to accept payments online and at point-of-sale locations using all major credit and debit methods. Ticketon.kz is a Kazakhstani online entertainment, cultural and recreational event ticketing system organized in 2011. It currently has locations in 21 cities with 150 connected facilities and is expanding its operations into Tajikistan, Uzbekistan and Kyrgyzstan. We do not consider our planned acquisitions of Vostok, PayBox or Ticketon.kz to collectively be material acquisitions based on their size relative to the size of our group. We plan to complete these acquisitions as soon as reasonably practicable following execution of definitive acquisition agreements and necessary approvals.

While we believe that it is probable that the above planned acquisitions will be completed in the near future, there can be no assurance that this will be the case.

New Banking Products

Digital Mortgage

Digital mortgage is a new product launched by Freedom Bank KZ in July 2021, that allows customers in Kazakhstan to apply for and complete the residential mortgage loan process online. This service significantly speeds up the mortgage registration process. Moreover, there is no cost to the customer to complete the initial online assessment. As of December 31, 2021, 615 digital mortgage loans have been approved and issued in the aggregate amount of $22,233.Approval of all loans is carried out by Freedom Bank KZ. Since the launch of the digital mortgage product, nearly 59,000 online assessments have been submitted through Freedom Bank KZ's digital mortgage portal.

Invest Card

Freedom Bank KZ has also successfully developed and launched its "Invest card" product. Invest cards offer features unique to the Kazakhstani market, including the ability to quickly and conveniently transfer money to and from a customer's investment accounts, around-the-clock access to the customer's brokerage accounts, instant card issuance upon approval, instant replenishment and payment for purchases without commissions, and daily interest of up to 3% per annum in U.S. dollars on the outstanding balance on the card.

Key Income Statement Line Items

Revenue

We derive revenue primarily from fee and commission income earned from our retail brokerage and banking clients, fee and commission income from investment banking services, our proprietary trading activities and interest income. Fee and commission income as a percentage of our total revenue was 84% and 74% in the three month periods ended December 31, 2021 and 2020, and 58% and 76% in the nine month periods ended December 31, 2020 and 2021, respectively.

Fee and Commission Income

Fee and commission income consists principally of brokerage fees from customer trading, including fees charged for providing marginal lending and related banking services, and fees for underwriting, market making and consulting services. A substantial portion of our revenue is derived from commissions from clients through accounts with transaction based pricing. Brokerage commissions are charged on investment products in accordance with a schedule we have formulated that aligns with local practices. Retail brokerage service fee and commission income as a percentage of our total fee and commission income was 75% and 67% in the three month periods ended December 31, 2021 and 2020, respectively and 52% and 68% in the nine month periods ended December 31, 2021 and 2020, respectively. Fees received for banking services consist primarily of wire transfer fees, commissions for payment processing and commissions for currency exchange operations. The following table presents our fee and commission income as a percentage of our total revenue by type for the periods presented.

	Three months ended December 31,		**Nine months ended December 31,**	
	2021	**2020**	**2021**	**2020**
	(as a % of total revenue)			
Retail brokerage fee and commission income	75 %	67 %	52 %	68 %
Investment banking fee and commission income	2 %	2 %	1 %	3 %
Commission from bank services	4 %	3 %	2 %	4 %
Other fee and commission income	3 %	2 %	2 %	2 %
Total fee and commission income as a percentage of total revenue	84 %	74 %	58 %	76 %

Net Gain on Trading Securities

Net gain on trading securities reflects the gains and losses from our proprietary trading activities. Net gains or losses are comprised of realized and unrealized gains and losses. Gains or losses are realized when we close a position in a security and realize a gain or a loss on that position. U.S. GAAP requires that we reflect in our financial statements unrealized gains and losses on all our securities trading positions that remain open as of the end of each period. Fluctuations in unrealized gains or losses from one period to another may result from factors within our control, such as when we elect to close an open securities position, which would have the effect of reducing our open positions and, thereby potentially reducing or increasing the amount of unrealized gains or losses in a period. Changes in unrealized gains and losses from period to period may also occur as a result of factors beyond our control, such as fluctuations in the market prices of the open securities positions we hold. This may adversely affect the ultimate value we realize from these investments. Unrealized gains or losses in a particular period may or may not be indicative of the gain or loss we will realize on a securities position when the position is closed. As a result, we may realize significant swings in gains and losses realized on our trading securities year-over-year and quarter-to-quarter.

Interest Income

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

Fee and Commission Expense

We incur fee and commission expense for operations within our brokerage and banking activities. Fee and commission expense consists of expenses related to brokerage, banking, stock exchange, clearing and depository services. Generally, we expect fee and commission expense to increase and decrease corresponding to increases and decreases in fee and commission income.

Interest Expense

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

Operating Expense

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

Foreign Currency Translation Adjustments, Net of Tax

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

Net Income/(Loss) Attributable to Noncontrolling Interest

We own a 9% interest in Freedom UA. The remaining 91% interest is owned by Askar Tashtitov, the president of our Company. Through a series of agreements entered into with Freedom UA that obligate us to guarantee the performance of all Freedom UA obligations, provide Freedom UA adequate funding to cover its operating losses and net capital requirements, provide the management competence and operational support and ongoing access to our significant assets, technology resources and expertise in exchange for 90% of all net profits of Freedom UA after tax, we account for Freedom UA as a variable interest entity. We reflect our ownership of Freedom UA as a noncontrolling interest in our consolidated statements of financial condition, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows. Prior to July 2021 we owned approximately 32.9% of Freedom UA, but due to recent changes to Ukrainian regulations to further restrict foreign ownership of registered Ukrainian broker-dealers, in July 2021 we were required to sell approximately 23.9% of our equity interest in Freedom UA to Mr. Tashtitov (which sale was for US$0.4 million), reducing our direct ownership interest in Freedom UA to approximately 9%.

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

Results of Operations

Comparison of Three-month Periods Ended December 31, 2021 and 2020

The following comparison of our financial result for the three-month periods ended December 31, 2021 and 2020, is not necessarily indicative of future results.

Revenue

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

	Three months ended December 31,					
	2021		2020		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission income	$ 122,237	84	$ 74,333	74	$ 47,904	64
Net gain on trading securities	403	—	18,944	19	(18,541)	(98)
Interest income	22,907	16	7,374	7	15,533	211
Net gain on foreign exchange operations	451	—	(1,413)	(1)	1,864	(132)
Net loss on derivatives	(314)	—	995	1	(1,309)	(132)
Total revenue, net	$ 145,684	100	$ 100,233	100	$ 45,451	45

For the three months ended December 31, 2021, we realized total net revenue of $145,684, a 45% increase compared to three months ended December 31, 2020. Revenue during the three months ended December 31, 2021, was significantly higher than the three months ended December 31, 2020, primarily due to increased fee and commission income and interest income, which was partially offset by decreased net gain on trading securities.

Fee and commission income. During the three months ended December 31, 2021, fee and commission income was $122,237, an increase of $47,904, or 64%, as compared to fee and commission income of $74,333 for the December 31, 2020. This increase in fee and commission income was primarily attributable to a $42,137 increase in fees and commission from brokerage services. The increase in fee and commission income from brokerage services was attributable to a number of factors including: growth in client accounts through acquisitions (inorganic) and organic efforts including expansion of our retail financial advisers and increases in the volume of analysts' reports made available to our customer base; and significantly increased trading volume and client activity stemming from government and bank interventions and other events in response to the COVID-19 pandemic and the resulting increased market volatility and economic uncertainty.

Net gain on trading securities. Net gain on trading securities was $403 for the three months ended December 31, 2021, as compared to $18,944 for the three months ended December 31, 2020. See the following table for information regarding our net gains and losses during the three months ended December 31, 2021 and 2020:

	Realized Net Gain	Unrealized Net (Loss)/Gain	Net Gain
Quarter ended December 31, 2021	$ 39,658	$ (39,255)	$ 403
Quarter ended December 31, 2020	$ 11,462	$ 7,482	$ 18,944

During the quarter ended December 31, 2021, we exchanged approximately 1,000,000 shares of stock in the SPBX we held in our proprietary trading account for units in the SPBX ETF. The main contributing factors to the increase in realized net gain on trading securities during the three months ended December 31, 2021, compared to the three months ended December 31, 2020, was the sale of those SPBX ETF units and the sale of other SPBX shares we held. As a result, for the three months ended December 31, 2021, we recognized net gain on trading securities sold of $39,658, which included $36,079 of unrealized net gain recognized during previous periods that was reclassified to realized net gain during the quarter ended December 31, 2021.

Interest income. During the three months ended December 31, 2021, we recognized a $15,533, or 211%, increase in interest income as compared to the three months ended December 31, 2020. We recognized a $14,698, or 228%, increase in interest income from trading securities for the three months ended December 31, 2021, as compared to the three months ended December 31, 2020, due to increases in the total size of our trading portfolio and an increase in the amount of bonds we held as a percentage of our total trading portfolio. We had a $182, or 35%, decrease in interest income from reverse repurchase transactions for the three months ended December 31, 2021, as compared to the three months ended December 30, 2020.

Net gain on foreign exchange operations. For the three months ended December 31, 2021, we realized a net gain on foreign exchange operations of $451, as compared to a net loss of $1,413 during the three months ended December 31, 2020. During the three months ended December 31, 2021, the value of the Russian ruble depreciated by 2% against the U.S. dollar and the Kazakhstani tenge depreciated by 1.4% against the U.S. dollar. Freedom KZ recognized a net loss on foreign exchange operations of $80 in U.S. dollar denominated direct repurchase agreement obligations. As a result of the depreciation of the Kazakhstani tenge against the Russian ruble by approximately 1.1% our subsidiary Freedom RU recognized a net loss on foreign exchange operations of $750 on Kazakhstani tenge denominated trading securities. In addition, due to a higher volume of cash and non-cash operations, we recognized a $1,300 gain on purchases and sales of foreign currency for the three months ended December 31, 2021, as compared to a net loss of $1,413 on purchases and sale of foreign currency for the three months ended December 31, 2020.

Expense

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

	Three months ended December 31,					
	2021		2020		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission expense	$ 22,716	24	$ 20,278	40	$ 2,438	12
Interest expense	20,799	22	6,649	13	14,150	213
Operating expense	50,496	54	21,921	44	28,575	130
Provision for impairment losses	45	—	1,109	2	(1,064)	(96)
Other (income)/expense, net	(64)	—	244	—	(308)	(126)
Total expense	$ 93,992	100	$ 50,201	100	$ 43,791	87

For the three months ended December 31, 2021, we incurred total expenses of $93,992, an 87%, increase as compared to total expense of $50,201 for the three months ended December 31, 2020. Expenses increased with the increase of interest expense and the growth of our business primarily in connection with increases in administrative costs and fees from the growth in our revenue generating activities and integrating our acquisition targets.

Fee and commission expense. Fee and commission expense increased by $2,438, or 12%, for the three months ended December 31, 2021, as compared to the three months ended December 31, 2020. This included increases in bank services of $1,774, exchange and clearing services of $208, and brokerage commissions to our prime brokers of $129. The increases in fee and commission expense were the result of both growth in our customer base and increased transaction volume from our customers.

Interest expense. For the three months ended December 31, 2021, we incurred a $14,150, or 213%, increase in interest expense as compared to the three months ended December 31, 2020. The increase in interest expense is primarily attributable to a $9,463 increase in the volume of short-term financing through securities repurchase agreements, and a $4,349 increase in interest on customer deposits. In the three months ended December 30, 2021, we increased our volume of short-term financing through securities repurchase agreements primarily in order to fund our investment portfolio. The increase in interest on customer deposits and loans received was a result of a growth of customer deposits.

Operating expenses. Operating expenses for the three months ended December 31, 2021, was $50,496, a 130% increase compared to the three months ended December 31, 2020. This increase was primarily attributable to an $11,807 increase in payroll and bonuses expense as a result expansion of our workforce through acquisition and hiring, a $4,526 increase in stock compensation expense resulting from issuing restricted stock grants to key employees in May 2021, a $4,753 increase in advertising expenses, and a $2,895 increase in professional services as a result of expansion of our business.

Income tax expense

We recognized net income before income tax of $51,692 and $50,032 during the three months ended December 31, 2021 and December 31, 2020, respectively. Our effective tax rate during the three months ended December 31, 2021, decreased to 1.6%, from 15.4% during the three months ended December 31, 2020, as a result of changes in the composition of the revenues we realized from our operating activities, the tax treatment of those revenues in the various foreign jurisdictions where our subsidiaries operate, and the incremental U.S. GILTI tax.

