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

FORM 10-Q/A

(Amendment No. 1)

☒ **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.

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this "Quarterly Report on Form 10-Q/A") amends and restates certain items noted below in the Quarterly Report on Form 10-Q of Freedom Holding Corp. (the “Company”) for the quarterly period ended December 31 2021, as originally filed with the Securities and Exchange Commission (“SEC”) on February 9, 2022 (the “Original Form 10-Q”).

Background and Effect of the Restatement

As previously disclosed in the Company's Current Report on Form 8-K dated November 14, 2022, the Audit Committee (“Audit Committee”) of the Board of Directors of the Company, after discussion with management, concluded that the financial statements of the Company in the Original Form 10-Q and any reports, related earnings releases, investor presentations or similar communications of such prior financial statements should no longer be relied upon. The determination made by the Audit Committee resulted from an error in the Original Form 10-Q related to the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows (the "Cash Flow Statement Error"). Specifically, the Company determined that, in the Consolidated Statements of Cash Flows, certain loans issued were presented as “Operating activities” whereas they should have been presented as “Investing activities,” and deposits from banking institutions were presented as “Operating activities” whereas they should have been presented as “Financing activities."

In addition, as previously disclosed in the Company's Current Report on Form 8-K datedFebruary 10, 2023, the Audit Committee, after discussion with management, concluded that the Original Form 10-Q, and any reports, related earnings releases, investor presentations or similar communications of the same period should not longer be relied upon due to an error in the identified by the Company related to the classification of certain interest income derived from margin lending made by subsidiaries of the Company within the Company’s income statement (the "Income Statement Error"). Specifically, the Company determined that, in the Consolidated Statements of Operations and Other Comprehensive Income in the Original Form 10-Q, certain interest income from margin lending was presented as “Fee and commission income” whereas it should have been presented as “Interest income.”

The Company determined that the misclassifications described above did not have any impact on the Company's operating performance or reported key performance indicators.

This Amendment reflects the correction of the classification errors described above, which were identified subsequent to the filing of the Original Form 10-Q. In addition, because the Company entered into an agreement to sell its Russian subsidiaries subsequent to December 31, 2021 but prior to the date of the filing of this Amendment, at which time such subsidiaries met the held for sale criteria, this Amendment presents the Company's Russian subsidiaries as assets and liabilities held for sale and discontinued operations, in accordance with ASC 205 and 360.

Restatement of Other Financial Statements

In addition to this Quarterly Report on Form 10-Q/A, the Company is concurrently filing amendments to its Annual Report on Form 10-K for the year ended March 31, 2022 (the "Form 10-K/A) and its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2022 (the "June 2022 Form 10-Q/A") and September 30, 2022 (the "September 2022 Form 10-Q/A"). The Company is filing such other amended reports to restate its audited and unaudited condensed consolidated financial statements, as the case may be, and related financial information for the periods contained in those reports and to amend certain other items within those reports in relation to (i) the Income Statement Error described above, (ii) in the case of the the Form 10-K/A and the June 2022 Form 10-Q/A, the Cash Flow Statement Error described above and (iii) an error with related to the classification of funds received under the Kazakhstan state program for financing of mortgage loans “7-20-25” within the Consolidated Statements of Cash Flows for the relevant periods.

Internal Control Considerations

As a result of this restatement, the Company’s management has re-evaluated the effectiveness of the Company’s disclosure controls and procedures and internal control over financial reporting as of December 31, 2021. Management has concluded that the Company’s disclosure controls and procedures were not effective at December 31, 2021, and its internal control over financial reporting was not effective as of December 31, 2021 due to the following material weaknesses. Specifically, there were material weaknesses in (i) the design of a control activity with respect to the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows, (ii) the design of a control activity with respect to the classification of certain interest income from margin lending within the Consolidated Statements of Operations and Other Comprehensive Income, and (iii) the design of a control activity with respect to the

classification of funds received under the Kazakhstan state program for financing of mortgage loans “7-20-25” within the Company’s Consolidated Statements of Cash Flows. See additional discussion included in Part I, Item 4. “Controls and Procedures” of this Quarter Report.

Items Amended in This Quarterly Report on Form 10-Q/A

For the convenience of the reader, this Quarterly Report on Form 10-Q/A presents the Original Form 10-Q in its entirety. The following sections in the Original Form 10-Q have been revised in this Amendment: Part I, Item 1: “Unaudited Condensed Consolidated Financial Statements ”; Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; Part I, Item 3. “Qualitative and Quantitative Disclosures about Market Risk”; Part I, Item 4. “Controls and Procedures”; and Part II, Item 6. “Exhibits and Financial Statement Schedules”.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company is also including with this Quarterly Report on Form 10-Q/A currently dated certifications of the Company’s principal executive officer and principal financial officer (included in Part II, Item 6. “Exhibits” and attached as Exhibits 31.1, 31.2 and 32.1).

This Quarterly Report on Form 10-Q/A is presented as of the date of the Original Form 10-Q and does not reflect adjustments for events occurring subsequent to the filing of the Original Form 10-Q, except to the extent they are otherwise required to be included and discussed herein and does not substantively modify or update the disclosures herein other than as required to reflect the adjustments described above. Among other things, forward-looking statements made in the Original Form 10-Q have not been revised to reflect events, results or developments that occurred or facts that became known to us after the date of the Original Form 10-Q, other than the adjustments described above, and such forward-looking statements should be read in conjunction with our filings with the SEC, including those subsequent to the filing of the Original Form 10-Q.

FREEDOM HOLDING CORP.
FORM 10-Q
TABLE OF CONTENTS

FREEDOM HOLDING CORP.

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

	December 31, 2021 (recast)	March 31, 2021 (recast)
ASSETS		
Cash and cash equivalents	$ 146,358	$ 168,017
Restricted cash	416,743	490,691
Trading securities	947,833	587,546
Available-for-sale securities, at fair value	1	1
Brokerage and other receivables, net	194,158	49,518
Loans issued	42,439	9,626
Fixed assets, net	17,399	15,571
Intangible assets, net	3,672	3,902
Goodwill	7,840	7,137
Right-of-use asset	6,926	4,626
Other assets	24,030	15,639
Assets held for sale	919,592	748,048
TOTAL ASSETS	**$ 2,726,991**	**$ 2,100,322**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	$ 627,493	$ 374,718
Customer liabilities	553,015	671,825
Trade payables	50,375	22,002
Current income tax liability	20,579	14,199
Securities sold, not yet purchased – at fair value	15,167	8,569
Loans received	3,497	3,373
Debt securities issued	33,647	31,349
Lease liability	7,031	4,811
Deferred income tax liabilities	1,486	4,007
Deferred distribution payments	8,534	8,534
Other liabilities	4,950	4,707
Liabilities held for sale	809,727	676,568
TOTAL LIABILITIES	**2,135,501**	**1,824,662**
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 - $0.001 par value; 500,000,000 shares authorized; 59,534,712 and 58,443,212 shares issued and outstanding as of December 31, 2021 and March 31, 2021, respectively	59	58
Additional paid in capital	115,278	104,672
Retained earnings	516,149	208,617
Accumulated other comprehensive loss	(39,152)	(36,046)
TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY	**592,334**	**277,301**
Non-controlling interest	(844)	(1,641)
TOTAL SHAREHOLDERS' EQUITY	**591,490**	**275,660**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,726,991**	**$ 2,100,322**

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
	(restated)	(restated)	(restated)	(restated)
Revenue:				
Fee and commission income	$ 91,411	$ 58,099	$ 262,715	$ 135,987
Net gain on trading securities	7,014	13,972	195,270	19,243
Interest income	24,799	5,224	59,339	11,762
Net gain on foreign exchange operations	1,106	103	3,773	142
Net (loss)/gain on derivative	(314)	946	(1,028)	61
TOTAL REVENUE, NET	**124,016**	**78,344**	**520,069**	**167,195**
Expense:				
Fee and commission expense	20,640	18,295	61,246	45,771
Interest expense	18,434	3,223	44,432	8,802
Operating expense	28,243	10,338	63,544	22,236
Provision for impairment losses	32	952	614	1,573
Other (income)/expense, net	(94)	15	480	(57)
TOTAL EXPENSE	**67,255**	**32,823**	**170,316**	**78,325**
NET INCOME BEFORE INCOME TAX	**56,761**	**45,521**	**349,753**	**88,870**
Income tax expense	(1,768)	(6,599)	(38,980)	(11,698)
INCOME FROM CONTINUING OPERATIONS	**54,993**	**38,922**	**310,773**	**77,172**
Income/(loss) before income tax (expense)/benefit of discontinued operations	(5,067)	4,511	(4,609)	18,190
Income tax (expense)/benefit of discontinued operations	962	(1,112)	953	(5,202)
Income/(loss) from discontinued operations	(4,105)	3,399	(3,656)	12,988
NET INCOME	**50,888**	**42,321**	**307,117**	**90,160**
Less: Net (loss)/income attributable to non-controlling interest in subsidiary	(343)	(53)	(415)	243
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 51,231**	**$ 42,374**	**$ 307,532**	**$ 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	**$ 43,552**	**$ 49,172**	**$ 304,011**	**$ 94,796**
Less: Comprehensive (loss)/income attributable to non-controlling interest in subsidiary	(343)	(53)	(415)	243

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)

COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 43,895**	**$ 49,225**	**$ 304,426**	**$ 94,553**
EARNINGS PER COMMON SHARE (In U.S. dollars):				
Earnings from continuing operations per common share - basic	0.93	0.67	5.25	1.32
Earnings from continuing operations per common share - diluted	0.93	0.67	5.25	1.32
(Loss)/earnings from discontinued operations per common share - basic	(0.07)	0.06	(0.06)	0.22
(Loss)/earnings from discontinued operations per common share - diluted	(0.07)	0.06	(0.06)	0.22
Earnings per common share - basic	0.86	0.73	5.18	1.54
Earnings per common share - diluted	0.86	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	2020
	(restated)	(restated)
Cash Flows (Used In)/From Operating Activities		
Net income	$ 307,117	$ 90,160
Net income/(loss) from discontinued operations	(3,656)	12,988
Net income/(loss) from continued operations	310,773	77,172
Adjustments to reconcile net income (used in)/from operating activities:		
Depreciation and amortization	2,433	2,109
Noncash lease expense	2,344	2,094
Change in deferred taxes	(2,508)	1,485
Stock compensation expense	5,635	57
Share based payment	—	517
Unrealized (gain)/loss on trading securities	(5,487)	(5,680)
Net change in accrued interest	(24,664)	(392)
Allowances for receivables	615	1,573
Changes in operating assets and liabilities:		
Lease liabilities	(2,613)	(1,873)
Trading securities	(358,257)	(37,819)
Brokerage and other receivables	(143,118)	52,407
Other assets	(9,680)	(1,289)
Securities sold, not yet purchased – at fair value	5,979	9,078
Customer liabilities	(230,970)	336,882
Current income tax liability	6,380	1,123
Trade payables	28,750	10,824
Other liabilities	(346)	(174)
Net cash flows (used in)/from operating activities from continuing operations	**(414,734)**	**448,094**
Net cash flows (used in)/from operating activities from discontinued operations	**(222,901)**	**156,483**
Net cash flows (used in)/from operating activities	**(637,635)**	**604,577**
Cash Flows (Used In)/From Investing Activities		
Purchase of fixed assets	(4,066)	(1,011)
Proceeds from sale of fixed assets	175	7
Loans purchased from microfinance organization	(29,020)	—
Loans sold to microfinance organization	6,828	—
Loans issued	(11,946)	122
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 from continuing operations	**(38,029)**	**100,381**
Net cash flows (used in)/from investing activities from discontinued operations	**(2,790)**	**(1,102)**
Net cash flows (used in)/from investing activities	**(40,819)**	**99,279**

