

Freedom Holding Corp. reports fiscal year 2024 financial results

Company Reports Record Year, With 105% Increase in Reported Revenues



FREEDOM HOLDING CORP.

New York City, New York Jun 14, 2024 ([IssueWire.com](https://www.IssueWire.com)) - Freedom Holding Corp. (NASDAQ: FRHC) ("Freedom", or the "Company"), a multi-national diversified financial services holding company with a presence through its subsidiaries in 20 countries, today announced its financial results for the twelve months ended March 31, 2024, or fiscal 2024.

Commenting on the results, Timur Turlov, the Company's founder and chief executive officer, stated:

"I am pleased to report that fiscal 2024 has been a record year for our company, both from a revenue and earnings perspective. Our core brokerage and banking businesses constituted approximately 75% of our revenue for the period and we continued to focus on our strategy to build upon our traditional financial services businesses, our ancillary services offerings, and our newly formed telecom subsidiary to create a robust fintech ecosystem in Kazakhstan, a region that remains our biggest growth driver. We also continued to add complementary service offerings to our product line-up with the completion of five acquisitions during the fiscal year, allowing us to offer services that further serve our customers across their savings, investing, and necessary and discretionary spending needs."

"Through sustained investment in digitalization we were able to better manage our large-scale operation efficiently and retain our position as a leading player in the digital financial services industry in Kazakhstan. In fiscal 2024 we began the implementation of our strategy to enter the telecommunications market in Kazakhstan supported by a \$200 million domestic bond offering, the biggest retail bond offering to date on the Astana International Exchange.

"To remain competitive in a fast-paced industry, we are constantly evolving to adapt to increasingly complex market conditions and shifting client needs. We expect to continue to expand our operations globally, including further development of our investment banking, capital markets advisory, and research offering in the US, and seek growth opportunities in Central Asia and Europe. We have strengthened our risk and compliance functions and look forward to delivering value through sustained organic growth, strategic acquisitions, and continued investment in technological innovation."

Fiscal 2024 Highlights:

- Revenue totaled approximately \$1.6 billion compared to \$796 million for the prior fiscal year, an increase of 105%, primarily attributable to an increase in interest income, fee and commission income, and insurance underwriting income.
- Fee and commission income was \$440 million, an increase of 35% from \$327 million for fiscal 2023, driven by an increase in number of retail brokerage customers from 370,000 in 2023 to 530,000 in 2024, as well as increased trading volumes across key markets.
- Interest income increased by 181% to \$828 million, as a result of an increase in interest income on trading securities, interest income on margin loans to customers, and interest income on loans to customers.
- Net income for the fiscal year was \$375 million as compared to \$206 million in 2023.
- Basic and diluted earnings per share were \$6.37 and \$6.33, respectively, for fiscal 2024. This compares to \$3.50 and \$3.45 for fiscal 2023.
- Total assets were \$8.3 billion as of March 31, 2024, as compared to \$5.1 billion as of March 31, 2023. The main increase was attributable to our proprietary trading portfolio which increased by 53% to \$3.7 billion as of March 31, 2024 from \$2.4 billion as of March 31, 2023, customer loans issued due to the loan portfolio of Freedom Bank KZ which increased by 68% to \$1.4 billion as of March 31, 2024 from \$826.3 million as of March 31, 2023, as well as margin lending, brokerage, and other receivables which increased by 341% to \$3.7 billion as of March 31, 2024 from \$376 million as of March 31, 2023.
- Acquisitions in Kazakhstan of Aviata LLP and Internet-Tourism LLP in April 2023, Arbuz in May 2023, ReKassa in July 2023 and DITel LLP in January 2024 contributed to revenue growth during the year. In addition, in November 2023, the board of directors approved a plan to expand the business by entering into the telecommunications market in Kazakhstan through our Freedom Telecom subsidiary.

- The Company opened new representative offices in Austria, Belgium, Bulgaria, Italy, and the Netherlands.
- The Company's Shapagat Non-Profit Corporate Fund, founded in August 2023, endeavors to support and contribute to sports, culture, and educational causes amongst local communities. In fiscal 2024, \$2.9 million was committed to charitable endeavors, which included supporting the Kazakhstan Chess Federation, the International Collegiate Programming Contest (ICPC), the "Teach for Qazaqstan" initiative, the construction of a new educational building at SDU University in Almaty and the design and construction of a sports hall for persons with disabilities in Uralsk. During the fiscal year, a new campus of the IQanat school opened in Kazakhstan, with its construction partially financed by the Fund.
- An inaugural Sustainability Report was published in December 2023, emphasizing the Company's dedication to ESG principles, covering personnel care, community impact, corporate governance, and key environmental data.