Net income

As a result of the foregoing factors, for the three months ended December 31, 2021, we had net income of $50,886 as compared to $42,321 for the three months ended December 31, 2020, an increase of 20%.

Non-controlling interest

We reflect our ownership of Freedom UA as a non-controlling interest in our consolidated statements of financial condition, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows. We recognized a net loss attributable to non-controlling interest of $343 for the three months ended December 31, 2021, as compared to a net loss attributable to non-controlling interest of $53 for the three months ended December 31, 2020.

Foreign currency translation adjustments, net of tax

Due to the depreciation of the Russian ruble by almost 2% and depreciation of the Kazakhstan tenge by almost 1.4%, respectively, against the U.S. dollar for the three months ended December 31, 2021, as compared to the three months ended December 31, 2020, we realized a foreign currency translation loss of $7,336 for the three months ended December 31, 2021, compared to a foreign currency translation gain of $6,851 for the three months ended December 31, 2020.

Comparison of the Nine-month Periods Ended December 31, 2021 and 2020

The following comparison of our financial results for the nine-month periods ended December 31, 2021 and 2020, is not necessarily indicative of future results.

Revenue

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

	Nine months ended December 31,					
	2021		2020		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission income	$ 336,178	58	$ 171,949	76	$ 164,229	96
Net gain on trading securities	185,554	32	36,330	16	149,224	411
Interest income	61,047	10	16,571	7	44,476	268
Net gain on foreign exchange operations	885	—	1,359	1	(474)	(35)
Net (loss)/gain on derivative	(1,029)	—	149	—	(1,178)	(791)
Total revenue, net	$ 582,635	100	$ 226,358	100	$ 356,277	157

For the nine months ended December 31, 2021, we realized total net revenue of $582,635, a 157%, increase compared to the nine months ended December 31, 2020. The increase was primarily due to increases in fee and commission income, net gain on trading securities and interest income. As discussed in more detail below under “Net Gain on Trading Securities” $185,554 of total revenue, net for the nine months ended December 31, 2021, was realized from the sale of certain securities held in our proprietary trading portfolio and from revaluation of securities we continued to hold in our portfolio at December 31, 2021. We consider the sale of certain securities from our own portfolio as an extraordinary event that we do not believe to be indicative of a trend in future periods.

Fee and commission income. For the nine months ended December 31, 2021, fee and commission income increased by $164,229, a 96% increase as compared to the nine months ended December 31, 2020. This increase was primarily attributable to a $150,123 increase in fees and commissions from brokerage services and a $6,169 increase in fees and commission income from related bank services. The increase in fee and commission income from brokerage services and related banking services was attributable to a number of factors including: growth in client accounts through acquisition (inorganic) and organic efforts including expansion of our retail financial advisers and increases in the volume of analysts' reports made available to our customer base; and significantly increased trading volume and client activity stemming from government and bank interventions and other events in response to the COVID-19 pandemic and the resulting increased market volatility and economic uncertainty.

Net gain on trading securities. Net gain on trading securities was $185,554 for the nine months ended December 31, 2021, as compared to $36,330 for the three months ended December 31, 2020. See the following table for information regarding our net gains and losses during the nine months ended December 31, 2021 and 2020:

	Realized Net Gain	Unrealized Net Gain/(Loss)	Net Gain
Quarter ended December 31, 2021	$ 189,193	$ (3,639)	$ 185,554
Quarter ended December 31, 2020	$ 28,635	$ 7,695	$ 36,330

During nine months ended December 31, 2021, we exchanged approximately12,500,000 shares of stock in the SPBX we held in our proprietary trading account for units in the SPBX ETF. The main contributing factors to the increase in realized net gain on trading securities during the nine months ended December 31, 2021, were the sale of those SPBX ETF units and the sale of other SPBX shares we held. As a result, during the nine months ended December 31, 2021, the Company recognized a net gain on trading securities of $185,554, which included $189,193 of realized gain and $3,639 of net unrealized loss. By comparison, for the nine month period ended December 31, 2020, we recognized a net gain on trading securities of $36,330, which included $28,635 of realized net gain and $7,695 of unrealized net gain from favorable market conditions, a significant increase upon revaluation of certain Level 3 securities we held as of December 31, 2020, increased use and success of intraday algorithmic trading and increased market-making activities on the SPBX outside of regular U.S. market hours. We do not consider the significant increase in realized net gain on trading securities for the nine months ended December 31, 2021, to be indicative of a trend toward higher net gains on trading securities in the future.

Interest income. For the nine months ended December 31, 2021, we had $61,047 of interest income, as compared to $16,571 of interest income for the nine months ended December 31, 2020, an increase of $44,476 or 268%. We had an increase of $41,778, or 284%, in interest income from trading securities during the nine months ended December 31, 2021, as compared to the nine months ended December 31, 2020, due to increases in the total size of our trading portfolio and an increase in the amount of bonds we held as a percentage of our total trading portfolio. We had an $883, or 86%, increase in interest income from reverse repurchase transactions for the nine months ended December 31, 2021, as compared to the nine months ended December 31, 2020, due to an increase in the volume of such transactions between the two periods. We had a $1,912, or 452%, increase in interest income from loans to customers for the nine months ended December 31, 2021, as compared to the nine months ended December 31, 2020, as a result of new loans issued by Freedom Bank KZ after we completed the acquisition of it in December 2020.

Net gain on foreign exchange operations. For the nine months ended December 31, 2021, we realized a net gain on foreign exchange operations of $885, as compared to a net gain on foreign exchange operations of $1,359 for the nine months ended December 31, 2020. During the nine months ended December 31, 2021, the value of the Russian ruble appreciated by almost 2% against the U.S. dollar. The value of Kazakhstani tenge depreciated by almost 1.6% against the U.S. dollar over the same period. Due to a large balance of U.S. dollar denominated net assets held in our subsidiary Freedom RU, we recognized a net loss on foreign exchange operations of $2,397 in the nine months ended December 31, 2021. As a result of depreciation of the Kazakhstani tenge against the Russian ruble by approximately 5%, our subsidiary Freedom RU recognized a net loss on foreign exchange operations of $890 on Kazakhstani tenge denominated trading securities during the nine months ended December 31, 2021. In addition, due to a higher volume of cash operations, we recognized a $4,185 net gain on purchases and sales of foreign currency during the nine months ended December 31, 2021 as compared to a $914 net gain in the nine months ended December 31, 2020.

Expense

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

	Nine months ended December 31,					
	2021		2020		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission expense	$ 67,547	28	$ 50,068	42	$ 17,479	35
Interest expense	51,256	22	15,092	13	36,164	240
Operating expense	117,384	50	52,214	44	65,170	125
Provision for impairment losses	704	—	1,775	1	(1,071)	(60)
Other expense, net	600	—	149	—	451	303
Total expense	$ 237,491	100	$ 119,298	100	$ 118,193	99

For the nine months ended December 31, 2021, we incurred total expenses of $237,491, a 99% increase as compared to the nine months ended December 31, 2020. Expenses increased with the growth of our business primarily in connection with increases in administrative costs and fees from the growth in our revenue generating activities and integrating our acquisition targets.

Fee and commission expense. Fee and commission expense increased by $17,479, a 35% increase, for the nine months ended December 31, 2021, as compared to the nine months ended December 31, 2020. This included increases in brokerage commissions to our prime brokers of $11,319, commissions paid for bank services of $4,095 and exchange and clearing services of $910. The increases in fee and commission expense were the result of both growth in our customer base and increased transaction volume from our customers.

Interest expense. For the nine months ended December 31, 2021, we had a 240% increase in interest expensas compared to the nine months ended December 31, 2020. The increase in interest expense was primarily attributable to a $25,853 increase in volume of short-term financing through securities repurchase agreements and a $9,764 increase in interest on customer deposits. In the nine months ended December 31, 2021, we increased our volume of short-term financing through securities repurchase agreements primarily in order to fund our investment portfolio. The increase in interest on customer deposits and loans was a result of growth of customer deposits.

Operating expenses. Operating expenses during the nine months ended December 31, 2021, was $117,384, a $65,170 increase compared to the nine months ended December 31, 2020. This increase was primarily attributable to a $26,924 increase in payroll and bonuses expense as a result of expansion of our workforce through acquisition and hiring, a $10,193 increase in stock compensation expense resulting from issuing restricted stock grants to key employees in May 2021, an increase of $9,264 in advertising expenses, a $5,912 increase in professional services, an increase of $1,524 in depreciation and amortization and a $1,650 increase in lease cost.

Income tax expense

We recognized net income before income tax of $345,144 and $107,060 for the nine months ended December 31, 2021, and December 31, 2020, respectively. Our effective tax rate during the nine months ended December 31, 2021, decreased to 11.0%, from 15.8% during the nine months ended December 31, 2020, as a result of changes in the composition of the revenues we realized from our operating activities, the tax treatment of those revenues in the various foreign jurisdictions where our subsidiaries operate, and the incremental U.S. GILTI tax.

Net income

As a result of the foregoing factors, for the nine months ended December 31, 2021, we had net income of $307,107 as compared to $90,160 for the nine months ended December 31, 2020, an increase of 241%.

Non-controlling interest

We reflect our ownership of Freedom UA as a non-controlling interest in our consolidated statements of financial condition, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows. We recognized a net loss attributable to non-controlling interest of $414 for the nine month ended December 31, 2021, as compared to net income attributable to non-controlling interest of $243 for the nine months ended December 31, 2020.

Foreign currency translation adjustments, net of tax

Due to the appreciation of the Russian ruble by almost 2% and depreciation of the Kazakhstan tenge by almost 1.6%, respectively, against the U.S. dollar for the nine months ended December 31, 2021, as compared to the nine months ended December 31, 2020, we realized a foreign currency translation loss of $3,106 for the nine months ended December 31, 2021, compared to a foreign currency translation gain of $4,565 for the nine months ended December 31, 2020.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet our potential cash requirements for general business purposes. During the periods covered in this report our operations were primarily funded through a combination of existing cash on hand, cash generated from operations, returns generated from our proprietary trading and proceeds from the sale of bonds and other borrowings.

We regularly monitor and manage our leverage and liquidity risk through various committees and processes we have established. We assess our leverage and liquidity risk based on considerations and assumptions of market factors, as well as other factors, including the amount of available liquid capital (i.e., the amount of cash and cash equivalents not invested in our operating business). While we are confident in the risk management monitoring and processes we have in place, a significant portion of our trading securities and cash and cash equivalents are subject to collateralization agreements. This significantly enhances our risk of loss in the event financial markets move against our positions. When this occurs our liquidity, capitalization and business can be negatively impacted. Certain market conditions can impact the liquidity of our assets, potentially requiring us to hold positions longer than anticipated. Our liquidity, capitalization, projected return on investment and results of operations can be significantly impacted by market events over which we have no control, and which can result in disruptions to our investment strategy for our assets.

We maintain a majority of our tangible assets in cash and securities that are readily convertible to cash, including governmental and quasi-governmental debt and highly liquid corporate equities and debt. Our financial instruments and other inventory positions are stated at fair value and should generally be readily marketable in most market conditions. The following sets out certain information on our assets as of the dates presented:

	As of	
	December 31, 2021	**March 31, 2021**
Cash and cash equivalents[(1)]	$ 493,263	$ 698,828
Trading securities	$ 1,348,656	$ 736,188
Total assets	$ 2,679,951	$ 2,018,645
Net liquid assets[(2)]	$ 2,174,643	$ 1,519,719

(1) Of the $493,263 in cash and cash equivalents we held at December 31, 2021, $238,657, or approximately 48%, was subject to reverse repurchase agreements. By comparison, at March 31, 2021, we had cash and cash equivalents of $698,828, of which $248,946, or approximately 36%, were subject to reverse repurchase agreements. The amount of cash and cash equivalents we hold is subject to minimum levels set by regulatory bodies in relation to compliance with applicable rules and regulations, including capital adequacy and liquidity requirements for each entity.

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

As of December 31, 2021, and March 31, 2021, we had total liabilities of $2,088,461 and $1,742,974, respectively, including customer liabilities of $1,145,070 and $1,163,697, respectively.

We financed our operating activity primarily from cash flows from operations and short-term and long-term financing arrangements.

Cash Flows

The following table presents our statement of cash flows for the periods indicated. Our cash and cash equivalents include restricted cash, which principally consists of cash of our brokerage customers which are segregated in a special custody account for the exclusive benefit of our brokerage customers.