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	270,146	(1,511)
Proceeds from issuance of debt securities	13,000	3,554
Repurchase of debt securities	(10,104)	(8,186)
Net change in bank customer deposits	83,448	6,555
Proceeds from loans received	—	2,423
Exercise of options	119	118
Net cash flows from/(used in) financing activities from continuing operations	**356,609**	**2,953**
Net cash flows from/(used in) financing activities from discontinued operations	**37,982**	**193,788**
Net cash flows from financing activities	**394,591**	**196,741**
Effect of changes in foreign exchange rates on cash and cash equivalents from continuing operations	(5,100)	(1,050)
Effect of changes in foreign exchange rates on cash and cash equivalents from discontinued operations	13,695	4,837
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(275,268)**	**904,384**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM CONTINUING OPERATIONS	**658,708**	**76,820**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM DISCONTINUED OPERATIONS	**559,385**	**110,361**
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	**1,218,093**	**187,181**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM CONTINUING OPERATIONS	**563,101**	**616,267**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM DISCONTINUED OPERATIONS	**379,724**	**475,298**
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$ 942,825**	**$ 1,091,565**

	For The Nine Months ended	
	December 31, 2021	**December 31, 2020**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 20,632	$ 5,948
Income tax paid	$ 42,237	$ 10,222
Supplemental non-cash disclosures:		
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	$ 4,686	$ 1,037

FREEDOM HOLDING CORP.

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

The following table provides a reconciliation of cash, cash equivalents, and restricted cash from continuing operations 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	$ 146,358	$ 155,376
Restricted cash	416,743	460,891
Total cash, cash equivalents and restricted cash from continuing operations shown as in the statement of cash flows	**$ 563,101**	**$ 616,267**

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

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (Unaudited)
(All amounts in thousand 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**	**$ 464,918**	**$ (31,816)**	**$ (501)**	**$ 543,377**
Stock based compensation	—	—	4,561	—	—	—	4,561
Translation difference	—	—	—	—	(7,336)	—	(7,336)
Net income /(loss)	—	—	—	51,231	—	(343)	50,888
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**	**$ 208,617**	**$ (36,046)**	**$ (1,641)**	**$ 275,660**
Stock based compensation	1,031,500	1	11,283	—	—	—	11,284
Sale of Freedom UA shares	—	—	(796)	—	—	1,212	416
Exercise of options	60,000	—	119	—	—	—	119
Translation difference	—	—	—	—	(3,106)	—	(3,106)
Net income (loss)	—	—	—	307,532	—	(415)	307,117
Balance At December 31, 2021	**$ 59,534,712**	**$ 59**	**$ 115,278**	**$ 516,149**	**$ (39,152)**	**$ (844)**	**$ 591,490**

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (Unaudited)
(All amounts in thousand 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**

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

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.

On October 17, 2022, the Company has entered into an agreement to sell its Russian subsidiaries, Freedom RU and Freedom Bank RU. For financial information regarding the Company's Russian subsidiaries see Note 22 - Assets and Liabilities held for sale and Divestiture of our Russian Subsidiaries in the Overview section of Management's Discussion and Analysis of Financial Condition and Results of Operations in this quarterly report on Form 10-Q/A. In addition, the Company intends to sell its Freedom Finance Auto LLC subsidiary, which is not material in the context of its operations. The sale of Freedom Finance Auto LLC by the Company is a condition precedent in the agreement to sell Freedom RU and Freedom Bank RU.

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 margin loans, loans issued, trading securities, available-for-sale securities and reverse repurchase agreement obligations is 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.

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	**$**	**7,137**
Foreign currency translation		703
Balance as of December 31, 2021	**$**	**7,840**

Asset and Liabilities Held for Sale

The Company classifies assets and liabilities (the "disposal group") as held for sale in the period when all of the relevant criteria to be classified as held for sale are met. Criteria include management commitment to sell the disposal group in its present condition and the sale being deemed probable of being completed within one year. Assets held for sale are reported at the lower of their carrying value or fair value less cost to sell. Any loss resulting from the measurement is recognized in the period the held for sale criteria are met. The Company assesses the fair value of a disposal group, less any costs to sell, each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the initial carrying value of the disposal group. Assets held for sale are not amortized or depreciated.

A disposal group that represents a strategic shift to the Company or is acquired with the intention to sell is reflected as a discontinued operation on the Condensed Consolidated Statements of Operation and Statement of Other Comprehensive Income and prior periods are recast to reflect the earnings or losses as income from discontinued operations. The Condensed Consolidated Financial Statements and related Notes reflect the securities brokerage and complementary banking operations in Russia as discontinued operations as the Company has entered into an agreement to divest these operations. The sale of these operations was approved by the Central Bank of the Russian Federation on February 10, 2023, and the sale was completed on February 28, 2023.

For the purpose of preparing current amended condensed consolidated financial statements, the Company has reclassified Russian business's assets and liabilities as held for sale. Additional information is presented in Note 3 "Recast".

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

Historically, the Company's chief operating decision maker ("CODM"), who is its chief executive officer, viewed the Company as a single operating segment offering financial services to its customers in a single geographic region covering Eurasia. The CODM recently, however, restructured the Company's operations into five geographical regions ("segments"). These regions include Central Asia, Europe, the U.S., Russia, and Middle East/Causcasus.

In order to determine appropriate segment disclosure as stated in ASC 280-10-55-26 the Company followed the steps outlined below:

- identified operating segments using the management approach;
- determined whether two or more operating segments may be aggregated into a single operating segment;
- applied the quantitative thresholds and other criteria to determine reportable segments;
- considered what information should be disclosed for each reportable segment; and
- considered what information should be disclosed on an entity-wide basis.

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.

NOTE 3 – RECAST

When preparing the condensed consolidated financial statements as of September 30, 2022 and for the three and six months ended September 30, 2022, management determined that certain amounts included in the Company’s condensed consolidated financial statements as of December 31, 2021, and 2020, required revision, because the assets and liabilities to be disposed of in connection with the planned sale of Freedom RU and Freedom Bank RU met the held for sale criteria, such subsidiaries are presented as discontinued operations in accordance with ASC 205 and 360 in the condensed consolidated financial statements as of December 31, 2021 and for the three and nine months ended December 31, 2021 and in the corresponding periods of 2020 for comparative purposes. For additional information see *Note 22 Assets and Liabilities held for sale* to the condensed consolidated financial statements.

The previously issued Condensed Consolidated Balance Sheets as of December 31, 2021, and March 31, 2021 and Condensed Consolidated Statement of Operations and Statements of Other Comprehensive Income for the three and nine months ended December 31, 2021, and 2020 have been revised as follows:

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	As of December 31, 2021		
	As previously reported	Recast discontinued operations	As recasted
ASSETS			
Cash and cash equivalents	$ 493,263	$ (346,905)	$ 146,358
Trading securities	1,348,656	(400,823)	947,833
Restricted cash	404,718	12,025	416,743
Brokerage and other receivables, net	302,403	(108,245)	194,158
Loans issued	44,995	(2,556)	42,439
Other assets	30,321	(6,291)	24,030
Fixed assets, net	21,221	(3,822)	17,399
Right-of-use asset	17,830	(10,904)	6,926
Intangible assets, net	8,703	(5,031)	3,672
Goodwill	7,840	—	7,840
Available-for-sale securities, at fair value	1	—	1
Assets held for sale	—	919,592	919,592
TOTAL ASSETS	**$ 2,679,951**	**$ 47,040**	**$ 2,726,991**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Securities repurchase agreement obligations	$ 710,284	$ (82,791)	$ 627,493
Customer liabilities	1,145,070	(592,055)	553,015
Trade payables	51,031	(656)	50,375
Current income tax liability	20,620	(41)	20,579
Securities sold, not yet purchased – at fair value	15,167	—	15,167
Loans received	3,497	—	3,497
Debt securities issued	105,363	(71,716)	33,647
Lease liability	17,573	(10,542)	7,031
Deferred income tax liabilities	1	1,485	1,486
Deferred distribution payments	8,534	—	8,534
Liabilities held for sale	—	809,727	809,727
Other liabilities	11,321	(6,371)	4,950
TOTAL LIABILITIES	**2,088,461**	**47,040**	**2,135,501**
Commitments and Contingent Liabilities (Note 30)	—	—	—
SHAREHOLDERS' EQUITY			
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—	—
Common stock - $0.001 par value; 500,000,000 shares authorized;	59	—	59
Additional paid in capital	115,278	—	115,278
Retained earnings	516,149	—	516,149
Accumulated other comprehensive loss	(39,152)	—	(39,152)
TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY	**592,334**	**—**	**592,334**
Non-controlling interest	(844)	—	(844)
TOTAL SHAREHOLDERS' EQUITY	**591,490**	**—**	**591,490**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,679,951**	**$ 47,040**	**$ 2,726,991**

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	As of March 31, 2021		
	As previously reported	Recast discontinued operations	As recasted
ASSETS			
Cash and cash equivalents	$ 698,828	$ (530,811)	$ 168,017
Trading securities	736,188	(148,642)	587,546
Restricted cash	437,958	52,733	490,691
Brokerage and other receivables, net	64,801	(15,283)	49,518
Loans issued	11,667	(2,041)	9,626
Other assets	19,902	(4,263)	15,639
Fixed assets, net	18,385	(2,814)	15,571
Right-of-use asset	13,262	(8,636)	4,626
Intangible assets, net	9,785	(5,883)	3,902
Goodwill	7,868	(731)	7,137
Available-for-sale securities, at fair value	1	—	1
Assets held for sale	—	748,048	748,048
TOTAL ASSETS	**$ 2,018,645**	**$ 81,677**	**$ 2,100,322**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Securities repurchase agreement obligations	$ 426,715	$ (51,997)	$ 374,718
Customer liabilities	1,163,697	(491,872)	671,825
Trade payables	22,304	(302)	22,002
Current income tax liability	14,843	(644)	14,199
Securities sold, not yet purchased – at fair value	8,592	(23)	8,569
Loans received	3,373	—	3,373
Debt securities issued	68,443	(37,094)	31,349
Lease liability	13,249	(8,438)	4,811
Deferred income tax liabilities	4,385	(378)	4,007
Deferred distribution payments	8,534	—	8,534
Liabilities held for sale	—	676,568	676,568
Other liabilities	8,850	(4,143)	4,707
TOTAL LIABILITIES	**1,742,985**	**81,677**	**1,824,662**
Commitments and Contingent Liabilities (Note 30)	—	—	—
SHAREHOLDERS' EQUITY			
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—	—
Common stock - $0.001 par value; 500,000,000 shares authorized;	58	—	58
Additional paid in capital	104,672	—	104,672
Retained earnings	208,617	—	208,617
Accumulated other comprehensive loss	(36,046)	—	(36,046)
TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY	**277,301**	**—**	**277,301**
Non-controlling interest	(1,641)	—	(1,641)
TOTAL SHAREHOLDERS' EQUITY	**275,660**	**—**	**275,660**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,018,645**	**$ 81,677**	**$ 2,100,322**