Division Segment Breakdown:

Brokerage

- Total brokerage customers increased by 43% to approximately 530,000 as of March 31, 2024, as compared to approximately 370,000 customers as of March 31, 2023.
- Total net revenue increased to \$617 million, up 60% over the previous fiscal year, primarily driven by fee and commission income and interest income. Fee and commission income from brokerage services grew by 18% to \$352 million primarily driven by a general increase in brokerage activity between the two periods. Interest income increased by \$233 million during fiscal 2024 in comparison to \$65 million during fiscal 2023, due to an increase in interest accrued on securities held in our proprietary trading portfolio and interest income on margin loans to customers.
- Total expenses increased by 47% primarily driven by a rise in interest expense, mainly due to interest paid on securities repurchase agreements. Additionally, an increase in payroll and bonuses reflected our efforts to attract and retain top talent. General and administrative expenses rose due to the overall growth of operations. However, these increases were partially offset by a decrease in provision for impairment and fee and commission expenses.
- The omnibus brokerage arrangement with FST Belize was terminated as of March 31, 2024.

Banking

- There were approximately 3.4 million bank accounts held in the Freedom Bank KZ subsidiary as of March 31, 2024, as compared to approximately 1.7 million as of March 31, 2023.
- Total net revenue of \$615 million, a 151% increase, was mainly attributable to higher interest income from trading securities in Freedom Bank KZ's proprietary portfolio and interest income on loans to customers. An increase in net gain on trading securities, due to the growth of the proprietary trading portfolio within this segment, also contributed to the revenue increase. However, these gains were partially offset by a net loss on derivatives.
- Total expenses increased by 160%, primarily driven by a rise in interest expense on securities repurchase agreements within this segment, and a \$37.8 million increase in interest expense on customer deposits. Additionally, payroll and bonuses increased by \$27.2 million, reflecting the growth of Freedom Bank KZ's operations. General and administrative expenses rose by \$17.1 million, further contributing to the overall increase.

Insurance

- The number of active insurance contracts grew from 681,667 as of March 31, 2023, to 807,173 as of March 31, 2024. This growth reflects our successful efforts in diversifying our insurance product offerings and expanding our insurance customer base.
- Total net revenue in the insurance segment increased by 100% to \$341 million, mainly due to an increase in underwriting income, reflecting the overall growth of our insurance operations.
- Insurance underwriting income increased 129% to \$264 million, due a 110% increase in written insurance premiums in FY 2024 to \$287.8 million, driven by the expansion of insurance operations.
- The increase in insurance revenue was partially offset by a \$9.7 million, or 127%, increase in the negative change in reinsurance premiums ceded.
- Total expenses increased by 119% due to higher fee and commission expenses, attributable to the overall growth of the insurance operations, in addition to higher interest expenses, primarily from securities repurchase agreements.

Other

- In fiscal 2024, total net revenue in the Other segment increased to \$62.5 million, from \$4.7 million loss in 2023, mainly due to higher fee and commission income from payment processing at Paybox and its subsidiaries, which were acquired in the fourth quarter of fiscal 2023.
- Total expenses in the Other segment increased by 172% due to increases in payroll, professional services and advertising expenses related to FRHC and Paybox. Higher fee and commission expenses resulted from the overall growth in the provision of acquiring payment services, as well as online aggregators for buying air and railway tickets.
- We established Aviata LLP and Internet Tourism LLP during the reporting period. Aviata's preeminent position in the air and rail ticketing sectors makes it an important strategic asset to the enterprise as it works to develop a comprehensive digital fintech ecosystem in Kazakhstan, while Internet-Tourism LLP, a Kazakhstan-based online aggregator for buying air and railway tickets, aids in expanding our presence in the digital services ecosystem in Kazakhstan.
- We acquired Arbuz Group LLP, a food tech service, to accelerate our growth in e-commerce sector.
- We completed the acquisition of 90% of Comrun LLP ("Rekassa"), a Kazakhstan-based digital service for cash transaction data management, in order to expand our presence in the digital services ecosystem in Kazakhstan.
- We formed Freedom Telecom to establish a new independent telecom business in Kazakhstan.
- We established Freedom Media, with the goal of becoming a national media content platform in Kazakhstan.