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2020
Net cash flows (used in)/from operating activities	$ (582,080)	$ 698,954
Net cash flows (used in)/from investing activities	(6,110)	98,418
Net cash flows from financing activities	338,792	61,952
Effect of changes in foreign exchange rates on cash and cash equivalents	10,593	3,787
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**$ (238,805)**	**$ 863,111**

Net Cash Flows (Used In)/From Operating Activities

Net cash used in operating activities during the nine months ended December 31, 2021, was comprised of net cash used in operating activities and net income adjusted for non-cash movements (changes in deferred taxes, unrealized gain on trading securities, net change in accrued interest). Net cash used in operating activities resulted primarily from changes in operating assets and liabilities. Such changes included those set out in the following table.

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2020
Increases in trading securities	$ (620,709) (1)	$ (114,807)
(Decreases)/Increases in customer deposits	(20,404) (2)	646,950
(Increases)/decreases in brokerage and other receivables	(236,841) (3)	58,596
Increases in trade payables	29,073 (4)	10,934

(1) Resulted from increased purchases of securities held in our proprietary account.
(2) Resulted from decreased deposits from existing customers.
(3) Resulted from larger amounts of margin lending receivables.
(4) Resulted from larger amounts of margin lending payables.

The net cash outflow in the nine months ended December 31, 2021, was primarily attributable to an increase in brokerage and other receivables over that period, which resulted from larger amounts of margin receivables. Margin lending balances fluctuate on a daily basis during the normal course of business and depend on various factors, including trading activity of clients.

Net Cash Flows (Used In)/From Investing Activities

During the nine months ended December 31, 2021, net cash used in investing activities was $6,110 compared to net cash from investing activities of $98,418 during the nine months ended December 31, 2020. During the nine months ended December 31, 2021, cash used in investing activities was used for the purchase of fixed assets, net of sales, in the amount of $6,110. Cash from investing activities during the nine months ended December 31, 2020, included $157,533 received in the acquisition of Zerich, Freedom Bank KZ and PrimeEx and $6,437 from proceeds on the sale of investments available-for-sale, which was partially offset by consideration paid for the Freedom Bank KZ acquisition of $53,097, the Zerich acquisition of $7,110, the PrimeEx acquisition of $2,500 and the purchase of fixed assets, net of sales of $2,845.

Net Cash Flows From Financing Activities

Net cash from financing activities for the nine months ended December 31, 2021, consisted principally of proceeds from securities repurchase agreement obligations in the amount of $301,927 and proceeds from issuance of debt securities of $46,850, partially offset by net cash used in the repurchase of outstanding Freedom KZ debt securities in the amount of $10,104. Net cash from financing activities during the nine months ended December 31, 2020, consisted principally of the proceeds from securities repurchase agreement obligations in the amount of $63,166, which was partially offset with net cash used in repurchase of outstanding Freedom KZ debt securities in the amount of $4,632.

Dividends

We have not declared or paid a cash dividend on our common stock during the past two fiscal years. Any payment of cash dividends on stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual and legal restrictions and other factors deemed relevant by our Board of Directors. We currently intend to retain any future earnings to fund the operation, development and expansion of our business, and therefore we do not anticipate paying any cash dividends on common stock in the foreseeable future.

Indebtedness

Short-term

Securities Repurchase Arrangements. Our short-term financing is primarily obtained through securities repurchase arrangements entered into with the KASE. We use repurchase arrangements, among other things, to finance our inventory positions. As of December 31, 2021, $710,284, or 53%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations compared to $426,715, or 58%, as of March 31, 2021. The securities we pledge as collateral under repurchase agreements are liquid trading securities with market quotes and significant trading volume. For additional information regarding our securities repurchase agreement obligations see Note 9 to our condensed consolidated financial statements.

Long-term

FRHC 7.00% Notes due December 2022. As of December 31, 2021, we had outstanding $20,498 in principal amount of FRHC 7.00% notes due December 2022, which are listed on the AIX. These notes provide for semi-annual interest payments in June and December and include customary events of default relating to the disposition of our assets outside the ordinary course of business, defaults on other liabilities and obligations, corporate reorganizations, initiation of bankruptcy proceeding, termination of the AIX listing by us, and substitution of the principal debtor without requisite approval. These notes mature in December 2022.

Freedom RU USD 6.50% *Bonds.* As of December 31, 2021, we had outstanding $30,043 in principal amount of Freedom RU U.S. dollar denominated 6.50% bonds (the "Freedom RU USD 6.50% Bonds"). The Freedom RU USD 6.50% Bonds have a term of three years, with a quarterly coupon payment. The Freedom RU USD 6.50% Bonds were issued in denomination of U.S. $1, with a minimum purchase requirement of 1.4 million Russian rubles. Freedom RU is authorized to place up to a maximum of 40,000 of these Freedom RU USD 6.50% Bonds. The Freedom RU USD 6.50% Bonds are listed on the MOEX and are governed by the "Exchange Bond Terms and Conditions in the Framework of the Exchange Bonds Program". The Freedom RU USD 6.50% Bonds mature in January 2023.

Freedom RU USD 5.50% *Bonds*. As of December 31, 2021, we had outstanding $34,000 in principal amount of Freedom RU U.S. dollar denominated 5.50% bonds (the "Freedom RU USD 5.50% Bonds"). The Freedom RU USD 5.50% Bonds have a term of five years, with a quarterly coupon payment. The Freedom RU USD 5.50% Bonds were issued in denomination of U.S. $1, with a minimum purchase requirement of 1.4 million Russian rubles. Freedom RU is authorized to place up to a maximum of 34,000 of these Freedom RU USD 5.50% Bonds. The Freedom RU USD 5.50% Bonds are listed on the MOEX. The Freedom RU USD 5.50% Bonds mature in November 2026. The foregoing does not purport to be a complete description of the terms and conditions of the Freedom RU USD 5.50% Bonds and is qualified in its entirety by reference to the Securities Placement Terms and Conditions and the Resolution to Issue Securities, copies of which are attached to this report as Exhibits 4.02 and 4.03, respectively, and incorporated by reference herein.

Freedom SPC Bonds. On November 16, 2021, Freedom SPC commenced a best efforts underwritten public offering of up to US$66,000 aggregate principal amount of its 5.50% US dollar denominated bonds due October 21, 2026 (the "Freedom SPC Bonds"), which are listed on the AIX. As of December 31, 2021, there were outstanding $13,000 in principal amount of the Freedom SPC Bonds. The offering may continue for a period of up to one year from the date of the commencement of the offering. The Freedom SPC Bonds are guaranteed by FRHC and the proceeds from the issuance of the Freedom SPC Bonds have been and will be, as the case may be, transferred to FRHC pursuant to an intercompany loan agreement that bears interest at a rate of 5.50% per annum. The foregoing does not purport to be a complete description of the terms and conditions of the Freedom SPC Bonds and is qualified in its entirety by reference to the Offer Terms of the 5.5% Coupon US$ 66,000,000 Bonds Due October 21, 2026, a copy of which is attached to this report as Exhibits 4.01 and incorporated by reference herein.

Freedom RU RUB Bonds. As of December 31, 2021, we had outstanding $6,730 in principal amount of Freedom RU RUB denominated 12.00% bonds (the "Freedom RU RUB Bonds"). The Freedom RU RUB Bonds have a term of three years, with a semiannual coupon payment. The Freedom RU RUB Bonds were issued in denominations of RUB 1. The Freedom RU RUB Bonds are listed on the MOEX and mature in February 2022.

Freedom KZ USD Bonds. During the quarter ended June 30, 2021, we repaid in full at maturity our U.S. dollar denominated 8% Freedom KZ USD bonds that had a carrying value of $10,477 including interest accrued of $274 as of March 31, 2021.

Net Capital Requirements

We are required to maintain a certain level of net capital in certain regulated subsidiaries within a number of jurisdictions, which we accomplish in part by retaining cash and cash equivalent investments in such subsidiaries. As a result, such subsidiaries may be restricted in their ability to transfer cash between different jurisdictions and to FRHC. Additionally, transfers of cash between international jurisdictions may have adverse tax consequences that could discourage such transfers. At December 31, 2021, these minimum net capital requirements ranged from approximately $5 to $22,750 and fluctuate depending on various factors, and the aggregate net capital requirements of our subsidiaries was approximately $29,280. Each of our subsidiaries that is subject to net capital requirements exceeded the minimum required amount at December 31, 2021. Although our subsidiaries generally operate with a level of net capital substantially greater than the minimum established thresholds, in the event a subsidiary fails to maintain minimum net capital, it may be subject to fines and penalties, suspension of operations, revocation of licensure and disqualification of its management from working in the industry. Our subsidiaries are also subject to various other rules and regulations, including liquidity and capital adequacy ratios. Our operations that require the intensive use of capital are limited to the extent that retaining capital is necessary to meet our regulatory requirements.

Over the past several years, we have pursued an aggressive growth strategy both through acquisitions and organic growth efforts. During the fiscal year ending March 31, 2022, we are continuing our efforts to expand the footprint of our business on a scale similar to the fiscal year ended March 31, 2021. While this strategy has led to revenue growth it also results in increased expenses and greater need for capital resources. Additional growth and expansion may require greater capital resources than we currently possess, which could require us to pursue additional equity or debt financing from outside sources. There can be no assurance that such financing will be available to us on acceptable terms, or at all, at the time it is needed. We believe that our current cash and cash equivalents, cash expected to be generated from operating activities, and forecasted returns from our proprietary trading, combined with our anticipated ability to raise additional capital will be sufficient to meet our present and anticipated financing needs for at least the next twelve months.

Contractual Obligations

The following table sets forth information related to our contractual obligations as of December 31, 2021:

Contractual Obligations	Payment Due by Period Total	Less than 1 year	Years 2-3	Years 4-5	More than 5 years
	(in thousands)				
Operating lease obligations	$ 21,396	$ 2,979	$ 12,988	$ 4,879	$ 550
Outstanding bonds and notes	173,619	12,539	56,740	52,170	52,170
TOTAL	$ 195,015	$ 15,518	$ 69,728	$ 57,049	$ 52,720

Off-Balance Sheet Financing Arrangements

Freedom Bank KZ is party to certain off-balance sheet financial instruments. These financial instruments include guarantees and unfunded commitments under existing lines of credit. These commitments expose us to varying degrees of credit and market risk which are essentially the same as those involved in extending loans to customers and are subject to the same credit policies used in underwriting loans. Collateral may be obtained based on our credit evaluation of the counterparty. Our maximum exposure to credit loss is represented by the contractual amount of these commitments. Unfunded commitments under lines of credit include commercial, commercial real estate, home equity and consumer lines of credit to existing customers. These commitments may mature without being fully funded. Bank guarantees are conditional commitments issued by us to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support trade transactions or guarantee arrangements. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loan facilities to customers. A significant portion of the issued guarantees are collateralized by cash. Total lending related commitments outstanding at December 31, 2021, was $15,374, comprising $5,232 of bank guarantees and $10,142 of unfunded commitments under lines of credit. For additional information regarding off-balance sheet financing arrangements of the Company as of December 31, 2021, please see Note 20 to our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with U.S. GAAP. The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Following are the accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results.

Allowance for accounts receivable

Allowance for accounts receivable is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of an account receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past accounts receivable loss experience, the nature and volume of accounts receivable, information about specific counteragent situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific accounts receivable, but the entire allowance is available for any accounts receivable that in management's judgment should be charged off.

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

Business combinations

We have accounted for our acquisitions using the acquisition method of accounting. The acquisition method requires us to make significant estimates and assumptions, especially at the acquisition date as we allocate the purchase price to the estimated fair values of acquired tangible and intangible assets and the liabilities assumed. We also use our best estimates to determine the useful lives of the tangible and definite-lived intangible assets, which impact the periods over which depreciation and amortization of those assets are recognized. These best estimates and assumptions are inherently uncertain as they pertain to forward looking views of our businesses, client behavior, and market conditions. In our acquisitions, we have also recognized goodwill at the amount by which the purchase price paid exceeds the fair value of the net assets acquired.

Our ongoing accounting for goodwill and the tangible and intangible assets acquired requires us to make significant estimates and assumptions as we exercise judgment to evaluate these assets for impairment. Our processes and accounting policies for evaluating impairments are further described in Note 2 to our consolidated financial statements. As of December 31, 2021, we had goodwill of $7,840. The results of the 2021 annual goodwill impairment testing of all our reporting units indicated no goodwill impairment.

Income taxes

We are subject to income taxes in both the U.S. and numerous foreign jurisdictions. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, actual future tax consequences relating to uncertain tax positions may be materially different than our determinations or estimates.

We recognize deferred tax liabilities and assets based on the difference between the 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.

Income taxes are determined in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We account for income taxes using the asset and liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years based on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable to the differences that are expected to affect taxable income.