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Three months ended December 31, 2021		
	As previously reported*	Recast discontinued operations	As recasted
Revenue:			
Fee and commission income	$ 117,316	$ (25,905)	$ 91,411
Net gain on trading securities	403	6,611	7,014
Interest income	27,828	(3,029)	24,799
Net (loss)/gain on foreign exchange operations	451	655	1,106
Net loss on derivative	(314)	—	(314)
TOTAL REVENUE, NET	**145,684**	**(21,668)**	**124,016**
Expense:			
Fee and commission expense	22,716	(2,076)	20,640
Interest expense	20,799	(2,365)	18,434
Operating expense	50,496	(22,253)	28,243
Provision for impairment losses	45	(13)	32
Other expense, net	(64)	(30)	(94)
TOTAL EXPENSE	**93,992**	**(26,737)**	**67,255**
INCOME BEFORE INCOME TAX	**51,692**	**5,069**	**56,761**
Income tax expense	(806)	(962)	(1,768)
INCOME FROM CONTINUING OPERATIONS	**50,886**	**4,107**	**54,993**
Income/(loss) before income tax (expense)/benefit of discontinued operations	—	(5,067)	(5,067)
Income tax (expense)/benefit of discontinued operations	—	962	962
Income/(loss) from discontinued operation	—	(4,105)	(4,105)
NET INCOME	**50,886**	**2**	**50,888**
Less: Net loss attributable to non-controlling interest in subsidiary	(343)	—	(343)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 51,229**	**$ 2**	**$ 51,231**
OTHER COMPREHENSIVE INCOME			
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	—	—	—
Foreign currency translation adjustments, net of tax effect	(7,336)	2,672	(4,664)
OTHER COMPREHENSIVE INCOME/(LOSS)	**(7,336)**	**2,672**	**(4,664)**
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 43,550**	**$ 2,674**	**$ 46,224**
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(343)	—	(343)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 43,893**	**$ 2,674**	**$ 46,567**

For the three months ended December 31, 2021, the Company's EPS as reported was0.86 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 0.93, (0.07), and 0.86 for basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

	Three months ended December 31, 2020		
	As previously reported*	Recast discontinued operations	As recasted
Revenue:			
Fee and commission income	$ 72,484	$ (14,385)	$ 58,099
Net gain on trading securities	18,944	(4,972)	13,972
Interest income	9,223	(3,999)	5,224
Net (loss)/gain on foreign exchange operations	(1,413)	1,516	103
Net gain on derivative	995	(49)	946
TOTAL REVENUE, NET	**100,233**	**(21,889)**	**78,344**
Expense:			
Fee and commission expense	20,278	(1,983)	18,295
Interest expense	6,649	(3,426)	3,223
Operating expense	21,921	(11,583)	10,338
Provision for impairment losses	1,109	(157)	952
Other expense, net	244	(229)	15
TOTAL EXPENSE	**50,201**	**(17,378)**	**32,823**
INCOME BEFORE INCOME TAX	**50,032**	**(4,511)**	**45,521**
Income tax expense	(7,711)	1,112	(6,599)
INCOME FROM CONTINUING OPERATIONS	**42,321**	**(3,399)**	**38,922**
Income before income tax expense of discontinued operations	—	4,511	4,511
Income tax expense of discontinued operations	—	(1,112)	(1,112)
Income from discontinued operations	—	3,399	3,399
NET INCOME	**42,321**	**—**	**42,321**
Less: Net loss attributable to non-controlling interest in subsidiary	(53)	—	(53)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 42,374**	**$ —**	**$ 42,374**
OTHER COMPREHENSIVE INCOME			
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	—	—	—
Foreign currency translation adjustments, net of tax effect	6,851	—	6,851
OTHER COMPREHENSIVE INCOME	**6,851**	**—**	**6,851**
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 49,172**	**$ —**	**$ 49,172**
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(53)	—	(53)

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 49,225**	**$ —**	**$ 49,225**

For the three months ended December 31, 2020, the Company's EPS as reported was0.73 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 0.67, 0.06, and for basic and diluted EPS for continuing operations, discontinued operations, and0.73, 0.72 for basic and diluted total EPS, respectively.

	Nine months ended December 31, 2021		
	As previously reported*	Recast discontinued operations	As recasted
Revenue:			
Fee and commission income	$ 327,966	$ (65,251)	$ 262,715
Net gain on trading securities	185,554	9,716	195,270
Interest income	69,259	(9,920)	59,339
Net (loss)/gain on foreign exchange operations	885	2,888	3,773
Net loss on derivative	(1,028)	—	(1,028)
TOTAL REVENUE, NET	**582,636**	**(62,567)**	**520,069**
Expense:			
Fee and commission expense	67,547	(6,301)	61,246
Interest expense	51,256	(6,824)	44,432
Operating expense	117,384	(53,840)	63,544
Provision for impairment losses	704	(90)	614
Other expense, net	600	(120)	480
TOTAL EXPENSE	**237,491**	**(67,175)**	**170,316**
INCOME BEFORE INCOME TAX	**345,145**	**4,608**	**349,753**
Income tax expense	(38,037)	(943)	(38,980)
INCOME FROM CONTINUING OPERATIONS	**307,108**	**3,665**	**310,773**
Income/(loss) before income tax (expense)/benefit of discontinued operations	—	(4,609)	(4,609)
Income tax (expense)/benefit of discontinued operations	—	953	953
Income/(loss) from discontinued operations	—	(3,656)	(3,656)
NET INCOME	**307,108**	**9**	**307,117**
Less: Net loss attributable to non-controlling interest in subsidiary	(415)	—	(415)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 307,523**	**$ 9**	**$ 307,532**
OTHER COMPREHENSIVE INCOME			
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	—	—	—
Foreign currency translation adjustments, net of tax effect	(3,106)	2,574	(532)
OTHER COMPREHENSIVE INCOME/(LOSS)	**(3,106)**	**2,574**	**(532)**

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 304,002**	**$ 2,583**	**$ 306,585**
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(415)	—	(415)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**304,417**	**2,583**	**307,000**

For the nine months ended December 31, 2021, the Company's EPS as reported was5.18 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 5.25, (0.06), and 5.18 for basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

	Nine months ended December 31, 2020		
	As previously reported*	**Recast discontinued operations**	**As recasted**
Revenue:			
Fee and commission income	$ 169,590	$ (33,603)	$ 135,987
Net gain on trading securities	36,330	(17,087)	19,243
Interest income	18,930	(7,168)	11,762
Net gain on foreign exchange operations	1,359	(1,217)	142
Net gain on derivative	149	(88)	61
TOTAL REVENUE, NET	**226,358**	**(59,163)**	**167,195**
Expense:			
Fee and commission expense	50,068	(4,297)	45,771
Interest expense	15,092	(6,290)	8,802
Operating expense	52,214	(29,978)	22,236
Provision for impairment losses	1,775	(202)	1,573
Other expense/(income), net	149	(206)	(57)
TOTAL EXPENSE	**119,298**	**(40,973)**	**78,325**
INCOME BEFORE INCOME TAX	**107,060**	**(18,190)**	**88,870**
Income tax expense	(16,900)	5,202	(11,698)
INCOME FROM CONTINUING OPERATIONS	**90,160**	**(12,988)**	**77,172**
Income before income tax expense of discontinued operations	—	18,190	18,190
Income tax expense of discontinued operations	—	(5,202)	(5,202)
Income from discontinued operations	—	12,988	12,988
NET INCOME	**90,160**	**—**	**90,160**
Less: Net income attributable to non-controlling interest in subsidiary	243	—	243
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 89,917**	**$ —**	**$ 89,917**
OTHER COMPREHENSIVE INCOME			

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	71	—	71
Foreign currency translation adjustments, net of tax effect	4,565	—	4,565
OTHER COMPREHENSIVE INCOME	**4,636**	**—**	**4,636**
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 94,796**	**$ —**	**$ 94,796**
Less: Comprehensive income attributable to non-controlling interest in subsidiary	243	—	243
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 94,553**	**$ —**	**$ 94,553**

For the nine months ended December 31, 2020, the Company's EPS as reported was1.54 for both basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 1.32, 0.22, and 1.54 for both basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

*amounts with restatement in fee and commission income and interest income, for more information please see Note 4 Restatement.

NOTE 4 – RESTATEMENT

It was determined that there were errors in the Company's previously issued consolidated financial statements for the year ended March 31, 2022 related to the classification of loans issued, bank customer accounts and funds received under the Kazakhstan state program for financing of mortgage loans “7-20-25” within the Consolidated Statements of Cash Flows for the year ended March 31, 2022, Specifically, the Company identified that activities related to certain loans had been classified within "Cash flows from operating activities" and should have been classified within "Cash flows from investing activities", that activities related to bank customer accounts had been classified within "Cash flows from operating activities" and should have been classified within "Cash flows from financing activities", and that activities related to funds received under the Kazakhstan state program for financing of mortgage loans “7-20-25” had been classified within "Cash flows from operating activities" and should have been classified within "Cash flows from financing activities". The Company has evaluated the effect of the incorrect classifications

and concluded that restatement was necessary. The Company determined that the restatement did not have any impact on the Company's operating performance or any per-share amounts.

The following tables summarize the impact of these corrections of errors for the nine months ended December 31, 2021, and 2020:

	For the nine months ended December 31, 2021				
	As previously reported	Adjustments for discontinued operations	As recasted	Correction of errors	As restated
Net cash flows from operating activities	$ (582,080)	$ (34,465)	$ (616,545)	$ (21,090)	$ (637,635)
Net cash flows from investing activities	(6,110)	—	(6,110)	(34,709)	(40,819)
Net cash flows from financing activities	338,792	—	338,792	55,799	394,591
Effect of changes in foreign exchange rates on cash and cash equivalents	10,593	(1,998)	8,595	—	8,595
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ (238,805)**	**$ (36,463)**	**$ (275,268)**	**$ —**	**$ (275,268)**

	For the nine months ended December 31, 2020				
	As previously reported	Adjustments for discontinued operations	As recasted	Correction of errors	As restated
Net cash flows from operating activities	$ 698,954	$ 41,110	$ 740,064	$ (135,487)	$ 604,577
Net cash flows from investing activities	98,418	739	99,157	122	99,279
Net cash flows from financing activities	61,952	(576)	61,376	135,365	196,741
Effect of changes in foreign exchange rates on cash and cash equivalents	3,787	—	3,787	—	3,787
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ 863,111**	**$ 41,273**	**$ 904,384**	**$ —**	**$ 904,384**

In addition, it was determined that in the Company's previously issued condensed consolidated financial statements for the three and nine months ended December 31, 2021 and 2020, interest income from margin lending to clients had been erroneously classified within fee and commission income from brokerage services. Such income has been reclassified to interest income as a separate sub-line item within interest income entitled interest income from margin lending to clients. The following

tables summarize the impact of corrections of the errors on the Condensed Consolidated Statements of Operations and Other Comprehensive Income for the periods presented:

	For the three months ended December 31, 2021				
	As previously reported	Adjustments for discontinued operations	As restated	Correction of errors	As restated
Fee and commission income	$ 122,237	$ (25,905)	$ 96,332	$ (4,921)	91,411
Net gain on trading securities	403	6,611	7,014	—	7,014
Interest income	22,907	(3,029)	19,878	4,921	24,799
Net gain on foreign exchange operations	451	655	1,106	—	1,106
Net loss on derivative	(314)	—	(314)	—	(314)
TOTAL REVENUE, NET	**$ 145,684**	**$ (21,668)**	**$ 124,016**	**$ —**	**$ 124,016**