Corporate Governance and Compliance

As part of its commitment to strong governance and compliance, in October 2023 the Company appointed a new Chief Compliance Officer, focused on further improving Freedom's robust control framework and policies, and investing in staff, tools, and technology to support best practice in customer onboarding and ongoing monitoring.

In January 2024 the Company appointed a new Chief Risk Officer, focused on further enhancing Freedom's comprehensive risk management framework and policies. This role is concentrated on identifying, assessing, and mitigating risks across the organization, ensuring that our operations are aligned with best practices in risk management.

In related news, and in line with its dedication to maintaining a robust legal and compliance

infrastructure, the Company also appointed a new chief legal officer in May 2024. The position will oversee all legal matters for the enterprise, ensuring Freedom's operations comply with all relevant laws and regulations. This role will be pivotal in supporting the Company's governance framework, providing expert legal advice, and driving initiatives that promote a culture of compliance and integrity across our organization.

Outlook

In fiscal 2025 we expect to focus on further digital integration, expanding our market presence in Europe and Central Asia, and enhancing AI-driven customer solutions. We will also continue to seek to acquire financial services-related companies, complementary businesses, and financial and complementary technologies on an opportunistic basis, aligned with our acquisition strategy to expand our presence globally. In the US, we anticipate that our investment banking and our increased research capabilities will help us secure a greater foothold in the capital markets space.

We expect that our balance sheet will allow the Company to add complementary services through acquisitions and further increase our product offerings, leaving us optimally placed to expand our platform into additional markets as regulatory and market conditions dictate. In November 2023, consistent with our strategy to build a digital fintech ecosystem, our board of directors approved a plan to enter the telecommunications market in Kazakhstan through our Freedom Telecom subsidiary.

As part of our investment in strategic expansion, we expect to open new representative offices in Lithuania, the Czech Republic, and Denmark, which we believe will leave us well positioned to further navigate evolving client needs.

About Freedom Holding Corp.

Freedom Holding Corp., a Nevada corporation, is a diversified financial services holding company conducting retail securities brokerage, securities trading, investment research, investment counseling, investment banking and underwriting services, mortgages, insurance, and commercial banking as well as several ancillary businesses which complement its core financial services businesses, all through its subsidiaries, operating under the name Freedom24 in Europe and Central Asia, and Freedom Capital Markets in the United States. Through its subsidiaries, Freedom Holding Corp. employs more than 6,000 people and is a professional participant in the Kazakhstan Stock Exchange, the Astana International Exchange, the Republican Stock Exchange of Tashkent, the Uzbek Republican Currency Exchange, and is a member of the New York Stock Exchange and the Nasdaq Stock Exchange.

Freedom Holding Corp. is headquartered in Almaty, Kazakhstan, and has operations and subsidiaries in 20 countries, including Kazakhstan, the United States, Cyprus, Armenia, Uzbekistan, Azerbaijan, and others.

Freedom Holding Corp.'s common shares are registered with the United States Securities and Exchange Commission and are traded under the symbol FRHC on the Nasdaq Capital Market, operated by Nasdaq, Inc.

To learn more about Freedom Holding Corp., visit www.freedomholdingcorp.com.

Cautionary Note Regarding Forward-Looking Statements

This release contains "forward-looking" statements, including with respect to our future results of

operations and financial position, business strategy and plans and our objectives for future operations, as well as the capital investment required to be successful in any aspect of our strategic plans, and is subject to a number of factors, many of which are beyond our control. All forward-looking statements are subject to uncertainty and changes in circumstances. In some cases, forward-looking statements can be identified by terminology such as "expect," "new," "plan," "seek," and "will," or the negative of such terms or other comparable terminology used in connection with any discussion of future plans, actions, and events. Forward-looking statements are not guarantees of future results or performance and involve risks, assumptions, and uncertainties that could cause actual events or results to differ materially from the events or results described in, or anticipated by, the forward-looking statements. Factors that could materially affect such forward-looking statements include certain economic, business, and regulatory risks and factors identified in the Company's periodic and current reports filed with the U.S. Securities and Exchange Commission. All forward-looking statements are made only as of the date of this release and the Company assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.

Contacts:

Kharlashina Natalia
Public Relations
Freedom Holding Corp.
Phone: +77013641454
Email: prglobal@ffin.kz
www.freedomholdingcorp.com

Media Contact

FREEDOM HOLDING CORP.

prglobal@ffin.kz

+77013641454

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