We periodically evaluate the likelihood of tax assessments based on current and prior years' examinations, and unrecognized tax benefits related to potential losses that may arise from tax audits as established in accordance with the relevant accounting guidance. Once established, unrecognized tax benefits are adjusted when there is more information available or when an event occurs requiring a change.

Legal contingencies

We review outstanding legal matters at each reporting date, in order to assess the need for provisions and disclosures in our financial statements. Among the factors considered in making decisions on provisions are the nature of the matter, the legal process and potential legal exposure in the relevant jurisdiction, the progress of the matter (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of our legal advisers, experiences on similar cases and any decision of our management as to how we will respond to the matter.

Recent Accounting Pronouncements

For details of applicable new accounting standards refer to Recent accounting pronouncements in Note 2 of our financial statements accompanying this quarterly report on Form 10-Q.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

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

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

Market risk

Market risk is the risk of economic loss arising from the adverse impact of market changes to the market value of our trading and investment positions. We are exposed to a variety of market risks, including interest rate risk, foreign currency exchange risk and equity price risk.

Interest rate risk

Our exposure to changes in interest rates relates primarily to our investment portfolio and outstanding debt. While we are exposed to global interest rate fluctuations, we are most sensitive to fluctuations in Kazakhstani and Russian interest rates. Changes in Kazakhstani and Russian interest rates may have significant effect on the fair value of our securities.

Our investment policies and strategies are focused on preservation of capital and supporting our liquidity requirements. We typically invest in highly rated securities, with the primary objective of minimizing the potential risk of principal loss. Our investment policies generally require securities to be investment grade and limit the amount of credit exposure to any one issuer (other than government and quasi-government securities). To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of December 31, 2021, and March 31, 2021, a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in $47,751 and $31,055 incremental decline in the fair market value of the portfolio, respectively. Such losses would only be realized if we sold the investments prior to maturity. A hypothetical 100 basis point decrease in interest rates across all maturities would have resulted in a $50,854 and $32,906 incremental rise in the fair market value of the portfolio, respectively.

Foreign currency exchange risk

We have business operations in the Kazakhstan, Russia, Cyprus, Ukraine, Uzbekistan, Germany, Kyrgyzstan, United States, United Kingdom, Azerbaijan and Armenia. The activities and accumulated earnings in our foreign subsidiaries are exposed to fluctuations in foreign exchange rates between our functional currencies and our reporting currency, which is the U.S. dollar. In accordance with our risk management policies, we manage foreign currency exchange risk on financial assets by holding or creating financial liabilities in the same currency, maturity and interest rate profile. This foreign exchange risk is calculated on a net foreign exchange basis for individual currencies. We may also enter into foreign currency forward, swap and option contracts with financial institutions to mitigate foreign currency exposures associated with certain existing assets and liabilities, firmly committed transactions and forecasted future cash flows. An analysis of our December 31, 2021, and March 31, 2021, balance sheets estimates the net impact of a 10% percent adverse change in the value of the U.S. dollar relative to all other currencies, would have resulted in an increase of net income before income tax in the amount of $16,470 and a reduction of $5,907, respectively.

Equity price risk

Our equity investments are susceptible to market price risk arising from uncertainties about future values of such investment securities. Equity price risk results from fluctuations in the price and level of the equity securities or instruments we hold. We also have equity investments in entities where the investment is denominated in a foreign currency, or where the investment is denominated in U.S. dollars but the investee primarily makes investments in foreign currencies. The fair values of these investments are subject to change as the spot foreign exchange rate between these currencies and our functional currency fluctuates. We attempt to manage the risk of loss inherent in our equity securities portfolio through diversification and by placing limits on individual and total equity instruments we hold. Reports on our equity portfolio are submitted to management on a regular basis.

As of December 31, 2021, and March 31, 2021, our exposure to equity investments at fair value was $161,550 and $47,340, respectively. An analysis of the December 31, 2021, and March 31, 2021, balance sheets estimates a decrease of 10% in the equity price would have reduced the value of the equity securities or instruments we held by approximately $16,155 and $4,734, respectively.

Credit risk

Credit risk refers to the risk of loss arising when a borrower or counterparty does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through the brokerage services we offer. We incur credit risk in a number of areas, including margin lending.

Margin lending receivables risk

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

We expect this kind of exposure to increase with the growth of our overall business. Because we indemnify and hold harmless our clearing houses and counterparties from certain liabilities or claims, the use of margin loans and short sales may expose us to significant off-balance-sheet risk in the event that collateral requirements are not sufficient to fully cover losses that customers may incur and those customers fail to satisfy their obligations. As of December 31, 2021, we had $291,237 in margin lending receivables from our customers. The amount of risk to which we are exposed from the margin lending we extend to our customers and from short sale transactions by our customers is unlimited and not quantifiable as the risk is dependent upon analysis of a potential significant and undeterminable rise or fall in stock prices. As a matter of practice, we enforce real-time margin compliance monitoring and liquidate customers' positions if their equity falls below required margin requirements.

We have a comprehensive policy implemented in accordance with regulatory standards to assess and monitor the suitability of investors to engage in various trading activities. To mitigate our risk, we also continuously monitor customer accounts to detect excessive concentration, large orders or positions, patterns of day trading and other activities that indicate increased risk to us.

Our credit exposure is to a great extent mitigated by our policy of automatically evaluating each account throughout the trading day and closing out positions automatically for accounts that are found to be under-margined. While this methodology is effective in most situations, it may not be effective in situations where no liquid market exists for the relevant securities or commodities or where, for any reason, automatic liquidation for certain accounts has been disabled. We continually monitor and evaluate our risk management policies, including the implementation of policies and procedures to enhance the detection and prevention of potential events to mitigate margin loan losses.

Operational risk

Operational risk generally refers to the risk of loss, or damage to our reputation, resulting from inadequate or failed operations or external events, including, but not limited to, business disruptions, improper or unauthorized execution and processing of transactions, deficiencies in our technology or financial operating systems and inadequacies or breaches in our control processes including cyber security incidents. For descriptions of related risks, see the information under the heading "Risks Related to Information Technology and Cyber Security" in Item 1A of our annual report on Form 10-K filed with the SEC on June 15, 2021.

To mitigate and control operational risk, we have developed and continue to enhance policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout the organization and within specific departments. We also have business continuity plans in place that we believe will cover critical processes on a company-wide basis, and redundancies are built into our systems as we have deemed appropriate. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our various businesses are operating within established corporate policies and limits.

Legal and compliance risk

We operate in a number of jurisdictions, each with its own legal and regulatory structure that is unique and different from the other. Legal and regulatory risk includes the risk of non-compliance with applicable legal and regulatory requirements and damage to our reputation as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. Such non-compliance could result in the imposition of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, or loss to reputation that we may suffer as a result of compliance failures. These risks include contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with anti-money laundering and counter terrorism financing rules and regulations, terrorist financing, anti-corruption and sanctions rules and regulations.

We have established and continue to enhance procedures designed to ensure compliance with applicable statutory and regulatory requirements, such as public company reporting obligations, regulatory net capital and capital adequacy requirements, sales and trading practices, potential conflicts of interest, anti-money laundering, privacy, sanctions and recordkeeping. The legal and regulatory focus on the financial services industry presents a continuing business challenge for us. Our business also subjects us to the complex income tax laws of the jurisdictions in which we operate, and these tax laws may be subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes.

Effects of Inflation

Because our assets are primarily short-term and liquid in nature, they are generally not significantly impacted by inflation. The rate of inflation does, however, affect our expenses, including employee compensation, communications and information processing and office leasing costs, which may not be readily recoverable from our customers. To the extent inflation results in rising interest rates and has adverse impacts upon securities markets, it may adversely affect our results of operations and financial condition.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures under the 2013 framework of the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) our principal executive officer and principal financial officer concluded that as of December 31, 2021, our disclosure controls and procedures were effective. Disclosure controls and procedures enable us to record, process, summarize and report information required to be included in our Exchange Act filings within the required time period. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by us in the periodic reports filed with the SEC is accumulated and communicated to our management, including our principal executive, financial and accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2021, no changes occurred that materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

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

Estate of Toleush Tolmakov Litigation

The Estate of Toleush Tolmakov (the "Estate") has commenced a legal action against Freedom Holding Corp., and our subsidiary FFIN Securities, Inc. in the Third Judicial District Court of Salt Lake County, State of Utah. A Summons and Complaint were served on the Company and FFIN on December 22, 2021. This proceeding relates to cash distributions arising from the 2011 sale of Emir Oil, LLP, then a subsidiary of BMB Munai, Inc. and an aggregate of 250,079 shares of common stock of the Company (the "Assets") belonging to Toleush Tolmakov, who was a shareholder of the Company at the time he died in 2011, and Simage Limited, a now defunct British Virgin Islands corporation, in which Mr. Tolmakov may have had an interest and therefore the Assets belonging to Simage Limited may be part of the Estate. Since the 2011 death of Mr. Tolmakov, his putative heirs have litigated various disputes in Kazakhstan's courts related to which of the putative heirs actually are heirs, the proper distribution of the estate and other matters, but without a conclusive final order regarding the distribution of the Assets. Since 2011, the Company has received several inconsistent claims to the Assets. In addition, the legal status of the portion of the Assets belonging to Simage is unclear because as a defunct entity, Simage Limited is unable to act. The Company has held the Assets since Mr. Tolmakov's death because it did not know to whom they should be distributed and no party has yet established legal right of ownership of the Assets. The Company does not dispute that the Assets are owed to the rightful heirs of Mr. Tolmakov and Simage Limited. As the Estate has not cooperated to facilitate the distribution of Assets to the Estate, the Company has held the distribution funds in a segregated account for a number of years and holds 247,664 shares of the 250,079 shares. In addition to the dispute regarding the Assets, the Estate has asserted claims for alleged breach of contract, breach of the covenant of good faith and fair dealing, unjust enrichment, conversion and constructive trust and is seeking delivery of the cash distributions in an amount no less than $8,377,626, plus the amount of any interest or appreciation earned there on and delivery of 250,079 shares of Company common stock, plus in the event the Court finds the Company converted the Assets, any special damages incurred as a result of Defendant's conversion, including all previously unawarded attorney fees incurred to recover the Assets, as well attorney fees in connection with this action. The Estate, the Company and FFIN have agreed to mediate the dispute. The Company and FFIN intend to vigorously defend this matter if mediation is unsuccessful. The Company and FFIN deny all liability for claims of alleged breach of contract, breach of the covenant of good faith and fair dealing, unjust enrichment, conversion and constructive trust.

Item 1A. Risk Factors

We believe there has been no material changes from risk factors previously disclosed in "Risk Factors" in our annual report on Form 10-K filed with the Commission on June 15, 2021 and our quarterly report on Form 10-Q for the quarter ended September 30, 2021, filed with the Commission on November 11, 2021.

Item 6. Exhibits

Exhibits. The following exhibits are filed or furnished, as applicable, as part of this report:

Exhibit No.	Exhibit Description
4.01	Offer Terms of the 5.5% Coupon US$ 66,000,000 Bonds Due October 21, 2026*
4.02	Securities Placement Terms and Conditions*[%#]
4.03	Resolution to Issue Securities*[#]
31.01	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following Freedom Holding Corp. financial information for the periods ended December 31, 2021, formatted in inline XBRL (eXtensive Business Reporting Language): (i) the Cover Page; (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Operations, (iv) the Condensed Consolidated Statements of stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed Consolidated Financial Statements.*
104	Cover page formatted in inline XBRL (included in Exhibit 101). *

* Filed herewith.
[%] Certain portions of this exhibit (indicated by "[***]") have been *omitted* pursuant to Item 601(a)(6) of Regulation S-K.
[#] This exhibit is an English translation of a foreign language document. The Company hereby agrees to furnish to the SEC, upon request, a copy of the foreign language document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	FREEDOM HOLDING CORP.
Date: February 9, 2022	/s/ Timur Turlov
	Timur Turlov Chief Executive Officer
Date: February 9, 2022	/s/ Evgeniy Ler
	Evgeniy Ler Chief Financial Officer

Freedom Finance SPC Ltd.

(incorporated as a Special Purpose Company under the legislation of the Astana International Centre)

OFFER TERMS
OF THE 5,5% COUPON US$ 66,000,000 BONDS DUE OCTOBER 21, 2026. (ISIN: KZ000000815) UNDER THE U.S.$ 200,000,000 BOND PROGRAMME

unconditionally and irrevocably guaranteed by Freedom Holding Corp.