	For the three months ended December 31, 2020				
	As previously reported	Adjustments for discontinued operations	As restated	Correction of errors	As restated
Fee and commission income	$ 74,333	$ (14,385)	$ 59,948	$ (1,849)	58,099
Net gain on trading securities	18,944	(4,972)	13,972	—	13,972
Interest income	7,374	(3,999)	3,375	1,849	5,224
Net gain on foreign exchange operations	(1,413)	1,516	103	—	103
Net loss on derivative	995	(49)	946	—	946
TOTAL REVENUE, NET	**$ 100,233**	**$ (21,889)**	**$ 78,344**	**$ —**	**$ 78,344**

	For the nine months ended December 31, 2021				
	As previously reported	Adjustments for discontinued operations	As restated	Correction of errors	As restated
Fee and commission income	$ 336,178	$ (65,251)	$ 270,927	$ (8,212)	262,715
Net gain on trading securities	185,554	9,716	195,270	—	195,270
Interest income	61,047	(9,920)	51,127	8,212	59,339
Net gain on foreign exchange operations	885	2,888	3,773	—	3,773
Net loss on derivative	(1,028)	—	(1,028)	—	(1,028)
TOTAL REVENUE, NET	**$ 582,636**	**$ (62,567)**	**$ 520,069**	**$ —**	**$ 520,069**

	For the nine months ended December 31, 2020				
	As previously reported	Adjustments for discontinued operations	As restated	Correction of errors	As restated
Fee and commission income	$ 171,949	$ (33,603)	$ 138,346	$ (2,359)	135,987
Net gain on trading securities	36,330	(17,087)	19,243	—	19,243
Interest income	16,571	(7,168)	9,403	2,359	11,762
Net gain on foreign exchange operations	1,359	(1,217)	142	—	142
Net loss on derivative	149	(88)	61	—	61
TOTAL REVENUE, NET	**$ 226,358**	**$ (59,163)**	**$ 167,195**	**$ —**	**$ 167,195**

NOTE 5 – CASH AND CASH EQUIVALENTS

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

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Current account with National Bank (Kazakhstan)	$ 55,816	$ 36,726
Current accounts with commercial banks	39,076	61,203
Current accounts with brokers	27,582	37,324
Securities purchased under reverse repurchase agreements	13,826	11,917
Petty cash in bank vault and on hand	7,051	14,916
Accounts with stock exchanges	2,254	5,873
Current account with Central Depository (Kazakhstan)	753	58
Total cash and cash equivalents	**$ 146,358**	**$ 168,017**

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 (Recast)			
	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				
US sovereign debt	0.35 %	$ 7,773	$ —	$ 7,773
Non-US sovereign debt	0.51 %	5,811	—	5,811
Corporate equity	14.62 %	242	—	242
Corporate debt	— %	—	—	—
Total securities sold under repurchase agreements		**$ 13,826**	**$ —**	**$ 13,826**

	March 31, 2021 (Recast)			
	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 debt	10.15 %	$ 8,460	$ —	$ 8,460
US sovereign debt	0.88 %	1,785	—	1,785
Corporate equity	0.50 %	1,562	—	1,562
Non-US sovereign debt	13.09 %	110	—	110
Total securities sold under repurchase agreements		**$ 11,917**	**$ —**	**$ 11,917**

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 $12,123, respectively.

NOTE 6 – RESTRICTED CASH

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

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Brokerage customers' cash	$ 408,175	$ 482,135
Deferred distribution payments	8,534	8,535
Guaranty deposits	34	21
Total restricted cash	**$ 416,743**	**$ 490,691**

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. 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/A.

NOTE 7 – 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 (Recast)	March 31, 2021 (Recast)
Corporate debt	$ 513,671	$ 301,898
Non-US sovereign debt	395,667	239,630
Corporate equity	22,149	39,280
Exchange traded notes	9,386	2,077
US sovereign debt	6,960	4,661
Total trading securities	**$ 947,833**	**$ 587,546**
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 $279,636 and the Ministry of Finance of the Republic of Kazakhstan (BBB- credit rating) in the amount of $372,100. 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 $232,958 and $232,601, 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.

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 (Recast)		
	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 %	$ 513,671	$ 512,887	$ 415	$ 369
Non-U.S. sovereign debt	9.35 %	395,667	393,124	1,593	950
Corporate equity	—	22,149	21,151	553	445
Exchange traded notes	—	9,386	9,386	—	—
U.S. sovereign debt	2 %	6,960	6,960	—	—
Total trading securities		**$ 947,833**	**$ 943,508**	**$ 2,561**	**$ 1,764**
Equity securities	—	$ 1	$ —	$ —	$ 1
Total available-for-sale securities, at fair value		$ 1	$ —	$ —	$ 1

			Fair Value Measurements at March 31, 2021 using (Recast)		
	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)
Non-U.S. sovereign debt	8.06 %	$ 239,630	$ 239,630	$ —	$ —
Exchange traded notes	—	2,077	2,077	—	—
Corporate debt	9.22 %	301,898	301,538	—	360
Corporate equity	—	39,280	20,607	—	18,673
U.S. sovereign debt	1.68 %	4,661	4,661	—	—
Total trading securities		**$ 587,546**	**$ 568,513**	**$ —**	**$ 19,033**
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 (Recast)	FV as of March 31, 2021 (Recast)	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	$ 949	$ —	Discount rate	13.8%
				Estimated number of years	1 year
Corporate equity	DCF	$ 446	$ 302	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	$ —	$ 18,371	Discount rate	10.6%
				Estimated number of years	9 years
Total		**$ 1,764**	**$ 19,033**		

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 (Recast)	**$ 19,033**	**$ 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	2,059	—
Revaluation of investments that use Level 3 inputs	110	—
Balance as of December 31, 2021 (Recast)	**1,764**	1
Balance as of March 31, 2020 (Recast)	**$ 11,259**	**$ 1**
Sale of investments that use Level 3 inputs	(2)	—
Purchase of investments that use Level 3 inputs	739	—
Revaluation of investments that use Level 3 inputs	7,037	—
Balance as of March 31, 2021 (Recast)	**$ 19,033**	**$ 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 (Recast)		
	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**

	March 31, 2021 (Recast)		
	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 8 – BROKERAGE AND OTHER RECEIVABLES, NET

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

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Margin lending receivables	$ 186,373	$ 43,138
Receivables from brokerage clients	3,637	3,896
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	337	697
Dividends accrued	120	1,392
Bonds coupon receivable	—	—
Other receivables	2,380	48
Allowance for receivables	(1,759)	(1,981)
Total brokerage and other receivables, net	**$ 194,158**	**$ 49,518**

As of December 31, 2021, and March 31, 2021, amounts due from a single related party customerwere $125,799 a $9,866, respectively or 65% and 20% respectively, of total margin lending, brokerage and other receivables, net. Approximately 59% and 83% of these balances were due from Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) (“FFIN Brokerage”), a company owned by the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov. 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$1,759 and $1,981, respectively.

NOTE 9 – 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	$ 19,874	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
Subordinated loan	1,358	September 2029	7.00 %	—	UAH
	$ 42,439				

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
Subordinated loan	1,331	September 2029	7.00 %	—	UAH
Bank customer loans	880	March 2024	15.41 %	729	KZT
	$ 9,626				

NOTE 10 – DEFERRED TAX 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. This note is presented excluding the discontinued operations, which is presented separately in Note 26 "Assets and Liabilities Held for Sale".

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

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Deferred tax assets:		
Tax losses carryforward	$ 305	$ 316
Accrued liabilities	97	109
Depreciation	16	16
Revaluation on trading securities	—	—
Valuation allowance	(305)	(316)
Deferred tax assets	**$ 113**	**$ 125**
Deferred tax liabilities:		
Revaluation on trading securities	$ 978	$ 2,041
Fixed and intangible assets	621	1,568
Subordinated debt	—	523
Deferred tax liabilities	**$ 1,599**	**$ 4,132**
Net deferred tax liabilities	**$ (1,486)**	**$ (4,007)**

During the nine months ended December 31, 2021, and 2020, the effective tax rate was equal to 11.1% and 13.2%, respectively.

Net operating loss carryforwards as of December 31, 2021, and March 31, 2021, were $305 and $2,104, respectively, and are subject to income tax in Uzbekistan.

NOTE 11 – 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 (Recast)			
	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	10.30 %	$ 314,217	$ —	$ 314,217
Non-U.S. sovereign debt	10.51 %	308,878	—	308,878
US sovereign debt	0.36 %	4,398	—	4,398
Corporate equity	— %	—	—	—
Total		**$ 627,493**	**$ —**	**$ 627,493**

	March 31, 2021 (Recast)			
	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 %	$ 229,122	$ —	$ 229,122
Corporate debt	9.27 %	138,029	—	138,029
Corporate equity	3.78 %	5,757	—	5,757
US sovereign debt	0.40 %	1,810	—	1,810
Total securities sold under repurchase agreements		**$ 374,718**	**$ —**	**$ 374,718**

The fair value of collateral pledged under repurchase agreements as of December 31, 2021, and March 31, 2021, was $711,850 and $374,610, respectively.

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

NOTE 12 – CUSTOMER LIABILITIES

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

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Brokerage customers	$ 360,652	$ 547,349
Banking customers	192,363	124,476
Total	**$ 553,015**	**$ 671,825**

As of December 31, 2021, banking customer liabilities consisted of current accounts and deposits of $69,629 and $124,701, respectively. As of March 31, 2021, banking customer liabilities consisted of current accounts and deposits of $133,493 and $92,118, respectively.

NOTE 13 – TRADE PAYABLES

Trade payables of the Company is comprised of the following:

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Margin lending payable	$ 45,990	$ 20,120
Payables to suppliers of goods and services	3,666	1,383
Trade payable for securities purchased	516	292
Other	203	207
Total	**$ 50,375**	**$ 22,002**

On December 31, 2021, and March 31, 2021, trade payables due to a single related party were $41,801 or 83% and $13,810 or 62%, respectively.

NOTE 14 – 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 $8,569, 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 15 – LOANS RECEIVED

Loans received by the Company includes:

Company	Lender	December 31, 2021 (Recast)	March 31, 2021 (Recast)	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.

NOTE 16 – DEBT SECURITIES ISSUED

Outstanding debt securities of the Company include the following:

	December 31, 2021 (Recast)	March 31, 2021 (Recast)
Debt securities issued denominated in USD	$ 33,498	$ 30,700
Accrued interest	149	649
Total	**$ 33,647**	**$ 31,349**

As of December 31, 2021, and March 31, 2021, 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 denominated 8% 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 17 – NET GAIN ON TRADING SECURITIES

Net gain on trading securities is comprised of:

	Three Months Ended December 31, 2021 (Recast)	Three Months Ended December 31, 2020 (Recast)
Net gain recognized during the period on trading securities sold during the period	$ 41,386	$ 6,571
Net unrealized (loss)/gain recognized during the reporting period on trading securities still held at the reporting date	(34,372)	7,401
Net gain recognized during the period on trading securities	**$ 7,014**	**$ 13,972**

	Nine Months Ended December 31, 2021 (Recast)	Nine Months Ended December 31, 2020 (Recast)
Net gain recognized during the period on trading securities sold during the period	$ 189,783	$ 13,563
Net unrealized (loss)/gain recognized during the reporting period on trading securities still held at the reporting date	5,487	5,680
Net gain recognized during the period on trading securities	**$ 195,270**	**$ 19,243**

As of December 31, 2021, and March 31, 2021, the Company held in its proprietary trading portfolio shares SPBX at fair value of $5,182 and $18,371, 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 $189,783, which included $177,146 of realized gain from the sale of the SPBX ETF and SPBX shares.