The Bonds will be constituted by and have the benefit of a **US$ 200,000,000** Bond Program (the "**Program**") established by **Freedom Finance SPC Ltd.** (the "**Issuer**"**).** The Bonds of this Tranche have been issued under the Program and in accordance with the Acting Law of the Astana International Financial Centre (the "**AIFC**") (the "**Bonds**")**.** Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offer Document of the Programme. This document constitutes the Offer Terms of the Bonds described herein. This document is prepared for the purposes of the AIFC rules and must be read in conjunction with the Offer Document of the Programme. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Offer Terms of the Bonds and the Offer Document of the Programme. The Offer Terms of the Bonds and the Offer Document of the Programme have been published on the website of the Astana International Exchange (hereinafter the "**AIX**") at https://www.aix.kz.

The payment of all amounts including interest and (or) principal payments, and (or) penalty owing by Freedom Finance SPC Ltd in respect of such the Bonds issued under the Programme are unconditionally and irrevocably guaranteed by Freedom Holding Corp. (in such capacity, the "Guarantor") pursuant to a Guarantee agreement entered into between the Issuer and Guarantor (the "Guarantee ") on August 10, 2021.

The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this document including the accuracy or completeness of any information or statements included in it. Liability for this document lies with the issuer of this document and other persons such as Experts whose opinions are included in this document with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which this document relates for any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.

Terms defined in the Offer Document of the Programme have the same meanings in these Offer Terms of the Bonds unless they are expressly defined herein.

Issuer	Freedom Finance SPC Ltd.
Guarantor	Freedom Holding Corp.
Tranche number	1
Type and name	Guaranteed 5,5% coupon Bonds of Freedom Finance SPC Ltd.
ISIN	KZ000000815
Currency	U.S. Dollars (U.S.$)
Nominal Value	U.S.$ 100,000
Quantity	660 Bonds
Aggregate nominal amount of Bonds	U.S.$66,000,000
Issue price	The Issue Price of the Bonds at the Issue Date is expected to be 100% of the Nominal Value
Issue Date	21 October 2021
The offer period opening date	21 October 2021
Interest Commencement Date	The interest on Bonds shall start to accrue as from the date when Bond starts on the Issue Date. The interest shall accrue during the entire period of the circulation of the Bonds and shall end on October 21, 2026.
The offer period closing date	The offer period will close upon expiration of 12 months from the date on which the Offer Terms of the Bonds is approved by AIX.
Maturity Date	21 October 2026
Rate of Interest	5,5% per annum payable semi-annually in arrear
Interest Payment Dates	21 April and 21 October in each year, commencing on 21 April 2022 If the date of payment of the principal debt or coupon interest fails on a weekend or holiday, the Issuer undertakes to pay the interest or principal debt on the next business day.
Estimated expenses	Fees associated with admission of the Bonds to the Official List of the AIX and to trading on the AIX pursuant to the AIX Fee Schedule.
Estimated net amount of proceeds of the Tranche	The net proceeds from the issuance are expected to amount to approximately U.S.$ 66,000,000.
Use of proceeds	The proceeds received by the Issuer from the issue of the Bonds shall be transferred to the parent company Freedom Holding Corp. by way of signing the loan agreement, which intend to use the net proceeds of the offering for the following purposes • partial repayment or refinancing of debt; • purchases of investment grade debt instruments of quasi-governmental entities; • business expansion through mergers and acquisitions; and • working capital.
Potential investors	The Bonds will be publicly offered to Accredited Investors only, in compliance with the applicable laws of the AIFC and the AIX rules.
Advisors to the Issuer	The Issuer appointed Freedom Finance Global PLC as a financial consultant in connection with this offering.

Schedule of Payment of Interests on Bonds

Coupon period sequence number	Coupon period commencement date	Coupon period expiry date	Register closing date (Record Date) 23:59:59 time	Interest payment commencement date	Interest payment expiry date
1	21 October 2021	20 April 2022	20 April 2022	21 April 2022	1 May 2022
2	21 April 2022	20 October 2022	20 October 2022	21 October 2022	31 October 2022
3	21 October 2022	20 April 2023	20 April 2023	21 April 2023	1 May 2023
4	21 April 2023	20 October 2023	20 October 2023	21 October 2023	31 October 2023
5	21 October 2023	20 April 2024	20 April 2024	21 April 2024	1 May 2024
6	21 April 2024	20 October 2024	20 October 2024	21 October 2024	31 October 2024
7	21 October 2024	20 April 2025	20 April 2025	21 April 2025	1 May 2025
8	21 April 2025	20 October 2025	20 October 2025	21 October 2025	31 October 2025
9	21 October 2025	20 April 2026	20 April 2026	21 April 2026	1 May 2026
10	21 April 2026	20 October 2026	20 October 2026	21 October 2026	31 October 2026

If the coupon date is a holiday/weekend, then the coupon date shall be moved to the next business day.

Name: Olga Lozovaya
Position: Director of the Freedom Finance SPC Ltd.

/s/ Olga Lozovaya

EXHIBIT 4.02

Certain portions of this exhibit (indicated by "[***]) have been omitted pursuant to Item 601(a)(6) of Regulation S-K.
This exhibit is an English Translation of a foreign language document. The Company hereby agrees to furnish to the SEC, upon request, a copy of the foreign language document.

Securities Issue Registration Number

4B02-02-00430-R-001P

Moscow Stock Exchange PSJC
(registering entity name)

SECURITIES PLACEMENT TERMS AND CONDITIONS

Freedom Finance Investment Company

Limited Liability Company
(issuer full name)

exchange-traded, non-documentary, interest-bearing, non-convertible, collective safe custody bonds of P01-02 series, with a par value of 1,000 (one thousand) US dollars each, with a maturity of 1,820 (one thousand eight hundred and twentieth) days from start date for the placement of exchange-traded bonds, placed by public subscription under the Exchange-Traded Bonds Program of the P01 series with identification number: 4-00430-R-001P-02E dated October 16, 2019

Issuer's place of location (in accordance with its charter):***Moscow, Russian Federation***

Freedom Finance IC LLC
General Director
Acting Ex Officio

V.A. Pochekuev

The following terms will be used hereinafter:

Issuer *means Freedom Finance Investment Company Limited Liability Company, Freedom Finance IC LLC.*

Program *means Exchange-Traded Bonds Program of the P01 series with identification number: 4-00430-R-001P-02E dated October 16, 2019.*

Resolution to issue the exchange-traded bonds *means a resolution to issue the securities vesting the totality of property and non-property rights in relation to this issue of the exchange-traded bonds placed under the Program.*

Issue (Issue of exchange-traded bonds) *means this issue of the exchange-traded bonds placed under the Program, issue registration number: 4B02-02-00430-R-001P dated November 01, 2021.*

Exchange-traded bonds terms of placement *mean this document containing the terms and conditions of the exchange-traded bonds placement.*

Exchange-traded bond (s) *means exchange-traded bond (s) placed within the framework of this issue of the exchange-traded bonds in accordance with the Program, the Resolution to issue the exchange-traded bonds and the Exchange-traded bonds terms of placement.*

News Feed *means an information resource updated in real time and provided by an information agency accredited by the Bank of Russia to perform disclose of information about securities and other financial instruments.*

Web Page *means a page on the Internet provided to the Issuer by one of the accredited agencies at: http://www.e-disclosure.ru/portal/company.aspx?id=37687.*

Business Day *means a day on which the Exchange performs trading on the stock market.*

Other terms used herein have the meanings defined in the Program and the Resolution to issue the exchange-traded bonds (hereinafter referred to as the Issue Documents).

1. Type, category, identification features of securities

Type of securities: ***exchange-traded bonds.***

Other identification features of the securities to be placed: ***exchange-traded, non-documentary, interest-bearing, non-convertible, collective safe custody bonds of P01-02 series.***

2. Number of securities to be placed

34,000 (Thirty-four thousand) pieces

3. Securities Placement Period

Exchange-traded bonds placement commencement date: ***November 12, 2021***

Exchange-traded bonds placement end date or procedure for its determination:

The end date of placement of the Exchange-traded bonds is the earliest of the following dates:

a) the 30th (thirtieth) business day from the date of commencement of placement of the Exchange-traded bonds;

b) date of placement of the last Exchange-traded bond of the Issue.

The Issue of the Exchange-traded bonds is not supposed to be placed in tranches.

4. Procedure for acquiring securities during its placement

4.1. Method of the securities placement: ***public subscription***

4.2. Procedure for the securities placement

4.2.1. procedure and conditions for execution of agreements aimed at alienating securities to the first owners during its placement (the form and method of execution agreements, the place and date of execution are indicated, and if the agreements are executed by filing and acceptance of orders, the procedure and method for filing (sending) the orders, the requirements to the content of the orders and the period for its consideration, the method and period for sending notifications (messages) on acceptance (refusal) of orders are indicated:

The Exchange-traded bonds are placed by execution of purchase and sale transactions at the placement price of the Exchange-traded bonds stipulated in clause 4.3 hereof (hereinafter referred to as the Placement Price).

The transactions of Exchange-traded bonds placement are executed in the Moscow Exchange MICEX-RTS Public Joint Stock Company (hereinafter also referred to as the Exchange, Trade Organizer, or Moscow Exchange PJSC) by acceptance of targeted orders for the purchase of the Exchange-traded bonds submitted using the Trade Organizer's trading system (hereinafter referred to as the Trading System) in accordance with the Stock Market, Deposit Market and Lending Market Trading Rules of the Moscow Exchange MICEX-RTS Public Joint Stock Company (hereinafter referred to as the Trading Rules).

The targeted orders for purchase of the Exchange-traded bonds and counter orders for sale of the Exchange-traded bonds are submitted using the Trading System in electronic form, while the simple written form of the agreement is considered to be complied with. The moment of execution of the Exchange-traded bonds placement transaction is considered to be the moment of its registration in the Trading System.

Separate written notices (messages) on the acceptance (refusal) of the orders are not sent to the Trading Members.

If the potential buyer is not a participant in the Exchange trading (hereinafter referred to as the Trading Participant), such person should enter in an appropriate agreement with any Trading Participant and instruct such Trading Participant to purchase the Exchange-traded bonds. The potential buyer of the Exchange-traded bonds, being a Trading Member, acts independently.

In order to execute the sale and purchase transaction with the Exchange-traded bonds during its placement, the potential buyer should in advance (before the Exchange-traded bonds placement commencement date) open an appropriate securities account with the National Settlement Depository Joint-Stock Company (hereinafter referred to as NSD), which performs the collective safe custody of Exchange-traded bonds, or in another depository. Procedure and terms for opening the securities accounts are determined by regulations of the respective depositories.

Agreements executed during the placement of the Exchange-traded bonds are amended and (or) terminated on the grounds and in the manner prescribed by Chapter 29 of the Civil Code of the Russian Federation.

Trades are conducted in accordance with the Trading Rules duly registered and valid as of the date of the trades.

Exchange-traded bonds are placed by collecting targeted orders from the buyers for purchase of the Exchange-traded bonds at a fixed price and coupon rate for the first coupon period predetermined by the Issuer (Exchange-traded bonds placement by Book-Building).

The Exchange-traded bonds placement by Book-Building provides for a public offering to make offers on the acquisition of the Exchange-traded bonds being placed. Targeted orders from the Trading Members are the offers of the Trading Members for the purchase of the Exchange-traded bonds being placed.

The answer on accepting the offers for the acquisition of the Exchange-traded bonds being placed is sent to the Trading Members determined at the discretion of the Issuer from among the Trading Members, who made such offers, by placing the counter orders. At the same time, the Trading Member agrees that its order may be rejected, accepted in whole or in part.

On the Exchange-traded bonds placement commencement date, the Trading Members submit targeted orders for purchase of the Exchange-traded bonds using the Trading System both at their own expense and at the expense and on behalf of potential buyers during the period for submitting the orders for purchase of the Exchange-traded bonds at a fixed price and coupon rate for the first coupon period.

The minimum amount of the order for purchase of the Exchange-traded bonds, which can be submitted at trading by the Trading Member acting at its own expense or at the expense and on behalf of a potential purchaser of the Exchange-traded bonds, must be at least 1,400,000 (One million four hundred thousand) rubles in US dollars at the Bank of Russia exchange rate as of the date of transaction, and the number of purchased Exchange-traded bonds designated in the order for purchase of the Exchange-traded bonds can only be an integer.

The minimum amount for which the Issuer may accept the submitted order of the Trading Member must be at least 1,400,000 (One million four hundred thousand) rubles in US dollars at the Bank of Russia exchange rate as of the date of transaction, and the number of Exchange-traded bonds purchased can only be an integer.

Every day during the placement period, the Issuer calculates the minimum amount of the order for purchase of the Exchange-traded bonds based on the US dollar exchange rate set by the Bank of Russia for the next day, and sends such information to the Exchange.

If the Exchange does not have information on the minimum volume of order for purchase of the Exchange-traded bonds, the Exchange may use the information provided on the previous day.

The time and procedure for submitting targeted orders during the period for submitting orders at a fixed price and coupon rate for the first coupon period is established by the Exchange in agreement with the Issuer.

At the end of the period for submitting orders for purchase of the Exchange-traded bonds at a fixed price and coupon rate for the first coupon period, the Exchange compiles a consolidated register of orders and submits it to the Issuer.

The consolidated register of orders contains all the significant terms of each order: the purchase price, the number of securities, the date and time of receipt of the order, the number of order, as well as other details in accordance with the Trading Rules.

Based on the analysis of the consolidated register of orders, the Issuer determines the purchasers to whom it intends to sell the Exchange-traded bonds, as well as the number of Exchange-traded bonds that it intends to sell to such buyers.

The Issuer enters into transactions with buyers to whom it wishes to sell the Exchange-traded bonds by placing counter targeted orders in accordance with the Trading Rules designating the number of securities that the Issuer intends to sell to such buyer.

After satisfying the orders submitted during the orders submission period, and in case of incomplete placement of the Exchange-traded Bonds Issue based on its results, the Trading Members acting both at their own expense and at the expense and on behalf of potential buyers may, during the placement period, submit targeted orders for purchase of the Exchange-traded bonds at the Placement Price to the Issuer.

The Issuer considers such orders and determines the buyers to whom it intends to sell the Exchange-traded bonds, as well as the number of the Exchange-traded bonds it intends to sell to such buyers.

The Issuer enters into transactions with buyers to whom it wishes to sell the Exchange-traded bonds by placing counter targeted orders in accordance with the Trading Rules designating the number of securities that the Issuer intends to sell to such buyers. The Exchange-traded bonds purchase orders are sent by Trading Members to the Issuer.

The purchase order must contain the following significant terms:

- *purchase price;*
- *number of Exchange-traded bonds;*
- *a settlement code used when entering into the transaction with securities to be included in the clearing pool of a clearing entity on the terms of multilateral or simple clearing, and which determines that the collateral control procedure is carried out during the transaction, and the due date for the execution of the transaction with securities is the date of the transaction;*
- *other parameters in accordance with the Trading Rules.*

The Placement Price of the Exchange-traded bonds (as a percentage of the par value of the Exchange-traded bonds with an accuracy of one hundredth of a percent) should be indicated as the purchase price.

The number of the Exchange-traded bonds that a potential buyer would like to purchase at the coupon rate for the first coupon period determined prior to the date of placement should be indicated as the number of the Exchange-traded bonds.

At the same time, the funds should be reserved on the trading accounts of the Trading Members with NSD in an amount sufficient to fully pay for the Exchange-traded bonds specified in the orders for purchase of the Exchange-traded bonds, taking into account all necessary commission fees.

The orders that do not meet the above requirements are not accepted.

The Issuer's Exchange-traded bonds cannot be purchased at the expense of the Issuer during the placement.

4.2.2. Possibility of the pre-emptive right to purchase the placed securities, including the possibility of exercising the pre-emptive right to purchase the securities stipulated in Articles 40 and 41 of the Joint-Stock Companies Federal Law, shall be indicated:

Possibility of pre-emptive purchase of the Exchange-traded bonds to be placed, including the possibility of exercising the pre-emptive right to purchase the securities stipulated in Articles 40 and 41 of the Joint-Stock Companies Federal Law No. 208-FZ dated December 26, 1995, is not established.

4.2.3. The person to whom the Issuer issues (sends) an instruction (order) being the basis for making credit entries on personal accounts (custodian accounts) of the first owners and (or) nominal holders, the term and other terms and conditions for sending an instruction (order) shall be indicated.

Credit entries on personal accounts (custodian accounts) of the first owners and (or) nominal holders of the Exchange-traded bonds are made by:

Full corporate name: ***National Settlement Depository Non-Banking Credit Organization Joint-Stock Company***

Abbreviated name: ***NSD NBCO JSC***

Location: ***Moscow, Russian Federation***

Postal address: ***Spartakovskaya str., 12, 105066, Moscow***

TIN: ***7702165310***

The term and other conditions for safe custody of Exchange-traded bonds being subject to the collective safe custody are regulated by Securities Market Federal Law No. 39-FZ dated April 22, 1996, as well as other regulations of the Russian Federation and internal documents of the depository.

4.2.4. If a joint-stock company places shares, securities convertible into shares, and issuer options by private subscription only among all shareholders and providing such shareholders with the opportunity to purchase a whole number of placed securities proportional to the number of shares of the corresponding category (type) they own, the following shall be indicated: ***not applicable***.

4.2.5. If securities are placed by subscription through trading, the full corporate name (for business entities) or the name (for non-profit organizations) of the person organizing the trading, its location and Primary State Registration Number shall be indicated.

Full corporate name: ***Moscow Exchange MICEX-RTS Public Joint Stock Company***

Location: ***Moscow, Russian Federation***

PSRN: ***1027739387411***

4.2.6. If the issuer and (or) its authorized person intends to enter into the preliminary agreements containing the obligation to execute in the future the main agreement aimed at alienating the placed securities to the first owner, or to collect preliminary orders for purchase of the placed securities, the procedure for entering into such preliminary agreements or the procedure for filing and collecting such preliminary orders shall be indicated.

The entering into preliminary agreements containing the obligation to execute in the future the main agreement aimed at the alienating the placed Exchange-traded bonds to the first owner, or the collection of preliminary orders for purchase of the placed Exchange-traded bonds is not provided for.

4.2.7. If the issuer places the securities involving brokers, who provide the issuer with the placement services and (or) arrange the securities placement (including consulting services, as well as services related to the acquisition of the securities to be placed by the broker at its own expense), the following information shall be indicated for each such person:

The Issuer is a professional participant in the securities market. The placement of the Exchange-traded bonds is carried out by the Issuer independently without involvement of brokers providing the Issuer with placement services and (or) arrange the Exchange-traded bonds placement.

4.2.8. If the placement of securities is supposed to be carried out outside the Russian Federation, including through the placement of relevant foreign securities, such circumstance shall be indicated:

Placement of Exchange-traded bonds is not supposed to be carried out outside the Russian Federation.

4.2.9. If, in accordance with the Federal Law “On the procedure for making foreign investments in business entities of strategic importance for ensuring the country's defense and state security”, the issuer is a business entity of strategic importance for ensuring the country's defense and state security, such circumstance should be indicated, and also, the grounds for recognizing the issuer as such business entity should be given:

The Issuer is not a business entity of strategic importance for the country's defense and state security.

If the entering into agreements aimed at the alienation of securities of the Issuer that is a business entity of strategic importance for ensuring the country's defense and state security to the first owners during placement may require a obtaining a prior approval of such agreements in accordance with the Federal Law “On the procedure for making foreign investments in business entities of strategic importance for ensuring the country's defense and state security”, such circumstance should be indicated: ***such prior approval is not required***.

4.2.10. If the acquisition of shares in a banking institution or non-banking financial institution requires the prior (subsequent) consent of the Bank of Russia, it is specified that the purchaser of shares should submit documents confirming receipt of the prior (subsequent) consent of the Bank of Russia for such acquisition to the banking institution or non-banking financial institution-issuer: ***not applicable.***

The obligation of the purchaser of securities to submit documents to a banking institution or non-banking financial institution-the issuer for the assessment of its financial sanding (if such assessment is necessary) should be indicated: ***not applicable.***

4.2.11. In case of placement of securities among investors who are participants in the investment platform, the name (individual designation) of the investment platform used for the placement of securities, as well as the full company name, Primary State Registration Number and location of such investment platform operator should be indicated.

The Exchange-traded bonds are not placed among investors who are participants of the investment platform.

4.3. Price (s) or procedure for determining the placement price of securities

The Exchange-traded bonds placement price is set equal to 1,000 (One thousand) US dollars per one Exchange-traded bond, which corresponds to 100% (One hundred percent) of the par value of the Exchange-traded bond.

Starting from the 2nd (Second) day of placement of the Exchange-traded bonds, the buyer, when making a transaction for purchase and sale of the Exchange-traded bonds, also pays the accumulated coupon yield (hereinafter referred to as ACY) on the Exchange-traded bonds, calculated according to the following formula:

ACY = Ci * Nom * (T - T(i -1))/(365*100%),

where

i - serial number of the coupon period, i = 1,2,3...20;

ACY - accumulated coupon yield in US dollars;

Nom - par value of one Exchange-traded bond in US dollars;

Ci - interest rate of the i-th coupon in percent per annum;

T(i-1) - i-th coupon period start date (for the first coupon period, T(i-1) is the Exchange-traded bonds placement commencement date);

T - date of calculation of the accumulated coupon yield within the i-th coupon period.

ACY is calculated up to the second decimal place (the second decimal place is rounded according to the rules of mathematical rounding: if the third decimal place is greater than or equal to 5, the second decimal place is increased by one, if the third decimal place is less than 5, the second decimal place does not change).

If the pre-emptive right to acquire the securities is vested during the placement of securities, the price or the procedure for determining the placement price of securities to persons having such pre-emptive right is additionally indicated.

The pre-emptive right to acquire securities is not vested.

4.4. Procedure for exercising the pre-emptive right to acquire the securities being placed:

Not applicable.

4.5. Conditions, procedure and term of payment for securities

4.5.1. Method of payment for the securities to be placed (in cash; in cash, including the possibility of paying for the securities to be placed by offsetting monetary claims; in kind).

Exchange-traded bonds are paid in cash by bank transfer in US dollars in accordance with the clearing rules of the Clearing Institution.

The amount of funds to be paid for the Exchange-traded bonds by each of the potential purchasers should be at least 1,400,000 (One million four hundred thousand) rubles in US dollars at the Bank of Russia exchange rate as of the date of the transaction, while the number of purchased Exchange-traded bonds can only be an integer.

4.5.2. In case of payment for the placed securities in cash, the form of payment (cash or bank transfer), the full corporate name of banking institutions, its location, bank details of the issuer's accounts to which the funds for securities should be transferred, the full or abbreviated name of funds receiver and its taxpayer identification number, addresses of payment points (in the case of cash payment for securities) should be indicated.

Form of payment: ***bank transfer***

Details of the account to which the funds should be transferred as payment for the securities:

Full corporate name: ***Freedom Finance Investment Company Limited Liability Company***
Abbreviated company name: ***Freedom Finance IC LLC***
Location: ***Moscow, Russian Federation***
TIN: ***7705934210***
PSRN: ***1107746963785***
Trading bank account number of NCC NPO (JSC) with NSD NBCO JSC: [***]
Number of the personal account for accounting of funds (Freedom Finance Investment Company Limited Liability Company), opened in the accounting of NCC NPO (JSC) on the clearing account: [***]

Credit organization:
Full corporate name: ***National Settlement Depository Non-Banking Credit Organization Joint-Stock Company***
Abbreviated corporate name: ***NSD NBCO JSC***
Location: ***Moscow, Russian Federation***
TIN: ***7702165310***
BIC: ***044525505***
Account of NSD NBCO JSC with the intermediary bank: ***[***]***
Intermediary bank: ***JPMORGAN CHASE BANK, New York, USA***
Intermediary bank SWIFT code: ***CHASUS33***
Correspondent bank: ***NATIONAL SETTLEMENT DEPOSITORY (HEAD OFFICE)***
Correspondent bank SWIFT code: ***MICURUMM***

Payment for securities in kind is not provided.

4.5.3. In the case of payment for securities in kind, the property that can be used to pay for the securities of the issue, the terms of payment, including documents drawn up for such payment (property acceptance and transfer certificate, instruction to the registrar or depository that records the rights to securities, which are used to pay for the placed securities, etc.), documents that confirm such payment (extracts from state registers, etc.), as well as information about the person (s) involved in valuation the market value of such property should be indicated: ***not applicable.***

4.5.4. In case of payment for excess shares placed through a private subscription by offsetting monetary claims against the joint-stock company-the issuer, the procedure for sending an offset-note to the issuer (entering into agreement with the issuer) should be indicated: ***not applicable.***

4.5.5. The term of payment for the placed securities.
The Exchange-traded bonds are paid during its placement at the Exchange trades.
The possibility of installment payment for the Exchange-traded bonds is not provided.
Cash settlements under the Exchange-traded bonds purchase and sale transactions during its placement are carried out on the terms of "delivery versus payment" through NSD in accordance with the Clearing Rules of the Clearing Organization in the Securities Market.