NOTE 18 – 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 $76,655 and $51,436, respectively. During the nine months ended December 31, 2021, and 2020, the Company earned commission income from related parties in the amounts of $220,563 and $116,771, 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 $3,805 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 $14,297 and $19,302, respectively.

Interest income earned from related parties is comprised entirely of interest income from FFIN Brokerage, principally interest income from margin lending. During the three months ended December 31, 2021 and 2020, the Company earned interest income from related parties in the amounts of $3,813 and $1,677, respectively. Interest income generated from FFIN Brokerage accounted for approximately 100% of the Company's total related party interest income for each of the three months ended December 31, 2021, and 2020. During the nine months ended December 31, 2021 and 2020, the Company earned interest income from related parties in the amounts of $5,076 and $2,062, respectively. Interest income generated from FFIN Brokerage accounted for approximately 100% of the Company's total related party interest income for each of the nine months ended December 31, 2021, and 2020.

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 $22,822 and $12,237, 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 $961 and $960, 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 $125,799 and $9,866, 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 $299, 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 $181,260 and $235,460 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 19 – 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 non-qualified 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 20 – 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.

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.

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 21 – 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	$ 6,926
Total lease assets		$ 6,926
Liabilities		
Operating lease liability	Operating lease obligations	$ 7,031
Total lease liability		$ 7,031

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

Twelve months ending March 31,	
2022	$ 990
2023	3,578
2024	1,430
2025	1,070
2026	1,006
Thereafter	182
Total payments	8,256
Less: amounts representing interest	(1,225)
Lease liability, net	**$ 7,031**
Weighted average remaining lease term (in months)	22
Weighted average discount rate	12 %

Lease commitments for short term operating leases as of December 31, 2021, are approximately $99. The Company's rent expense for office space was $194 and $1,123 for the three and nine months ended December 31, 2021, and $80 and $827 for the three and nine months ended December 31, 2020, respectively.

NOTE 22 - ASSETS AND LIABILITIES HELD FOR SALE

In the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2022, the Company announced its plans to divest its interests in its Russian securities brokerage and complementary banking operations in Russia ("Russian segment"). On October 17, 2022, the Company entered into an agreement with Maxim Povalishin for the sale of 100% of the share capital of its Russian segment. Maxim Povalishin, the purchaser, is currently the Deputy General Director and a member of the Board of Directors of Freedom RU. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to be completed within the thee months ended December 31, 2022.

The Company has classified the Russia segment as discontinued operations as of December 31, 2021 and for the three and nine months ended December 31, 2021, because the subsidiaries to be disposed of in this transaction met the held for sale criteria.

In accordance with US GAAP, the Company has reported separately the discontinued operations in the condensed consolidated financial statements.As of December 31, 2021, and March 31, 2021, the major classes of assets and liabilities from discontinued operations included the following:

	December 31, 2021	March 31, 2021
Cash and cash equivalents	$ 346,996	$ 531,791
Restricted cash	32,728	27,594
Trading securities	400,823	148,642
Brokerage and other receivables, net	108,245	15,575
Loans issued	2,557	2,041
Other assets	28,243	22,405
Total assets held for sale	**$ 919,592**	**$ 748,048**
Customer liabilities	$ 636,898	$ 573,181
Debt securities issued	71,716	37,095
Securities repurchase agreement obligations	82,791	51,997
Other liabilities	18,322	14,295
Total liabilities held for sale	**$ 809,727**	**$ 676,568**

The results of operations for discontinued operations for the three and nine months ended December 31, 2021 and 2020, consist of the following:

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Three months ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Fee and commission income	$ 23,147	$ 13,571	$ 59,596	$ 30,810
Net (loss)/gain on trading securities	(6,611)	4,972	(9,716)	17,087
Interest income	5,786	4,813	15,574	9,961
Net gain/(loss) on foreign exchange operations	(655)	(1,516)	(2,889)	1,217
Net gain/(loss) on derivative	—	49	—	88
Total revenue	**21,667**	**21,889**	**62,565**	**59,163**
Fee and commission expense	2,075	1,983	6,300	4,298
Interest expense	2,365	3,426	6,824	6,289
Operating expense	22,253	11,583	53,841	29,979
Provision for impairment losses	13	156	89	200
Other (income)/expense, net	28	230	120	207
Total expense	**26,734**	**17,378**	**67,174**	**40,973**
Profit before income tax	**$ (5,067)**	**$ 4,511**	**$ (4,609)**	**$ 18,190**

The net cash flows from/(used in) operating and investing activities from discontinued operations for the nine months ended December 31, 2021 and 2020, consist of the following:

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Nine Months Ended December 31,	
	2021	**2020**
Cash Flows (Used In)/From Operating Activities		
Net income from discontinued operations	**$ (3,656)**	**$ 12,988**
Adjustments to reconcile net income from operating activities:		
Depreciation and amortization	1,637	439
Noncash lease expense	3,785	2,847
Impairment of Freedom Bank RU goodwill	—	—
Impairment of Zerich goodwill	—	—
Loss on sale of fixed assets	—	—
Client base write-off	—	—
Change in deferred taxes	(1,892)	1,406
Stock compensation expense	5,647	1,033
Unrealized (gain)/loss on trading securities	9,082	(1,988)
Net change in accrued interest	1,436	567
Allowances/(recovery) for receivables	89	203
Changes in operating assets and liabilities:		
Trading securities	(262,438)	(81,345)
Brokerage and other receivables	(93,717)	5,444
Other assets	(1,948)	(1,792)
Securities sold, not yet purchased – at fair value	(24)	—
Customer liabilities	121,173	217,034
Current income tax liability	(623)	990
Trade payables	319	219
Lease liabilities	(3,947)	(2,988)
Other liabilities	2,176	1,426
Net cash flows (used in)/from operating activities from discontinued operations	**(222,901)**	**156,483**
Cash Flows (Used In)/From Investing Activities		
Purchase of fixed assets	(2,918)	(985)
Proceeds from sale of fixed assets	699	—
Purchase of intangible assets	—	—
Loans issued	(571)	(117)
Net cash flows (used in)/from investing activities from discontinued operations	**$ (2,790)**	**$ (1,102)**

NOTE 23 – 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:

	December 31, 2021	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 24 – SEGMENT REPORTING

The Company historically operated as a single operating segment. Subsequent to the initial issuance of these financial statements, with the planned restructuring of the Company's operations and divestiture of Russian subsidiaries, coupled with the continued expansion, there was an election to reorganize operations geographically into five regional segments: Central Asia, Europe, United States, Middle East/Caucasus and Russia. The Company's CODM do not review inter-segment revenues as part of Segment reporting.

Due to the restatements as discussed in Note 4, the Company has also restated its segment reporting to align with the changes in reportable segments subsequent to the initial issuance of these financial statements. Restated segment information was provided to CODM in their reports.

The following tables summarize the Company's Statement of Operations and Statements of Other Comprehensive Income by its geographic segments. Intercompany balances were eliminated for separate disclosure:

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Three months ended December 31, 2021 (Restated)				
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Middle East/Caucasus**	**Total**
Fee and commission income [1]	$ 6,993	$ 83,162	$ 1,256	—	91,411
Net gain on trading securities	6,432	481	101	—	7,014
Interest income	19,845	4,940	14	—	24,799
Net gain/(loss) on foreign exchange operations	1,747	(437)	(209)	5	1,106
Net (loss)/ gain on derivative	(314)	—			(314)
TOTAL REVENUE, NET	**34,703**	**88,146**	**1,162**	**5**	**124,016**
Fee and commission expense	2,381	18,106	153	—	20,640
Interest expense	14,097	3,919	418	—	18,434
Operating expense / (income)	11,909	10,517	5,903	(86)	28,243
Provision for impairment losses	—	—	32	—	32
Other income /(expense) , net	(83)	(13)		2	(94)
TOTAL EXPENSE	**28,304**	**32,529**	**6,506**	**(84)**	**67,255**
NET INCOME BEFORE INCOME TAX	**$ 6,399**	**$ 55,617**	**$ (5,344)**	**89**	**$ 56,761**
Income tax expense	1,294	(7,176)	4,114	—	(1,768)
NET PROFIT/(LOSS)	**$ 7,693**	**$ 48,441**	**$ (1,230)**	**89**	**$ 54,993**

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Nine months ended December 31, 2021 (Restated)				
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Middle East/Caucasus**	**Total**
Fee and commission income [1]	$ 18,258	$ 241,066	$ 3,391	—	262,715
Net gain/(loss) on trading securities	16,102	179,473	(305)	—	195,270
Interest income	51,250	8,015	74	—	59,339
Net gain/(loss) on foreign exchange operations	4,472	(497)	(207)	5	3,773
Net (loss)/ gain on derivative	(1,028)	—	—	—	(1,028)
TOTAL REVENUE, NET	**89,054**	**428,057**	**2,953**	**5**	**520,069**
Fee and commission expense	3,797	56,946	503	—	61,246
Interest expense	35,891	7,422	1,119	—	44,432
Operating expense	29,099	20,089	14,275	81	63,544
Provision for impairment losses	571	11	32	—	614
Other income/(expense), net	503	(21)	—	(2)	480
TOTAL EXPENSE	**69,861**	**84,447**	**15,929**	**79**	**170,316**
NET INCOME BEFORE INCOME TAX	**19,193**	**343,610**	**(12,976)**	**(74)**	**349,753**
Income tax (expense)/ benefit	1,324	(21,190)	(19,114)	—	(38,980)
NET PROFIT/(LOSS)	**20,517**	**322,420**	**(32,090)**	**(74)**	**310,773**

	Three months ended December 31, 2020 (Restated)			
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Total**
Fee and commission income	3,445	54,629	25	58,099
Net gain on trading securities	6,768	28	7,176	13,972
Interest income	2,980	2,031	213	5,224
Net gain/(loss) on foreign exchange operations	295	88	(280)	103
Net (loss)/ gain on derivative	946	—	—	946
TOTAL REVENUE, NET	**14,434**	**56,776**	**7,134**	**78,344**
Fee and commission expense	332	17,874	89	18,295
Interest expense	1,603	1,096	524	3,223
Operating expense	4,776	4,070	1,492	10,338
Provision for impairment losses	952	—	—	952
Other income/ (expense), net	16	(1)	—	15
TOTAL EXPENSE	**7,679**	**23,039**	**2,105**	**32,823**
NET INCOME BEFORE INCOME TAX	**6,755**	**33,737**	**5,029**	**45,521**
Income tax (expense)/benefit	(3)	(3,548)	(3,048)	(6,599)
NET PROFIT/(LOSS)	**6,752**	**30,189**	**1,981**	**38,922**

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

	Nine months ended December 31, 2020 (Restated)			
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Total**
Fee and commission income	11,754	124,208	25	135,987
Net gain on trading securities	12,117	87	7,039	19,243
Interest income	8,379	2,731	652	11,762
Net gain/(loss) on foreign exchange operations	605	(238)	(225)	142
Net (loss)/ gain on derivative	61	—	—	61
TOTAL REVENUE, NET	**32,916**	**126,788**	**7,491**	**167,195**
Fee and commission expense	618	44,927	226	45,771
Interest expense	5,020	2,018	1,764	8,802
Operating expense	12,640	6,671	2,925	22,236
Provision for impairment losses	770	404	399	1,573
Other income/(expense), net	(41)	(16)	—	(57)
TOTAL EXPENSE	**19,007**	**54,004**	**5,314**	**78,325**
NET INCOME BEFORE INCOME TAX	**13,909**	**72,784**	**2,177**	**88,870**
Income tax (expense)/benefit	(6)	(7,381)	(4,311)	(11,698)
NET PROFIT/(LOSS)	**13,903**	**65,403**	**(2,134)**	**77,172**

(1) All trading of U.S. and European exchange traded and OTC securities by all of the Company's securities brokerage firms, excluding PrimeEx, are routed to and executed through Freedom EU and all fee and commission income for those transactions is recognized at Freedom EU.

FREEDOM HOLDING CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(All amounts in thousands of United States dollars, except share data, unless otherwise stated)

The following tables summarize the Company's total asset and total liabilities by its geographic segments. Intercompany balances were eliminated for separate disclosure:

	December 31, 2021 (Restated)					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Held for Sale	Total
Total assets	1,157,484	622,309	27,219	387	919,592	2,726,991
Total liabilities	905,796	344,521	75,279	178	809,727	2,135,501
Net assets	**$ 251,688**	**$ 277,788**	**$ (48,060)**	**$ 209**	**$ 109,865**	**$ 591,490**

	March 31, 2021 (Restated)					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Held for Sale	Total
Total assets	714,380	591,072	46,682	140	748,048	2,100,322
Total liabilities	557,747	530,227	60,117	3	676,568	1,824,662
Net assets	**$ 156,633**	**$ 60,845**	**$ (13,435)**	**$ 137**	**$ 71,480**	**$ 275,660**

NOTE 25 – SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through the time of filing this quarterly report on Form 10-Q/A 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/A 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/A, 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 not including Freedom RU, increased from approximately 93,000 as of March 31, 2020 to approximately 170,000 as of March 31, 2021, to approximately 222,000 as of December 31, 2021. As of December 31, 2021, more than 60% of those client accounts, not including Freedom RU, 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 53,000 active accounts, not including Freedom RU. Our total assets increased by 73% to approximately $2.7 billion as of December 31, 2021 from approximately $1.6 billion as of December 31, 2020. In addition, we have made several recent significant acquisitions, including the acquisitions of Freedom Bank KZ and PrimeEx both in December 2020. Our strategy includes making other acquisitions to grow our business.

Regional Segments

Recently our chief operating decision maker ("CODM"), who is our CEO, restructured the way he views our business from a single operating segment to five geographic regional segments: Central Asia, Europe, the U.S., Russia and Middle East/Caucasus.

Central Asia Segment

Our Central Asia segment comprises our Kazakhstan headquarters which oversees Kazakhstan, Kyrgyzstan, Uzbekistan and Ukraine. 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.

As of December 31, 2021, our Central Asia segment had 56 securities brokerage offices, including offices in Kazakhstan, Ukraine, Uzbekistan and Kyrgyzstan, that provide brokerage and financial services, and investment consulting and education.

As of December 31, 2021, our Central Asia segment had11 bank office locations, all in Kazakhstan, that provide commercial banking services to our customers. We generate banking service fees by providing services that include lending operations, deposit services, money transfers, opening and maintaining correspondent accounts, renting safe deposit boxes, e-commerce money transfer services for legal entities, tender guarantees, and payment card services.

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.

The Central Asia segment accounted for approximately $34.7 million, or 28% of our total revenue, net and approximately$28.3 million, or 42% of our total expense, during the three months ended December 31, 2021, and approximately $89.1 million, or 17% of our total revenue, net and approximately $69.9 million, or 41% of our total expense, during the nine months ended December 31, 2021.

Europe Segment

Our Cyprus securities brokerage firm, Freedom EU, oversees our Europe segment operations (consisting of operations in Cyprus, the UK, Germany, Spain, Greece, and France). Freedom EU is licensed to receive, transmit and execute customer orders, establish custodial accounts, engage in foreign currency exchange services and margin lending. Through our Cyprus subsidiary we provide transaction processing and intermediary services to our non-U.S. segment customers and to institutional customers that may seek access to securities markets in the U.S. and Europe. All trading of U.S. and European exchange traded and OTC securities by our brokerage firms, excluding our U.S. subsidiary, PrimeEx, are routed to and executed through Freedom EU. Freedom EU is a member of the Association for Financial Markets in Europe (“AFME”).

As of December 31, 2021, our Europe segment had two brokerage offices, including offices in Cyprus, Germany, that provide securities broker dealer and financial services, and investment consulting and education. During the three months ended December 31, 2021, our Europe segment generated approximately $88.1 million, or 71%, of our total revenue, net and approximately $32.5 million, or 48% of our total expense.

During the nine months ended December 31, 2021, our Europe segment generated approximately $428.1 million, or 82%, of our total revenue, net and approximately $84.4 million, or 50% of our total expense.

U.S. Segment

Our U.S. segment currently consists of FRHC and our PrimeEx subsidiary. PrimeEx is a registered agency-only execution broker-dealer on the floor of the NYSE. PrimeEx is a member of the NYSE, Nasdaq, the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In January 2022, PrimeEx received regulatory approval from FINRA to establish an investment banking and equity capital markets arm, which does business as Freedom Capital Markets ("FCM"). FCM is authorized to provide its corporate and institutional customers with a full array of investment banking, corporate finance, and capital markets advisory services, with capabilities including initial and follow-on offerings, PIPEs (Private Investment in Public Equity), SPACs (Special Purpose Acquisition Company), private placements, convertible issues, debt capital, mergers and acquisitions, corporate access, and corporate restructuring. We currently have 2 offices in the U.S. segment, including PrimeEx and FRHC. During the three months ended December 31, 2021, the U.S. region generated approximately $1.2 million, or 1%, of our total revenue, net and approximately $6.5 million, or 10%, of our total expense. During the nine months ended December 31, 2021, the U.S. region generated approximately $3.0 million, or 1%, of our total revenue, net and approximately $15.9 million, or 9%, of our total expense.

Middle East/Caucasus Segment

We entered into the Caucasus market during fiscal year 2022 by establishing subsidiaries in Azerbaijan and Armenia. In April 2022, we entered into the Middle East market by establishing a subsidiary in the United Arab Emirates. As of December 31, 2021, our Middle East/Caucasus region consisted of 2 offices that provide brokerage and education services. The Middle East/Caucasus region did not generate revenue and generated minimal expense during the three and nine months ended December 31, 2021, as we are still in the process of establishing operations in Azerbaijan, Armenia.

Russia Segment

Our Russia segment includes our securities brokerage and complementary banking operations in Russia. As of December 31, 2021, our Russia segment had 43 offices and branches. 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.

During the three months ended December 31, 2021, the Russia segment generated approximately $21.7 million of our total revenue, net and approximately $26.7 million of our total expense. During the nine months ended December 31, 2021, the Russiasegment generated approximately $62.6 million, net and approximately $67.2 million of our total expense. Although we currently continue to operate our Russian segment, we have agreed to sell our three Russian subsidiaries and accordingly this segment is accounted for as discontinued operations. See "Sale of Russian Subsidiaries and Corporate Restructuring" below.

Sale of Russian Subsidiaries

On October 19, 2022, we announced that we had entered into an agreement to sell our two Russian subsidiaries. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to close in the coming months. Until such time as the sale is completed, in a manner consistent with U.S. sanctions, we intend to provide financial support only for "maintenance" of our investment in our Russian subsidiaries consistent with our previously established practices and in support of pre-existing projects and operations in conformity with OFAC guidance concerning

such activities. We do not intend to engage in funding of new projects or expansion of pre-existing projects of our Russian subsidiaries. Because the Russian subsidiaries met the held for sale criteria subsequent to December 31, 2021 but prior to the date of filing this Amendment on form 10-Q/A, we have classified them as discontinued operations as of December 31, 2021 and for the three and nine months ended December 31, 2021, in accordance with ASC 205 and 360.

Corporate Restructuring

In conjunction with the sale of our Russian subsidiaries, we are in the process of undertaking a corporate restructuring which will result in Freedom KZ (together with its wholly owned subsidiaries Freedom Bank KZ, Freedom Life and Freedom Insurance) being wholly owned by FRHC directly. Currently, Freedom RU owns approximately 90% of of Freedom KZ, with the remaining interest being owned by FRHC directly. The transfer of ownership from Freedom RU to FRHC has been approved by the Kazakhstan financial sector regulator, and completion of the transfer is expected to occur prior to the closing of the sale of our Russian subsidiaries.

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.

Planned Divestiture of Russian Subsidiaries

In our 10-K report for the fiscal year ended March 31, 2022, the Company announced its plans for divesting its interests in its Russian securities brokerage and complementary banking operations in Russia ("Russian segment"). On October 17, 2022, the Company entered into an agreement with Maxim Povalishin for the sale of 100% of the share capital of its Russian segment. The transaction is subject to the approval of the Central Bank of the Russian Federation and is expected to be completed within the next fiscal quarter. Because the assets and liabilities to be disposed of in connection with this transaction met the held for sale criteria as of December 30, 2021, in accordance with ASC 205 and 360 our Russian subsidiaries are presented as discontinued operations in the condensed consolidated financial statements as of and for the three and nine months ended December 31, 2021 and in the corresponding periods of 2020 for comparative purposes.

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.

Relationships with Related Parties

Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) (“FFIN Brokerage”) is a corporation registered in and licensed as a broker dealer in Belize to service the investment needs of customers desiring broader investments options in international securities markets. FFIN Brokerage was formed in 2014 and is owned personally by Company's controlling shareholder, chairman and chief executive officer,Timur Turlov. FFIN Brokerage is not part of our group of companies. FFIN Brokerage has its own brokerage customers, which include individuals, some entities and three institutional market-makers. FFIN Brokerage holds four transparent omnibus brokerage accounts with Freedom EU. The majority of the order flow from FFIN Brokerage relates to customer activities within FFIN Brokerage's omnibus accounts. We estimate that more than 40% of FFIN Brokerage's customers also hold brokerage accounts with us through our brokerage subsidiaries. Our cross border agreement with FFIN Brokerage requires FFIN Brokerage to conduct AML/CTF and sanctions screening on its individual and business entity customers permitted to trade through its omnibus accounts at Freedom EU. Our relationship with FFIN Brokerage has also provided us and our customers with a substantial liquidity pool for trading. We expect FFIN Brokerage will continue to process brokerage transactions for its customers through us for the foreseeable future, subject to our standard compliance requirements.

Fee and commission income generated from FFIN Brokerage accounted for approximately 75% and 88% of our total revenue for the three months ended December 31, 2021 and 2020, respectively. And approximately 79% and 82% of our total revenue for the nine months ended December 31, 2021 and 2020, respectively. For additional information regarding transactions with FFIN Brokerage, see Note 18 *Related Party Transactions* to the condensed consolidated financial statements included in this quarterly report on Form 10-Q/A. Our transactions with FFIN Brokerage were performed in the ordinary course of our brokerage and banking businesses and such transactions were made on substantially the same terms and conditions as those prevailing at the time for comparable transactions with similarly situated unaffiliated third parties.

Interest income generated from FFIN Brokerage accounted for approximately 13% and 32% of the Company's total interest income for the three months ended December 31, 2021, and 2020, respectively, as well as 9% and 17% of the Company's total interest income for the nine months ended December 31, 2021, and 2020For additional information

regarding our transactions with FFIN Brokerage, see Note 18*Related Party Transactions* to the condensed consolidated financial statements included in this quarterly report on Form 10-Q/A. Our transactions with FFIN Brokerage were performed in the ordinary course of our brokerage and banking businesses and such transactions were made on substantially the same terms and conditions as those prevailing at the time for comparable transactions with similarly situated unaffiliated third parties.

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 retail brokerage fees from customer trading and related banking services, fees for customers' outstanding short positions, 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 70% and 71% in the three month periods ended December 31, 2021 and 2020, respectively and 48% and 76% 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	
	(Restated)		(Restated)		(Restated)		(Restated)	
Retail brokerage fee and commission income	70	%	71	%	48	%	76	%
Investment banking fee and commission income	1	%	1	%	1	%	3	%
Commission from bank services	2	%	—	%	1	%	—	%
Other fee and commission income	—	%	2	%	1	%	2	%
Total fee and commission income as a percentage of total revenue	**74**	**%**	**74**	**%**	**51**	**%**	**81**	**%**

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, interest on margin lending to customers secured by marketable securities these customers hold with us 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		Three months ended December 31, 2020		Change	
	(Restated)		(Restated)			
	Amount	%	Amount	%	Amount	%
Fee and commission income	$ 91,411	74	$ 58,099	74	$ 33,312	57
Net gain on trading securities	7,014	6	13,972	18	(6,958)	(50)
Interest income	24,799	20	5,224	7	19,575	375
Net gain on foreign exchange operations	1,106	1	103	—	1,003	974
Net loss on derivatives	(314)	—	946	1	(1,260)	(133)
Total revenue, net	$ 124,016	100	$ 78,344	100	$ 45,672	58

For the three months ended December 31, 2021, we realized total net revenue of $124,016, a 58% 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 $91,411, an increase of $33,313, or 57%, as compared to fee and commission income of $58,099 for the December 31, 2020. This increase in fee and commission income was primarily attributable to a $31,352 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 $7,014 for the three months ended December 31, 2021, as compared to $13,972 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 (Restated)	$ 41,386	$ (34,372)	$ 7,014
Quarter ended December 31, 2020 (Restated)	$ 6,571	$ 7,401	$ 13,972

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 $41,386, 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 $19,576, or 375%, increase in interest income as compared to the three months ended December 31, 2020. We recognized a $15,330, or 502%, 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. Moreover, we recognized an increase in income from margin loans to customers in the amount of $3,072 or 166%.

Net gain on foreign exchange operations. For the three months ended December 31, 2021, we realized a net gain on foreign exchange operations of $1,105, as compared to a net gain of $103 during the three months ended December 31, 2020. During the three months ended December 31, 2021, the value of the Kazakhstani tenge depreciated by 1.4% against the U.S. dollar. The Company recognized gains on foreign currency exchange operations mostly due to a higher volume of cash and non-cash operations which resulted of purchasing and selling of foreign currencies.

Expense

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

	Three months ended December 31, 2021		Three months ended December 31, 2020		Change	
	(Recast)		(Recast)			
	Amount	%	Amount	%	Amount	%
Fee and commission expense	$ 20,640	31	$ 18,295	56	$ 2,345	13
Interest expense	18,434	27	3,223	10	15,211	472
Operating expense	28,243	42	10,338	31	17,905	173
Provision for impairment losses	32	—	952	3	(920)	(97)
Other (income)/expense, net	(94)	—	15	—	(109)	(727)
Total expense	$ 67,255	100	$ 32,823	100	$ 34,432	105

For the three months ended December 31, 2021, we incurred total expenses of $67,255, an 105%, increase as compared to total expense of $32,823 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 $2,345, or 13%, 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 $1,954. 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 $15,211, or 472%, increase in interest expense as compared to the three months ended December 31, 2020. The increase in interest expense is primarily attributable to a $10,826 increase in the volume of short-term financing through securities repurchase agreements, and a $4,519 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 $28,243, a 173% increase compared to the three months ended December 31, 2020. This increase was primarily attributable to an $7,287 increase in payroll and bonuses expense as a result expansion of our workforce through acquisition and hiring, a $2,270 increase in stock compensation expense resulting from issuing restricted stock grants to key employees in May 2021, a $2,151 increase in advertising expenses, and a $3,438 increase in professional services as a result of expansion of our business.

Income tax expense

We recognized net income before income tax of $56,761 and $45,521 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 3.1%, from 14.5% 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 from continuing operations

As a result of the foregoing factors, for the three months ended December 31, 2021, and the three months ended December 31, 2020, we recognized net income from continuing operations of $54,993 and $38,922, respectively.

Net income/(loss) from discontinued operations

Net income/(loss) from discontinued operations represents the net income or loss from our subsidiaries in Russia, which are classified as discontinued operations. Net loss from discontinued operations was $4,105 for the three months ended December 31, 2021, as compared to net gain from discontinued operations of $3,399 for the three months ended December 31, 2020. The negative change in the amount of $7,504 was primarily attributable to a $10,670 increase in operating expense due to increase in payroll and bonuses expense as a result of expansion of workforce through hiring.

Net income

As a result of the foregoing factors, for the three months ended December 31, 2021, we had net income of $54,993 as compared to $38,922 for the three months ended December 31, 2020, an increase of 41%.

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 (Restated)		Nine months ended December 31, 2020 (Restated)		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission income	$ 262,715	51	$ 135,987	81	$ 126,728	93
Net gain on trading securities	195,270	38	19,243	12	176,027	915
Interest income	59,339	11	11,762	7	47,577	404
Net gain on foreign exchange operations	3,773	1	142	—	3,631	2557
Net (loss)/gain on derivative	(1,028)	—	61	—	(1,089)	(1785)
Total revenue, net	$ 520,069	100	$ 167,195	100	$ 352,874	211

For the nine months ended December 31, 2021, we realized total net revenue of $520,069, a 211%, 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” $195,270 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 $126,728, a 93% increase as compared to the nine months ended December 31, 2020. This increase was primarily attributable to a $122,321 increase in fees and commissions from brokerage services and a $3,836 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 $195,270 for the nine months ended December 31, 2021, as compared to $19,243 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 (Restated)	$ 189,783	$ 5,487	$ 195,270
Quarter ended December 31, 2020 (Restated)	$ 13,563	$ 5,680	$ 19,243

During nine months ended December 31, 2021, we exchanged approximately 12,500,000 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 $195,270, which included $189,783 of realized gain and $5,487 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 $51,127 of interest income, as compared to $9,403 of interest income for the nine months ended December 31, 2020, an increase of $47,577 or 404%. We had an increase of 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 $985, or 550%, 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 $1,864, or 647%, 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. In addition, we recognized an increase in income from margin loans to customers in the amount of $5,853 or 243%.

Net gain on foreign exchange operations. For the nine months ended December 31, 2021, we realized a net gain on foreign exchange operations of $3,774, as compared to a net gain on foreign exchange operations of $142 for the nine months ended December 31, 2020. During the nine months ended December 31, 2021, the value of the Kazakhstani tenge depreciated by almost 1.6% against the U.S. dollar. As a result, we realized a net loss on foreign exchange operations in the amount of $510. This loss was offset by a higher volume of cash operations, which resulted in a $4,284 net gain on purchases and sales of foreign currency during the nine months ended December 31, 2021 as compared to a $112 net gain during 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 (Recast)		Nine months ended December 31, 2020 (Recast)		Change	
	Amount	%	Amount	%	Amount	%
Fee and commission expense	$ 61,246	36	$ 45,771	58	$ 15,475	34
Interest expense	44,432	26	8,802	11	35,630	405
Operating expense	63,544	38	22,236	28	41,308	186
Provision for impairment losses	614	—	1,573	2	(959)	(61)
Other expense, net	480	—	(57)	—	537	(942)
Total expense	$ 170,316	100	$ 78,325	100	$ 91,991	117

For the nine months ended December 31, 2021, we incurred total expenses of $170,316, a 117% 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 $15,475, a 34% 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 $11,676 and commissions paid for bank services of $3,461. 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 405% increase in interest expenses as compared to the nine months ended December 31, 2020. The increase in interest expense was primarily attributable to a $24,408 increase in volume of short-term financing through securities repurchase agreements and a $10,806 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 $63,544, a $41,308 increase compared to the nine months ended December 31, 2020. This increase was primarily attributable to a $16,444 increase in payroll and bonuses expense as a result of expansion of our workforce through acquisition and hiring, a $5,580 increase in stock compensation expense resulting from issuing restricted stock grants to key employees in May 2021, an increase of $5,461 in advertising expenses, a $6,446 increase in professional services, an increase of $1,023 in depreciation and amortization and a $298 increase in lease cost.

Income tax expense

We recognized net income before income tax of $349,753 and $88,870 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 11.1%, from 13.2% 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 from continuing operations

As a result of the foregoing factors, for the nine months ended December 31, 2021, and the nine months ended December 31, 2020, we recognized net income from continuing operations of $310,773 and $77,172, respectively.

Net income/(loss) from discontinued operation

Net income/(loss) from discontinued operation represents the net income or loss from our subsidiaries in Russia, which are classified as discontinued operations. Net loss from discontinued operations was $3,656 for the nine months ended December 31, 2021, as compared to net gain from discontinued operations of $12,988 for the nine months ended December 31, 2020. The negative change in the amount of $16,644 was primarily attributable to a $23,862 increase in operating expense due to increase in payroll and bonuses expense as a result of expansion of workforce through acquisition and hiring.

Net income

As a result of the foregoing factors, for the nine months ended December 31, 2021, we had net income of $310,773 as compared to $77,172 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 $415 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.

Segment Results of Operations

We have historically operated as a single operating segment. With the planned restructuring of our operations and divestiture of our Russian subsidiaries, coupled with our continued expansion, we have elected to reorganize our operations geographically into five regional segments: Central Asia, Europe, United States, Middle East/Caucasus and Russia. Moving forward after completion of the divestiture of our Russian subsidiaries, we will manage our operations in five regional segments. These operating segments are based on how our CODM will be making decisions about allocating resources and assessing performance.

The results of our Russian subsidiaries are presented as discontinued operations in the condensed consolidated financial statements as of and for the three and nine months ended December 31, 2021 and 2020 for comparative purposes.

The total revenue, net associated with our segments is summarized in the following table:

	Three months ended December 31,			
	2021 (Restated)	**2020 (Restated)**	**Amount Change**	**% Change**
Central Asia	$ 34,703	$ 14,434	$ 20,269	140 %
Europe	88,146	56,776	31,370	55 %
U.S.	1,162	7,134	(5,972)	(84) %
Middle East/Caucasus	5	—	$ 5	100 %
Total revenue, net	**$ 124,016**	**$ 78,344**	**$ 45,672**	**212 %**

During the three months ended December 31, 2021, total revenue, net increased across each of our regional operating segments, except U.S.. The increase in total net revenues for the three months ended December 31, 2021, compared to the three months ended December 31, 2020, was driven by the following:

- Total revenue, net in our Central Asia segment increased by 140% for the three months ended December 31, 2021 as compared to the three months ended December 31, 2020. This increase was driven by an increase in interest income as a result of an increase in interest received on securities held in our trading portfolio. The increase of revenue was also due to an increase in net gain on foreign exchange operations, which was mainly driven by an increase in foreign exchange dealing operations. Moreover, the increase in revenue was also attributable to an

increase in commission fees from brokerage and banking services due to an increase in brokerage activity in the Central Asia segment.

- Total revenue, net in our Europe segment increased by 55% for the quarter endedDecember 31, 2021. This increase was mainly driven by an increase in fee and commission income from the Europe segment, which increased by 52,2% in the three months ended December 31, 2021 as compared to the three months ended December 31, 2020. This increase was primarily driven by an increase in fee and commission incomewhich attributable to 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. Also was an increase in net gain on trading securities due to the revaluation of our trading portfolio. The increase of revenue was also attributable to an increase in interest income from margin lending between the two three month periods, resulting from a higher usage of margin loans for trades by our clients.

- Total revenue, net in our U.S. segment decreased by 84% during the three months ended December 31, 2021 as compared to the three months ended December 31, 2020. This decrease was driven mainly by net loss on trading securities which was offset by increased fee and commission income from brokerage services.

The following table sets out total expense, net by segment for the three month periods presented:

	Three months ended December 31,			
	2021 (Restated)	**2020 (Restated)**	**Amount Change**	**% Change**
Central Asia	28,304	7,679	$ 20,625	269 %
Europe	32,529	23,039	$ 9,490	41 %
U.S.	6,506	2,105	$ 4,401	209 %
Middle East/Caucasus	(84)	—	$ (84)	100 %
Total expense, net	**$ 67,255**	**$ 32,823**	**$ 34,432**	619 %

During the three months ended December 31, 2021, total expense increased across each of our regional operating segments compared to the three months ended December 31, 2020. The increase in total expenses for the three months ended December 31, 2021, was driven by the following:

- Total expense, net, in our Central Asia segment increased by 269% for the three months ended December 31, 2021. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from an increase in interest on securities repurchase agreements obligations and growth in customer deposits. In addition, there was an increase of fee and commission expense during three months ended December 31, 2021, in comparison with the three months ended December 31, 2020, which was mainly attributable to an increase of execution of client trading orders within the Central Asia segment. This segment also experienced an increase in operating expenses which is mainly affected by an increase in payroll and bonuses, resulting from an increase of employees. The increase was partially offset by the decrease in provision for impairment losses.

- Total expense in our Europe segment increased by 41% for the quarter endedDecember 31, 2021. This increase was mainly due to an increase in interest expense primarily from growth in interest paid to clients and an increase in operating expenses, mainly due to marketing fees and payroll and bonuses. This increase was partially offset by a decrease in fee and commission expense which was driven by the lower commission expense due to a change of our prime broker and a different composition of order flow transactions, which were charged at lower rates.

- Total expense in our U.S. segment increased by 209% during the three months ended December 31, 2021. This increase was driven mainly by operating expenses due to increase in payroll and bonuses expense as a result expansion of our workforce through acquisition and due to growth of stock compensation expense.

The following table presents total revenue, net for the nine month periods presented:

	Nine months ended December 31,			
	2021 (Restated)	2020 (Restated)	Amount Change	% Change
Central Asia	$ 89,054	$ 32,916	$ 56,138	171 %
Europe	428,057	126,788	301,269	238 %
U.S.	2,953	7,491	(4,538)	(61) %
Middle East/Caucasus	5	—	5	100 %
Total revenue, net	**$ 520,069**	**$ 167,195**	**$ 352,874**	**211 %**

For the nine months ended December 31, 2021, total revenue, net increased across each of our regional operating segments, except Europe. The changes in total net revenues for the nine months ended December 31, 2021, compared to the nine months ended December 31, 2020, were driven by the following:

- Total revenue, net in our Central Asia segment increased by 171% for the nine months ended December 31, 2021. This segment was significantly affected by an increase in net gain on foreign exchange operations, which was mainly driven by an increase in foreign exchange dealing operations. In addition, the increase was driven by an increase in interest income as a result of an increase in interest income from securities held in our trading portfolio. The increase of revenue was also due to a rise in fee and commission income and net gain on trading securities, related to growth of brokerage activity in the Central Asia segment and of our trading portfolio.

- Total revenue, net in our Europe segment increased by 238% for the nine months ended December 31, 2021. This increase was primarily driven by an increase in fee and commission income which attributable to 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. Also was an increase in net gain on trading securities due to the revaluation of our trading portfolio.

- Total revenue, net in our U.S. segment decreased by 61% during the nine months ended December 31, 2021. This decrease was driven mainly by a net loss on trading securities which was offset by increased fee and commission income from brokerage services.

The following table sets out total expenses associated with our segments for the nine month periods presented:

	Nine months ended December 31,			
	2021 (Restated)	2020 (Restated)	Amount Change	% Change
Central Asia	$ 69,861	$ 19,007	$ 50,854	268 %
Europe	84,447	54,004	30,443	56 %
U.S.	15,929	5,314	10,615	200 %
Middle East/Caucasus	79	—	79	100 %
Total expense, net	**$ 170,316**	**$ 78,325**	**$ 91,991**	**117 %**

For the nine months ended December 31, 2021, total expense increased across each of our regional operating segments, except Europe, compared to the nine months ended December 31, 2020. The changes in total expenses for the nine months ended December 31, 2021, were driven by the following:

- Total expense in our Central Asia segment increased by 268% for the nine months ended December 31, 2021. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from an increase in interest expense on securities repurchase agreements and growth in customer deposits. In addition, fee and commission expense increased during the nine months ended December 31, 2021, in comparison with the nine months ended December 31, 2020, mainly due to an increase in the volume of client trading orders within the Central Asia segment. This segment also experienced an increase in operating expenses primarily due to growth in payroll and bonuses, resulting from an increase of employees.

- Total expense in our Europe segment increased by 56% for the nine months ended December 31, 2021. This increase was driven by higher commission expenses and operating expenses, mainly due to marketing fees and payroll and bonuses.

- Total expense in our U.S. segment increased by 200% during the nine months ended December 31, 2021. This increase was driven mainly by operating expenses due to increase in payroll and bonuses expense as a result expansion of our workforce through acquisition and due to growth of stock compensation expense.

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 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
	(Recast)	(Recast)
Cash and cash equivalents[1]	$ 146,358	$ 168,017
Trading securities	$ 947,833	$ 587,546
Total assets	$ 2,726,991	$ 2,100,322
Net liquid assets[2]	$ 1,312,379	$ 820,720

(1) Of the $146,358 in cash and cash equivalents we held at December 31, 2021, $13,826, or approximately 9%, was subject to reverse repurchase agreements. By comparison, at March 31, 2021, we had cash and cash equivalents of $168,017, of which $11,917, or approximately 7%, 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 $2,135,501 and $1,824,662, respectively, including customer liabilities of $553,015 and $671,825, 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 (Restated)	Nine Months Ended December 31, 2020 (Restated)
Net cash flows (used in)/from operating activities	$ (637,635)	$ 604,577
Net cash flows (used in)/from investing activities	(40,819)	99,279
Net cash flows from financing activities	394,591	196,741
Effect of changes in foreign exchange rates on cash and cash equivalents	8,595	3,787
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**$ (275,268)**	**$ 904,384**

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 (Restated)	Nine Months Ended December 31, 2020 (Restated)
Increases in trading securities	$ (358,257) [1]	$ (37,819)
(Decreases)/Increases in customer liabilities	(230,970) [2]	336,882
(Increases)/decreases in brokerage and other receivables	(143,118) [3]	52,407
Increases in trade payables	28,750 [4]	10,824

(1) Resulted from increased purchases of securities held in our proprietary account.
(2) Resulted from decreased funds in brokerage accounts 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 $40,819 compared to net cash from investing activities of $99,279 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 $3,891. In addition, the cash used in investing activities was used for purchase, net of sales of uncollateralized consumer retail loans from FFIN Credit in the amount of $22,192 and for the issuance of loans resulted from the launching a first-in-market digital mortgage product by our subsidiary Freedom Bank KZ in the amount of $11,946. 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 $1,004.

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 $270,146, net change in bank customer deposits in the amount of $83,448 and proceeds from issuance of debt securities of $13,000, 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 $1,511, 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, $627,493, or 75%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations compared to $374,718, or 64%, 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 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 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:

	Payment Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**Years 2-3**	**Years 4-5**	**More than 5 years**
	(in thousands)				
Operating lease obligations	$ 8,355	1,089	5,008	2,076	182
Outstanding bonds and notes	52,762	1,433	22,469	14,430	14,430
TOTAL	$ 61,117	$ 2,522	$ 27,477	$ 16,506	$ 14,612

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/A.

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 $43,262 and $25,683 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 $46,176 and $29,480 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 a decrease of income before income tax from continuing operation in the amount of $1,629 and $4,107, 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 $22,149 and $39,280, 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 $3,154 and $4,136, 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 $186,373 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 and Internal Control over Financial Reporting

As of the end of the period covered by this quarterly report on Form 10-Q/A, 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 that evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2021, due to the material weakness in our internal control over financial reporting described below, our disclosure controls and procedures were not effective at the reasonable assurance level.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management has concluded that the Company's disclosure controls and procedures were not effective at December 31, 2021, and its internal control over financial reporting was not effective as of December 31, 2021 due to the following material weaknesses. Specifically, there were material weaknesses in (i) the design of a control activity with respect to the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows, (ii) the design of a control activity with respect to the classification of certain interest income from margin lending within the Consolidated Statements of Operations and Other Comprehensive Income, (iii) the design of a control activity with respect to the classification of funds received under the Kazakhstan state program for financing of mortgage loans "7-20-25" within the Company's Consolidated Statements of Cash Flows.

In light of the material weaknesses, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted principles. Accordingly, management concluded that the financial statements included in this quarterly report on Form 10-Q/A present fairly in all material respects our financial position, results of operations and cash flows for each of the periods presented.

Remediation Plan for the Material Weaknesses

In order to remediate the material weaknesses, our management plans to enhance the design of its control activities over the classification and presentation of its Consolidated Statements of Cash Flows and Consolidated Statements of Operations and Other Comprehensive Income to ensure compliance with U.S. GAAP. The material weaknesses cannot be considered remediated until the newly designed control activities operate for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively.

Changes in Internal Control over Financial Reporting

Except for the identification of material weaknesses as described above, during the three months ended December 31, 2021, no changes in our internal control over financial reporting occurred that have 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[(1)]
4.02	Securities Placement Terms and Conditions[%#(1)]
4.03	Resolution to Issue Securities[#(1)]
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.

(1) Incorporated by reference to the Registrant's original Quarterly Report on Form 10-Q filed with the SEC on February 9, 2022.

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: April 26, 2023

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: April 26, 2023

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer

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/A 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: April 26, 2023

/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/A 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: April 26, 2023

/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/A 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: April 26, 2023

/s/ Timur Turlov

Timur Turlov
Chief Executive Officer

Date: April 26, 2023

/s/ Evgeniy Ler

Evgeniy Ler
Chief Financial Officer