5. Procedure for disclosure the securities issue (additional issue) information by the issuer

If the securities of an issue (additional issue) are placed by public subscription and (or) the registration of the issue (additional issue) of securities is accompanied by the registration of a prospectus, it is necessary to indicate that the issuer discloses information about this issue (additional issue) of securities in the manner prescribed by the Securities Market Federal Law.
The Issuer discloses information about this Issue in accordance with the procedure stipulated by Securities Market Federal Law No. 39-FZ of April 22, 1996 and the Issue Documents.

At the discretion of the issuer, the procedure for disclosing information about this issue of securities, used by the issuer in addition to the procedure for disclosing information stipulated by the Bank of Russia regulations, should be indicated:
Since the registration of the Issue of the exchange-traded bonds is not accompanied by the registration of the prospectus, the Issuer assumes the obligation to disclose information in accordance with the Information Disclosure Rules stipulated by the Moscow Exchange PJSC Listing Rules, if the securities in respect of which no registration (no presentation) of the prospectus, are admitted to trade.

If information about issue (additional issue) is disclosed by publication in a periodical printed publication (s), the name of such publication (s) should be indicated***not applicable***.

If information is disclosed by posting on web page, the address of such page should be indicated:***http://www.e-disclosure.ru/portal/company.aspx?id=37687***

If the issuer is obliged to disclose information in the form of the issuer's report and statements of material facts, such circumstance should be indicated.
As of the date of signing hereof, the Issuer has no obligation to disclose information in the form of an issuer's report and statements of material facts.

6. Information about document containing the actual results of the securities placement, which is submitted after the completion of the securities placement

In accordance with the Securities Market Federal Law No. 39-FZ dated April 22, 1996, the depository responsible for the collective safe custody of the Exchange-traded bonds submits a notification of the securities issue results to the Bank of Russia.

7. Other information

No.

EXHIBIT 4.03

This exhibit is an English Translation of a foreign language document. The Company hereby agrees to furnish to the SEC, upon request, a copy of the foreign language document.

Registered « 01 » November 20 21

Securities Issue Registration Number

4B02-02-00430-R-001P

Moscow Stock Exchange PSJC

(registering entity name)

RESOLUTION TO ISSUE SECURITIES

Freedom Finance Investment Company

Limited Liability Company

(issuer full name)

exchange-traded, non-documentary, interest-bearing, non-convertible, collective safe custody bonds of P01-02 series, with a par value of 1,000 (one thousand) US dollars each, with a maturity of 1,820 (one thousand eight hundred and twentieth) days from start date for the placement of exchange-traded bonds, placed by public subscription under the Exchange-Traded Bonds Program of the P01 series with identification number: 4-00430-R-001P-02E dated October 16, 2019

(type, category, series and other identification features of the securities to be placed)

based on resolution ***on approval of the P01 Series Exchange-traded Bonds Program***

(securities placement resolution)

approved by ***The sole member of Freedom Finance IC LLC on October 10, 2019***

(issuer's management body that approved the resolution to place the securities)

Resolution dated ***October 10, 2019 No. 10/10/19-001***

Issuer's place of location (in accordance with its charter): ***Moscow, Russian Federation***

Freedom Finance IC LLC
General Director
Acting Ex Officio
V.A. Pochekuev

The following terms will be used hereinafter:

Issue Standards *mean Securities Issue Standards Regulation of the Bank of Russia dated December 19, 2019 No. 706-P.*

Program *means P01 Series Exchange-traded Bonds Program with identification number 4-00430-R-001P-02E dated October 16, 2019, under which this issue of the exchange-traded bonds is placed.*

Resolution to issue the exchange-traded bonds *means this Resolution to issue the securities vesting the totality of property and non-property rights in relation to this issue of the exchange-traded bonds placed under the Program.*

Exchange-traded bonds terms of placement *mean document containing the terms and conditions of the exchange-traded bonds placement.*

Exchange-traded bond (s) *means exchange-traded bond (s) placed within the framework of the Program in accordance with this Resolution to issue the exchange-traded bonds.*

Issuer *means Freedom Finance Investment Company Limited Liability Company, Freedom Finance IC LLC.*

News Feed *means an information resource updated in real time and provided by an information agency accredited by the Bank of Russia to perform disclose of information about securities and other financial instruments.*

Web Page *means a page on the Internet provided to the Issuer by one of the accredited agencies at: http://www.e-disclosure.ru/portal/company.aspx?id=37687.*

Other terms used herein have the meanings defined in the Program.

In all cases when this Resolution to issue the exchange-traded bonds contains references to individual clauses of the Program or to the Program as a whole, the provisions of the Program are applied in accordance with clause 18 of the Program, taking into account the changed mandatory requirements of the legislation of the Russian Federation in connection with the changes made to the current legislation of the Russian Federation on the basis of Federal Law No. 514-FZ dated December 27, 2018 "On Amendments to the Securities Market Federal Law and Certain Legislative Acts of the Russian Federation in Relation to Improving the Legal Regulation of the Securities Issuance". In particular, the provisions of the Program related to the documentary securities and securities certificates are not applicable to the Exchange-traded bonds, and in accordance with the Securities Market Federal Law No. 39-FZ dated April 22, 1996, the Resolution to issue the exchange-traded bonds and the Exchange-traded bonds terms of placement are prepared in relation to the Exchange-traded bonds instead of the Terms of issue stipulated by the Program.

1. Type, category, series and other identification features of the securities

Type of securities: ***exchange-traded bonds.***

Other identification features of the securities to be placed: ***exchange-traded, non-documentary, interest-bearing, non-convertible, collective safe custody bonds of P01-02 series.***

2. Bonds Custody Method

Collective safe custody.

Information about depository performing collective safe custody of the bonds:

Full corporate name: ***National Settlement Depository Non-Banking Credit Organization Joint-Stock Company***

Abbreviated corporate name: ***NSD NBCO JSC***

Location: ***Moscow, Russian Federation***

PSRN***: 1027739132563***

In case of NSD NBCO JSC (hereinafter also referred to as NSD) winding-up due to its corporate restructuring, its legal successor performs custody of the Exchange-traded bonds. All references to NSD NBCO JSC or NSD include NSD NBCO JSC and its legal successor.

Custody and certification of rights to the Exchange-traded bonds, custody and certification of the Exchange-traded bonds, including encumbrance on the Exchange-traded bonds, is performed in NSD and other depositories that record rights to the Exchange-traded bonds, except for NSD.

3. Par value of each security of the issue

1,000 (one thousand) US dollars.

4. Rights of the each security holder

4.1. Preferred shares:

Not applicable. The placed securities are not preferred shares.

4.2. For bonds, the right of the bond holder to receive the par value of the bond from the issuer within the period specified or another property equivalent, and the right to receive a fixed percentage or other property rights may also be indicated:

The information to be indicated in this paragraph is given in paragraph 7 of the Program.

4.2.1. If the bonds are secured by collateral, indicate the rights of bondholders arising from such collateral in accordance with the terms of collateral stipulated herein, as well as the transfer of rights to a secured bond implies transfer of all rights arising from such collateral to the new holder (acquirer). Indicate that the transfer of rights arising from the collateral provided is invalid without the transfer of rights to the bond:

The Exchange-traded bonds are not secured by collateral.

4.2.2. For structured bonds, indicate the right of structured bondholders to receive payments thereon depending on the occurrence or non-occurrence of one or more circumstances designated by the resolution to issue the structured bonds:

Not applicable. Exchange-traded bonds are not structured bonds.

4.2.3. For bonds without maturity, indicate this circumstance, as well as the issuer's right to unilaterally refuse to pay interest on such bonds:
Not applicable. Exchange-traded bonds are not bonds without maturity.

4.3. For mortgage-backed bonds, indicate the rights of bondholders arising from the pledge of mortgage coverage in accordance with the terms of such pledge stipulated herein, as well as the transfer of rights to the mortgage-backed bond implies transfers of all the rights arising from the pledge of mortgage coverage to the new holder (acquirer). Indicate that the transfer of rights arising from the pledge of mortgage coverage is invalid without the transfer of rights to the mortgage-backed bond:
Not applicable. Exchange-traded bonds are not mortgage-backed bonds.

4.4. For issuer options, indicate the following information:
Not applicable. Exchange-traded bonds are not issuer options.

4.5. If the securities to be placed are convertible securities, indicate the following information:
Not applicable. Exchange-traded bonds are not convertible securities.

4.6. If the securities to be placed are securities intended for qualified investors, indicate such circumstance. Indicate the features related to the custody and transfer of rights to such securities stipulated by the laws of the Russian Federation:
Not applicable. Exchange-traded bonds are not securities intended for qualified investors.

If there are other restrictions to the securities of this issue, indicate the features associated with the custody and transfer of rights to such securities.
The right to Exchange-traded bond passes to the acquirer from the date of making a credit entry on the acquirer's securities account. The rights vested by the Exchange-traded bond pass to its acquirer from the date of transfer of the rights to such security.
There are no other restrictions to the Exchange-traded bonds.

5. Procedure, terms and conditions for redemption of bonds and payment of yields on bonds
5.1. Bond redemption form
Indicate the bond redemption form (cash, in kind, conversion), as well as the possibility and conditions for the bondholders choice of the redemption form.
Redemption of the Exchange-traded bonds is made in cash in US dollars by bank transfer.
No possibility to choose the redemption form of the Exchange-traded bonds.
If the bonds are redeemed in kind, indicate the information on related property.
Exchange-traded bonds are not redeemed in kind.

5.2. Bond maturity
Indicate the bonds maturity date or the procedure for its determination, or indicate that the maturity date is not determined for the bonds.
The Exchange-traded bonds are redeemed at par value on the 1,820th (One thousand eight hundred and twentieth) day from the date of commencement of placement of the Exchange-traded bonds (hereinafter referred to as the Redemption Date).
Dates of beginning and end of redemption of the Exchange-traded bonds coincide.
If the Redemption Date falls on a non-business day, the due amount shall be transferred on the first business day following the Redemption Date. The holder of the Exchange-traded bonds has no right to demand accrual of interest or any other compensation for such a delay in payment.

5.3. Procedure, terms and conditions for redemption of bonds
Indicate the procedure, terms and conditions for redemption of bonds:
Redemption of the Exchange-traded bonds is made in cash in US dollars by bank transfer.
Exchange-traded bonds are collective safe custody securities.
Redemption of the Exchange-traded bonds is made in accordance with the procedure established by the current laws of the Russian Federation.
The holders of the Exchange-traded bonds and other persons exercising rights under the Exchange-traded bonds in accordance with federal laws receive due redemption payments under the Exchange-traded bonds through a depository that performs custody of securities, of which they are depositors.
Custody agreement between the depository that performs custody of the securities and the depositor must contain the procedure for transferring payments on securities to the depositor.
The Issuer fulfills the redemption payment obligation under the Exchange-traded bonds by transferring funds to NSD, which performs collective safe custody of the bonds. Such obligation is considered to be fulfilled by the Issuer from the date of crediting the funds to NSD's account.
The depository transfers the redemption payment under the Exchange-traded bonds in accordance with the procedure stipulated by Article 8.7 of the Securities Market Federal Law No. 39-FZ of April 22, 1996, taking into account specifics depending on the Exchange-traded bonds custody method.
Also, the coupon yield for the last coupon period is paid upon redemption of the Exchange-traded bonds.
Upon redemption of the Exchange-traded bonds, the bondholders are paid 100% (One hundred percent) of the Exchange-traded bonds par value. On the Exchange-traded bonds redemption date, the coupon yield for the last coupon period is also paid.
Upon redemption, the Exchange-traded bonds are written-off from the securities accounts subject to the Issuer's fulfillment of all obligations to the holders of the Exchange-traded bonds to redeem the par value of the Exchange-traded bonds and pay coupon yield thereon for all coupon periods.
The Exchange-traded bonds are not redeemed in kind.

5.3.1. Procedure for determining payments for each structural bond upon its redemption

Not applicable. Exchange-traded bonds are not structural bonds.

5.4. Procedure for determining the yield to be paid on each bond

The yield on the Exchange-traded bonds is the amount of coupon yields accrued for each coupon period as a percentage of the par value of the Exchange-traded bonds and is paid on the end date of the relevant coupon period.

Exchange-traded bonds have 20 (twenty) coupon periods.

The duration of each of the coupon periods is set equal to 91 (Ninety-one) days.

Procedure for determining coupon periods

The start date of each coupon period is determined by the following formula:

CPSD(i) = PCD + 91*(i-1), where

PCD - Exchange-traded bonds placement commencement date;

i - sequence number of the relevant coupon period (i = 1,2,3...20);

CPSD(i) - i-th coupon period start date.

The end date of each coupon period is determined by the following formula:

CPED(i) = DNR + 91*i, where

PCD - Exchange-traded bonds placement commencement date;

i - sequence number of the relevant coupon period (i = 1,2,3...20);

CPED(i) - i-th coupon period end date.

Procedure for determining the amount of yield to be paid on each coupon

The amount of coupon yield for each i-th coupon period per one Exchange-traded bond is calculated according to the following formula:

CYi = Ci * Nom * (CPED(i) -CPSD(i)) / (365 * 100%),

where

CYi - value of the coupon yield on each Exchange-traded bond for the i-th coupon period in US dollars;

Nom - par value of one Exchange-traded bond in US dollars;

Ci - interest rate for the i-th coupon period, per annum;

CPSD(i) - i-th coupon period start date;

CPED(i) — i-th coupon period end date;

i — serial number of coupon period (i = 1,2,3...20).

CYi is calculated with an accuracy of the second decimal place (the second decimal place is rounded according to the rules of mathematical rounding: if the third decimal place is greater than or equal to 5, the second decimal place is increased by one, if the third decimal place is less than 5, the second decimal place is not changed).

Procedure for determining the interest rate for the first coupon

The interest rate for the first coupon is determined by the authorized management body (authorized official) of the Issuer prior to the Exchange-traded bonds placement commencement date and is disclosed in the manner stipulated in paragraph 11 of the Program.

Procedure for determining the interest rate for coupons starting from the second

Interest rates for coupons, starting from the 2nd (Second) to the 20th (Twentieth) inclusive, are determined by the authorized management body (authorized official) of the Issuer before the placement commencement date in accordance with the procedure designated in sub-clause "a" of clause 9.3 of the Program.

Information about the interest rates for coupons, from the 2nd (Second) to the 20th (Twentieth) inclusive, is disclosed in the manner stipulated in paragraph 11 of the Program.

Prior to the Exchange-traded bonds placement commencement date, the Issuer informs the Exchange and NSD of the decisions made, including certain rates.

Other information to be specified in this clause is given in clause 9.3 of the Program.

5.5. Procedure and term of yield payment

Indicate the period (date) of yield payment on bonds or the procedure for its determination.

Coupon yield on the Exchange-traded bonds accrued for each coupon period is paid on the end date of the related coupon period. Payment (transfer) of coupon yield on the Exchange-traded bonds is made in cash in US dollars by bank transfer.

The procedure for determining the end date of each coupon period for the Exchange-traded bonds is stipulated in clause 5.4 hereof.

If the coupon period end date falls on a non-business day, the transfer of the appropriate amount is made on the first business day following the coupon period end date. The holder of the Exchange-traded bonds has no right to demand accrual of interest or any other compensation for such a delay in payment.

Indicate the procedure for yield payment on bonds, including the procedure for payment (transfer) of yield on bonds in kind, if the bonds provide for yield in kind.

The yield on Exchange-traded bonds is paid in accordance with the procedure established by the current laws of the Russian Federation.

Coupon yield on the Exchange-traded bonds is paid in cash in US dollars by bank transfer.

No payment (transfer) of yield on Exchange-traded bonds in kind.

The bondholders and other persons exercising rights under the Exchange-traded bonds in accordance with federal laws receive yield under the Exchange-traded bonds through a depository that performs custody of securities, of

which they are depositors.

Custody agreement between the depository that performs custody of the securities and the depositor must contain the procedure for transferring payments on securities to the depositor.

The Issuer fulfills the redemption payment obligation under the Exchange-traded bonds by transferring funds to NSD, which performs collective safe custody of the bonds. Such obligation is considered to be fulfilled by the Issuer from the date of crediting the funds to NSD's account.

The depository transfers the yield payment under the Exchange-traded bonds in accordance with the procedure stipulated by Article 8.7 of the Securities Market Federal Law No. 39-FZ of April 22, 1996, taking into account specifics depending on the Exchange-traded bonds custody method.

Coupon yield on unplaced Exchange-traded bonds or on Exchange-traded bonds transferred to the Issuer's account with NSD is neither accrued nor paid.

5.6. Procedure and conditions for early redemption of bonds

There is a possibility of early redemption of the Exchange-traded bonds at the request of the bondholders.

Early redemption (including partial early redemption) of the Exchange-traded bonds at the discretion of the Issuer is not provided.

Early redemption of the Exchange-traded bonds is allowed only after its full payment.

Exchange-traded bonds redeemed by the Issuer ahead of schedule cannot be offered again.

5.6.1 Early redemption of bonds at the request of bondholders

The possibility of early redemption of the Exchange-traded bonds at the request of bondholders is provided in the manner and on the terms established by the current laws of the Russian Federation.

Early redemption of the Exchange-traded bonds at the request of bondholders is made in cash in US dollars by bank transfer.

Other information to be specified in this clause is given in clause 9.5.1 of the Program.

5.6.2 Early redemption of bonds at the discretion of the issuer

Early redemption (including partial early redemption) of the Exchange-traded bonds at the discretion of the Issuer is not provided.

For bonds without maturity date, indicate that bondholders are not entitled to demand early redemption of such bonds, including on the grounds stipulated in Article 17.1 of the Securities Market Federal Law.

The Exchange-traded bonds are not bonds without maturity date.

For bonds where the issuer identifies this bond issue using the words “green bonds” and/or “social bonds” and/or “infrastructure bonds”, indicate the right of bondholders to claim early redemption of their bonds, if the issuer breaches the condition on the intended use of funds received from the placement of bonds designated herein.

The Issuer does not identify the Exchange-traded bonds of this issue as “green bonds”.

The Issuer does not identify the Exchange-traded bonds of this issue as “social bonds”.

The Issuer does not identify the Exchange-traded bonds of this issue as “infrastructure bonds”.

5.7. Information about paying agents for bonds

No paying agent has been appointed as of the date of signing the Resolution to issue the Exchange-traded bonds. The Issuer may appoint paying agents and revoke such appointments:

- in case of early redemption of the Exchange-traded bonds at the request of bondholders in accordance with clause 9.5.1 of the Program;

- when making targeted payments in favor of holders of Exchange-traded bonds in other cases stipulated by the current laws of the Russian Federation.

The Issuer may not simultaneously appoint several paying agents for the issue of the Exchange-traded bonds.

Procedure for disclosure information about such actions

Information about the appointment of a paying agent by the Issuer and the revoke of such appointments shall be disclosed by the Issuer in the form of notice within the following terms from the date of execution of the agreement, on the basis of which the Issuer engages an organization that provides it with intermediary services in the performance of obligations under the Exchange-traded bonds, and if such agreement enters into force not from the date of its execution, from the date of its entry into force:

– ***in the News Feed - no later than 1 (One) business day.***

5.8. Termination of obligations of the credit institution - issuer to pay the amount of the principal debt and unpaid interest (coupon) on bonds, as well as financial sanctions for default in fulfillment of obligations on bonds.

5.8.1. Termination of obligations under the bonds

The Issuer is not a credit institution. The possibility of termination of obligations under the Exchange-traded bonds is not provided.

5.8.2. Debt release on bonds of subordinated bond loan

The Issuer is not a credit institution. The possibility of debt release on the Exchange-traded bonds is not provided.

6. Information on the acquisition of bonds

Indicate the possibility of the issuer to acquire the bonds by agreement with bondholders and (or) at the request of the bondholders with possibility of its subsequent offering. If such a possibility is established, indicate the procedure and conditions for acquiring the bonds are also indicate, including the term (procedure for determining the term) for acquiring the bonds, the procedure for the authorized body of the issuer to make a decision on acquiring the bonds, the procedure for disclosing information by the issuer on the conditions and results of acquiring the bonds, as well as other conditions for acquiring the bonds.

No possibility of the issuer to acquire the Exchange-traded bonds at the request of the bondholders with possibility of its subsequent offering.

No possibility of the issuer to acquire the Exchange-traded bonds by agreement with bondholders.

7. Information about securing the bonds obligations

7.1. Type of collateral

No collateral is provided for the Exchange-traded bonds.

7.2. Information about person, who provides collateral against bonds obligations

No collateral is provided for the Exchange-traded bonds.

7.3. Terms and conditions of collateral against bonds obligations

No collateral is provided for the Exchange-traded bonds.

7.4. Information about the order of security for the bonds obligations secured by the same collateral as provided for bonds of this issue is provided at the discretion of the issuer.

No collateral is provided for the Exchange-traded bonds.

8. Intended use of funds received from the placement of bonds

8.1. If the Issuer identifies the this bond issue using the words “green bonds”

The Issuer does not identify the Exchange-traded bonds of this issue as “green bonds”.

8.2. If the Issuer identifies the this bond issue using the words “social bonds”

The Issuer does not identify the Exchange-traded bonds of this issue as “social bonds”.

8.3. If the Issuer identifies the this bond issue using the words “infrastructure bonds”

The Issuer does not identify the Exchange-traded bonds of this issue as “infrastructure bonds”.

9. Information about representative of bondholders

If the issuer, before the date of signing hereof, designates the representative of the bondholders, indicate the full corporate name (for business entities) or the name (for non-profit organizations) - representative of the bondholders, its location, the PSRN (including the date of its assignment) and TIN.

The representative of the holders of the Exchange-traded bonds is designated:
Full corporate name: ***REGION Finance Limited Liability Company***
Location: ***Moscow, Russian Federation***
TIN: ***7706761345***
PSRN: ***1117746697090***
Date of PSRN assignment: ***September 02, 2011***

Indicate the obligations of the bondholders' representative stipulated hereby.

In the exercise of its rights and performance of obligations, the representative of the Exchange-traded bonds holders should act in the interests of all the Exchange-traded bonds holders in good faith and reasonably. The representative of the Exchange-traded bonds holders may involve other persons for the performance of its obligations. In this case, the representative of the Exchange-traded bonds holders is liable for the actions of such persons as for its own.

The obligations of the representative of the Exchange-traded bonds holders are stipulated by the Securities Market Federal Law No. 39-FZ of April 22, 1996.

Other obligations of the representative of the Exchange-traded bonds holders are not stipulated hereby.

10. Obligation of the Issuer

The Issuer undertakes to ensure the rights of the Exchange-traded bonds holders provided that they comply with the procedure for exercising such rights stipulated by the laws of the Russian Federation.

11. Obligation of persons, who provides collateral for bonds

No collateral is provided for the Exchange-traded bonds.

12. Other information

12.1. ***The depository and the depositor independently assess and bear the risk that the governing law of the credit institution with which they have opened a currency bank account in the currency in which settlements on the Exchange-traded bonds are made, or the governing law of the credit institution whose correspondent account is to be used to pay yield on the Exchange-traded bonds in cash and other cash payments due to the holders of such securities, or a prohibition or other restriction imposed by government or other authorized bodies, may prohibit such credit institution from participating in the transfer of funds intended for such payments on the Exchange-traded bonds.***

The purchaser of the Exchange-traded bonds independently assesses and bears the risk that the governing law of the depository, in which he/she opened a securities account intended for custody of the Exchange-traded bonds or the governing law of the depository, on whose securities account the Exchange-traded bonds transaction is to be performed, or a prohibition or other restriction imposed by government or other authorized bodies may prohibit such depository from facilitating financing in the Issuer's Exchange-traded bonds.

The purchaser of the Exchange-traded bonds independently assesses and bears the risk that his/her governing law, prohibition or other restriction imposed by government or other authorized bodies may prohibit him/her from investing funds in the Exchange-traded bonds or the governing law of the credit institution with which such person opens a bank account or governing law of credit institution whose correspondent account is to receive yield on Exchange-traded bonds in cash and other payments due to the holder of such securities, or a prohibition or other restriction imposed by government or other authorized bodies may prohibit such credit institutions from participating in the transfer of funds intended for such payments on the Exchange-traded bonds.

12.2. As of the date of signing hereof, the US dollar exchange rate set by the Bank of Russia is 71.0555 rubles per 1 (One) US dollar.

12.3. Other information to be included in the Resolution to issue the exchange-traded bonds in accordance with the Issue Standards, as well as other information disclosed by the Issuer at its own discretion is given in clause 18 of the Program.

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Timur Turlov, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Freedom Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 9, 2022

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Evgeniy Ler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Freedom Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2022

/s/ Evgeniy Ler

/s/ Evgeniy Ler
Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report of Freedom Holding Corp. (the "Company") on Form 10-Q for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Timur Turlov, Chief Executive Officer of the Company and Evgeniy Ler, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 9, 2022

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: February 9, 2022

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer