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 September 30, 2022

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 Stock, par value $0.001 per share	**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 November 13, 2022, the registrant had 59,542,212 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 September 30, 2022, as originally filed with the Securities and Exchange Commission ("SEC") on November 15, 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 February 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 Company should no longer be relied upon. The determination made by the Audit Committee resulted from an error in the Original Form 10-Q 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."

In addition, as previously disclosed in the Company's Current Report on Form 8-K dated March 14, 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 no longer be relied upon due to an error in the identified by the Company related to the classification of funds received under the Kazakhstan state program for financing of mortgage loans "7-20-25" within the Company's statement of cash flows (the "Cash Flow Statement Error"). Specifically, the Company determined that, in the Consolidated Statements of Cash Flows in the Original Form 10-Q, funds received under such program were presented as "Operating activities" whereas they should have been presented as "Financing activities".

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.

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 fiscal year ended March 31, 2022 (the "Form 10-K/A") and its Quarterly Reports on Form 10-Q for the quarters ended December 31, 2021 (the "December 2021 Form 10-Q/A") and June 30, 2022 (the "June 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 respect to the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows for the relevant periods.

Internal Control Considerations

As a result of the restatement of this Original Form 10-Q, 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 September 30, 2022. Management has concluded that the Company's disclosure controls and procedures were not effective at September 30, 2022, and its internal control over financial reporting was not effective as of September 30, 2022 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" and Part II, Item 1.A. "Risk Factors" of this Quarterly 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 4. "Controls and Procedures"; Part II, Item 1.A. "Risk Factors"; and Part II, Item 6. "Exhibits".

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

	September 30, 2022	March 31, 2022* (Recasted)
ASSETS		
Cash and cash equivalents	$ 790,390	$ 225,464
Restricted cash	440,030	547,950
Trading securities	1,359,544	1,158,377
Available-for-sale securities, at fair value	168,175	161,364
Brokerage and other receivables, net	408,169	147,659
Loans issued	357,357	92,446
Fixed assets, net	36,857	17,823
Intangible assets, net	7,687	5,163
Goodwill	9,512	5,898
Right-of-use asset	13,602	7,431
Deferred income tax assets	2,673	908
Insurance contract assets	12,712	5,712
Other assets	62,042	26,136
Assets held for sale	1,115,615	825,419
TOTAL ASSETS	**$ 4,784,365**	**$ 3,227,750**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Securities repurchase agreement obligations	$ 981,190	$ 840,224
Customer liabilities	1,567,458	765,628
Trade payables	69,088	45,083
Liabilities from insurance activity	150,077	119,490
Current income tax liability	19,046	14,556
Securities sold, not yet purchased – at fair value	7,376	13,865
Loans received	5,425	3,538
Debt securities issued	51,798	34,390
Lease liability	13,348	7,504
Deferred distribution payments	8,534	8,534
Other liabilities	170,078	15,852
Payable for acquisition	29,736	—
Liabilities held for sale	1,089,880	812,478
TOTAL LIABILITIES	**$ 4,163,034**	**$ 2,681,142**
Commitments and Contingent Liabilities (Note 26)	—	—
SHAREHOLDERS' EQUITY		
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock - $0.001 par value; 500,000,000 shares authorized; 59,542,212 shares issued and outstanding as of September 30, 2022, and March 31, 2022, respectively	59	59
Additional paid in capital	155,635	174,745
Retained earnings	529,251	441,924
Accumulated other comprehensive loss	(55,575)	(63,125)
TOTAL FRHC SHAREHOLDERS' EQUITY	**$ 629,370**	**$ 553,603**
Non-controlling interest	(8,039)	(6,995)
TOTAL SHAREHOLDERS' EQUITY	**$ 621,331**	**$ 546,608**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 4,784,365**	**$ 3,227,750**

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

* Please see Note 3

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 September 30, 2022* (Restated)	Three Months Ended September 30, 2021* (Restated)	Six Months Ended September 30, 2022* (Restated)	Six Months Ended September 30, 2021* (Restated)
Revenue:				
Fee and commission income	$ 83,157	$ 93,025	$ 172,603	$ 171,140
Net gain on trading securities	9,005	181,603	13,439	190,285
Net realized gain/(loss) on investments available for sale	716	(622)	123	(653)
Interest income	58,999	26,619	107,562	48,857
Insurance underwriting income	26,200	16,022	50,440	30,098
Net gain on foreign exchange operations	4,555	1,508	9,148	2,716
Net loss on derivative	(2,320)	(656)	(1,054)	(715)
TOTAL REVENUE, NET	**180,312**	**317,499**	**352,261**	**441,728**
Expense:				
Fee and commission expense	18,439	22,651	41,754	43,844
Interest expense	40,863	16,716	80,934	30,962
Insurance claims incurred, net of reinsurance	17,475	13,513	34,167	24,809
Operating expense	37,760	21,770	75,759	41,191
Provision for impairment losses	3,726	978	6,154	1,245
Other expense/(income), net	192	786	(368)	795
TOTAL EXPENSE	**118,455**	**76,414**	**238,400**	**142,846**
INCOME BEFORE INCOME TAX	**61,857**	**241,085**	**113,861**	**298,882**
Income tax expense	(12,619)	(32,094)	(21,498)	(37,220)
INCOME FROM CONTINUING OPERATIONS	**49,238**	**208,991**	**92,363**	**261,662**
Income/(loss) before income tax (expense)/benefit of discontinued operations (including loss on disposal of $41,464, see Note 25)	(18,302)	(2,779)	800	458
Income tax (expense)/benefit of discontinued operations	(3,724)	529	(6,880)	(9)
Income/(loss) from discontinued operations	(22,026)	(2,250)	(6,080)	449
NET INCOME	**27,212**	**206,741**	**86,283**	**262,111**
Less: Net income/(loss) attributable to non-controlling interest in subsidiary	950	(20)	(1,044)	(72)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 26,262**	**$ 206,761**	**$ 87,327**	**$ 262,183**
OTHER COMPREHENSIVE INCOME				
Change in unrealized gain on investments available-for-sale, net of tax effect	1,477	(1,601)	2,343	(726)
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	(716)	622	(123)	653
Foreign currency translation adjustments, net of tax effect	(16,663)	1,181	5,316	4,203

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)`

OTHER COMPREHENSIVE (LOSS)/ INCOME	**(15,902)**	**202**	**7,536**	**4,130**
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 11,310**	**$ 206,943**	**$ 93,819**	**$ 266,241**
Less: Comprehensive income/(loss) attributable to non-controlling interest in subsidiary	950	(20)	(1,043)	(72)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 10,360**	**$ 206,963**	**$ 94,862**	**$ 266,313**
EARNINGS PER COMMON SHARE (In U.S. dollars):				
Earnings from continuing operations per common share - basic	0.82	3.51	1.59	4.42
Earnings from continuing operations per common share - diluted	0.81	3.51	1.57	4.42
(Loss)/earnings from discontinued operations per common share - basic	(0.38)	(0.04)	(0.10)	0.01
(Loss)/earnings from discontinued operations per common share - diluted	(0.37)	(0.04)	(0.10)	0.01
Earnings per common share - basic	0.45	3.47	1.49	4.43
Earnings per common share - diluted	0.44	3.47	1.46	4.43
Weighted average number of shares (basic)	58,665,415	59,510,976	58,624,513	59,220,800
Weighted average number of shares (diluted)	59,518,473	59,510,976	59,678,513	59,220,800

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)

	For the Six Months Ended September 30,	
	2022*	2021*
	(Restated)	(Restated)
Cash Flows From Operating Activities		
Net income	**$ 86,283**	**$ 262,111**
Net (loss)/income from discontinued operations	**$ (6,080)**	**$ 449**
Net income from continued operations	**$ 92,363**	**$ 261,662**
Adjustments to reconcile net income used in operating activities:		
Depreciation and amortization	1,817	1,915
Noncash lease expense	2,047	1,568
Change in deferred taxes	(1,763)	2,431
Stock compensation expense	3,581	3,365
Unrealized loss/(gain) on trading securities	8,232	(41,966)
Net change in accrued interest	(20,855)	(21,137)
Change in insurance reserves	30,627	25,138
Allowances for receivables	6,154	1,245
Changes in operating assets and liabilities:		
Trading securities	(223,540)	(181,734)
Brokerage and other receivables	(263,107)	(189,970)
Insurance contract assets	706	443
Other assets	(33,322)	(4,316)
Securities sold, not yet purchased – at fair value	(6,489)	6,719
Brokerage customer liabilities	329,496	110,815
Current income tax liability	4,537	19,684
Trade payables	20,490	26,575
Lease liabilities	(2,453)	(1,654)
Liabilities from insurance activity	(8,032)	(5,355)
Other liabilities	4,521	(186)
Net cash flows from operating activities from continuing operations	**(54,990)**	**15,242**
Net cash flows from operating activities from discontinued operations	**29,583**	**5,605**
Net cash flows from operating activities	**(25,407)**	**20,847**
Cash Flows Used In Investing Activities		
Purchase of fixed assets	(17,295)	(2,776)
Proceeds from sale of fixed assets	36	167
Loans purchased from microfinance organizations	(74,796)	(19,677)
Loans sold to microfinance organization	19,545	2,860
Net change in loans issued to customers	(228,570)	(5,726)
Purchase of available-for-sale securities, at fair value	(167,450)	(147,479)
Proceeds from sale of available-for-sale securities, at fair value	157,420	106,850
Consideration paid for acquisition of London Almaty	(16,343)	—
Prepayment on acquisition	4,954	—
Cash, cash equivalents and restricted cash received from acquisitions	11,385	—
Net cash flows used in investing activities from continuing operations	**(311,114)**	**(65,781)**

FREEDOM HOLDING CORP.

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

Net cash flows used in investing activities from discontinued operations		**(12,073)**		**(471)**
Net cash flows used from investing activities		**(323,187)**		**(66,252)**
Cash Flows From Financing Activities				
Proceeds from securities repurchase agreement obligations		168,565		172,234
Proceeds from issuance of debt securities		17,240		—
Repurchase of debt securities		—		(10,134)
Repurchase of mortgage loans under the State Program		(2,594)		—
Funds received under state program for financing of mortgage loans		152,184		—
Net change in bank customer deposits		513,546		17,497
Capital contributions		677		1,966
Exercise of options		—		119
Proceeds from loans received		1,863		69
Net cash flows from financing activities from continuing operations		**851,481**		**181,751**
Net cash flows from/(used in) financing activities from discontinued operations		**44,203**		**(28,884)**
Net cash flows from financing activities		**895,684**		**152,867**
Effect of changes in foreign exchange rates on cash and cash equivalents from continued operations		(28,371)		250
Effect of changes in foreign exchange rates on cash and cash equivalents from discontinued operations		212,557		23,276
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		**731,276**		**130,988**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM CONTINUED OPERATIONS		**773,414**		**659,498**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD FROM DISCONTINUED OPERATIONS		**456,886**		**558,890**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD		**1,230,300**		**1,218,388**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM CONTINUED OPERATIONS	**$**	**1,230,420**	**$**	**744,465**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD FROM DISCONTINUED OPERATIONS	**$**	**731,156**	**$**	**604,911**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$**	**1,961,576**	**$**	**1,349,376**

	For The Six Months Ended September 30,			
		2022		2021
				(Recast)
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	39,032	$	15,275
Income tax paid	$	18,803	$	20,107
Supplemental non-cash disclosures:				
Operating lease right-of-use assets obtained/disposed of in exchange for operating lease obligations during the period, net	$	5,706	$	2,424

* Please see Note 4

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 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:

	September 30, 2022		September 30, 2021 (Recast)	
Cash and cash equivalents	$	790,390	$	184,523
Restricted cash		440,030		559,942
Total cash, cash equivalents and restricted cash shown as in the statement of cash flows	**$**	**1,230,420**	**$**	**744,465**

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

FREEDOM HOLDING CORP.

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

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive (loss)/income	Non-controlling interest	Total
	Shares	Amount					
Balance As At June 30, 2022	**59,542,212**	**$ 59**	**$ 152,532**	**$ 502,989**	**$ (39,673)**	**$ (8,989)**	**$ 606,918**
Stock based compensation	—	—	3,103	—	—	—	3,103
Sale of Freedom Finance Ukraine LLC shares	—	—	—	—	—	—	—
Contribution of shareholder	—	—	—	—	—	—	—
Acquisition of insurance companies	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	761	—	761
Translation difference	—	—	—	—	(16,663)	—	(16,663)
Net income	—	—	—	26,262	—	950	27,212
Balance As At September 30, 2022	**59,542,212**	**$ 59**	**$ 155,635**	**$ 529,251**	**$ (55,575)**	**$ (8,039)**	**$ 621,331**
Balance As At March 31, 2022	**59,542,212**	**$ 59**	**$ 174,745**	**$ 441,924**	**$ (63,125)**	**$ (6,995)**	**$ 546,608**
Stock based compensation	—	—	6,801	—	—	—	6,801
Sale of Freedom Finance Ukraine LLC shares	—	—	—	—	—	—	—
Contribution of shareholder	—	—	677	—	—	—	677
Acquisition of insurance companies	—	—	(26,588)	—	—	—	(26,588)
Other comprehensive income	—	—	—	—	2,234	—	2,234
Translation difference	—	—	—	—	5,316	—	5,316
Net income/(loss)	—	—	—	87,327	—	(1,044)	86,283
Balance As At September 30, 2022	**59,542,212**	**$ 59**	**$ 155,635**	**$ 529,251**	**$ (55,575)**	**$ (8,039)**	**$ 621,331**

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

FREEDOM HOLDING CORP.

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

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive (loss)/income	Non-controlling interest	Total
	Shares	Amount					
Balance As At June 30, 2021 (Recasted)	**59,474,712**	**$ 58**	**$ 138,687**	**$ 269,849**	**$ (36,506)**	**$ (1,693)**	**$ 370,395**
Stock based compensation	—	1	4,561	—	—	—	4,562
Sale of Freedom Finance Ukraine LLC shares	—	—	(796)	—	—	1,212	416
Contribution of shareholder	—	—	700	—	—	—	700
Exercise of options	60,000	—	119	—	—	—	119
Other comprehensive loss		—	—	—	(979)	—	(979)
Translation difference	—	—	—	—	1,181	—	1,181
Net income/(loss)	—	—	—	206,761	—	(20)	206,741
Balance As At September 30, 2021	**59,534,712**	**$ 59**	**$ 143,271**	**$ 476,610**	**$ (36,304)**	**$ (501)**	**$ 583,135**
Balance As At March 2021 (Recasted)	**58,443,212**	**$ 58**	**$ 135,260**	**$ 214,427**	**$ (40,433)**	**$ (1,641)**	**$ 307,671**
Stock based compensation	1,031,500	1	6,722	—	—	—	6,723
Sale of Freedom Finance Ukraine LLC shares	—	—	(796)	—	—	1,212	416
Contribution of shareholder	—	—	1,966	—	—	—	1,966
Exercise of options	60,000	—	119	—	—	—	119
Other comprehensive loss	—	—	—	—	(74)	—	(74)
Translation difference	—	—	—	—	4,203	—	4,203
Net income/(loss)	—	—	—	262,183	—	(72)	262,111
Balance As At September 30, 2021	**59,534,712**	**$ 59**	**$ 143,271**	**$ 476,610**	**$ (36,304)**	**$ (501)**	**$ 583,135**

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, research, investment counseling, securities trading, market making, retail banking, corporate investment banking and underwriting services, commercial banking and insurance products. The Company is headquartered in Almaty, Kazakhstan, with supporting administrative office locations in Cyprus, the United States and Russia (with the Russian business classified as discontinued operations pending sale). The Company has retail locations in Kazakhstan, Russia (with the Russian business classified as discontinued operations pending sale), Ukraine, Uzbekistan, Kyrgyzstan, Azerbaijan, Armenia, Cyprus, the UK, Greece, Spain, France, Germany, United Arab Emirates and Turkey. The Company also owns a U.S. Securities and Exchange Commission ("SEC") registered broker dealer. The Company's common stock trades on the Nasdaq Capital Market.

As of September 30, 2022, the Company owned directly, or through subsidiaries, the following companies:

- Freedom Finance JSC, 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 Life JSC, an Almaty, Kazakhstan-based life/health insurance company ("Freedom Life");
- Freedom Finance Insurance JSC, an Almaty, Kazakhstan-based general insurance company ("Freedom Insurance");
- 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");
- Freedom UK Prime Limited, a London, United Kingdom-based financial intermediary company ("Prime UK");
- Freedom Finance Uzbekistan LLC, a Tashkent, Uzbekistan-based broker-dealer ("Freedom UZ");
- Freedom Finance Azerbaijan LLC, an Azerbaijan-based financial educational center ("Freedom AZ");
- Freedom Finance Armenia LLC, an Armenia-based broker-dealer ("Freedom AR");
- Prime Executions, Inc., a New York City, New York-based NYSE institutional brokerage, that is also approved to engage in certain capital markets and investment banking activities ("PrimeEx");
- FFIN Securities, Inc., a currently-dormant Nevada corporation ("FFIN");
- Freedom Finance Ltd., a Dubai, United Arab Emirates-based financial intermediary company ("Freedom UAE");
- ITS Tech Limited, an Astana International Financial Centre-based, IT-support company ("ITS Tech");
- Ticketon Events LLP, an Almaty, Kazakhstan-based online ticket sales company ("Ticketon");
- Insurance Company London Almaty JSC, an Almaty, Kazakhstan-based general insurance company ("London Almaty");
- Waytrust Trading Ltd, a Cyprus-based asset management company ("Waytrust");
- Freedom Finance Turkey LLC, an Istanbul based financial consulting company ("Freedom TR");
- Investment Company Freedom Finance LLC, a Moscow, Russia-based securities broker-dealer ("Freedom RU");
- FFIN Bank LLC, a Moscow, Russia-based bank ("Freedom Bank RU"); and
- Freedom Finance Auto LLC, a Russia-based car loans company ("Freedom Auto").

The Company also owns a 9% interest in Freedom Finance Ukraine LLC, a Kiev, Ukraine-based broker-dealer ("Freedom UA"). The remaining 91% interest in Freedom UA is controlled by Askar Tashtitov, the Company's president. The Company has entered into a series of contractual arrangements with Freedom UA and Mr. Tashtitov, including a consulting services agreement, an operating agreement and an option agreement.

Because such agreements obligate the Company to guarantee the performance of all Freedom UA obligations and provide Freedom UA sufficient funding to cover all Freedom UA operating losses and net capital requirements, enable the

Company to receive 90% of the net profits of Freedom UA after tax, and require the Company to provide Freedom UA the management competence, operational support, and ongoing access to the Company's significant assets, necessary technology resources and expertise to conduct the business of Freedom UA, the Company determined that Freedom UA is a variable interest entity ("VIE"). Accordingly, the Company consolidated Freedom UA into the financial statements of the Company.

Prior to July 2021, the Company controlled approximately 32.9% of Freedom UA, but due to changes to Ukrainian regulations to restrict foreign ownership of registered Ukrainian broker-dealers, in July 2021, the Company was required to sell approximately 23.9% of its equity interest in Freedom UA to Mr. Tashtitov, reducing the Company's direct ownership interest in Freedom UA to approximately 9%.

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 25 - *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.

Through its subsidiaries, the Company is a professional participant, with a license to provide one or more types of services, on a number of stock exchanges, including the Kazakhstan Stock Exchange (KASE), Astana International Stock Exchange (AIX), Moscow Exchange (MOEX), Saint-Petersburg Exchange (SPBX), Ukrainian Exchange (UX), Republican Stock Exchange of Tashkent (UZSE), Uzbek Republican Currency Exchange (UZCE) and is a member of the New York Stock Exchange (NYSE) and Nasdaq Stock Exchange (Nasdaq). The Company also own a 24.3% interest in the UX. Freedom EU provides the Company's clients with operations support and access to the investment opportunities, relative stability, and integrity of the U.S. and European securities markets.

Unless otherwise specifically or contextually indicated, the “Company” refers to FRHC, together with its consolidated subsidiaries.

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).

Basis of presentation and principles of consolidation

The condensed consolidated financial statements present the condensed consolidated accounts of FRHC and its consolidated subsidiaries. In the opinion of management, all normal, recurring adjustments necessary for fair presentation of the condensed consolidated financial statements have been included.

Consolidation of variable interest entities

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

The carrying amounts of the VIE’s consolidated assets and liabilities are as follows:

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

	September 30, 2022	March 31, 2022
Cash and cash equivalents	1,645	134
Restricted cash	—	2,843
Trading securities	3,437	2,942
Brokerage and other receivables, net	273	435
Fixed assets, net	803	1,043
Intangible assets, net	147	205
Right-of-use asset	512	905
Other assets	92	127
Total assets	**6,909**	**8,634**
Customer liabilities	9,362	8,439
Securities repurchase agreement obligations	—	3,267
Trade payables	5	35
Lease liability	538	914
Other liabilities	65	434
Total liabilities	**9,970**	**13,089**

Use of estimates

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

Revenue and expense recognition

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

The Company recognizes revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer - A contract is an agreement between two or more parties that creates enforceable rights and obligations.

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

Interest income

Interest income on 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.

Loans

The Company's loan portfolio is divided into the following portfolio segments: mortgages, uncollateralized bank customer loans, collateralized bank customer loans, car loans and subordinated loans. Mortgage loans consist of loans provided to individuals to purchase real estate, which is used as collateral for the loan. Uncollateralized bank customer loans consist of loans provided through credit cards to individuals and businesses, and retail unsecured banking loans provided to individuals. Collateralized bank customer loans consist of retail collateralized loans provided to individuals. Subordinated loans consist of uncollateralized loans provided to the legal entities to support their businesses, that ranks below other, more senior loans or securities with respect to claims on assets or earnings.

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, real wage index, inflation rate and retail trade 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 a component for loans collectively evaluated for impairment.

Derivative financial instruments

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

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Company's functional currencies are the Kazakhstan tenge, Russian ruble, euro, U.S. dollar, Ukrainian hryvnia, Uzbekistani sum, Kyrgyzstani som, Azerbaijani manat, British pound sterling, Armenian dram, United Arab Emirates dirham and Turkish lira, 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 quarterly rates are used to translate revenues and expenses. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of shareholders' equity as "Accumulated other comprehensive loss".

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with original maturities of three months or less at the date of purchase. Cash and cash equivalents include those reverse repurchase agreements, where maturity is less than 90 days, and the credit risk of the counterparty is low, which are recorded at the amounts at which the securities were acquired 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 agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, acquire securities to leverage and grow its proprietary trading portfolio, cover short positions and settle other securities obligations, to accommodate customers' needs and to finance its inventory positions. The Company enters into these transactions in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Available-for-sale securities

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

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company has investments in unlisted shares that are not traded in an active market but that are also classified as investments AFS and stated at fair value (because the Company management considers that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the Accumulated other comprehensive loss, with the exception of other-than-temporary impairment losses, interest calculated using the effective interest method, dividend income and foreign exchange gains and losses are recognized in the 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 accumulated other comprehensive (loss)/income is then reclassified to net realized gain/(loss) on investments available-for-sale in the 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 included in interest income, according to the terms of the contract and when the right to receive the payment has been established.

Investments in nonconsolidated managed funds are accounted for at fair value based on the net asset value of the funds provided by the fund managers with gains or losses included in net gain on trading securities in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Margin lending

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

Debt securities issued

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized over the period of the borrowings using the effective interest method. If the Company purchases its own debt it is removed from the 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 comprise commissions and receivables related to the securities brokerage and banking activity of the Company. At initial recognition, brokerage and other receivables are recognized at fair value. Subsequently, brokerage and other receivables are carried at cost net of any allowance for impairment losses.

Derecognition of financial assets

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

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

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

Impairment of long-lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the fair value from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. During the fiscal year ended March 31, 2022, the Company recognized write-off expenses of the client base that was recognized with the acquisition of Zerich in the amount of $3,125 due to economic uncertainty during the Company's fourth fiscal quarter stemming from the Russia/Ukraine Conflict. As of September 30, 2022, there were no write-offs performed.

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

Impairment of goodwill

As of September 30, 2022, and March 31, 2022, goodwill recorded in the Company’s Condensed Consolidated Balance Sheets totaled $9,512 and $5,898, respectively. The Company performs an impairment review at least annually unless indicators of impairment exist in interim periods. The entity compares the fair value of a reporting unit with its carrying amount. The goodwill impairment charge recognized for the amount by which the reporting unit’s carrying amount exceeds its fair value. If fair value exceeds the carrying amount, no impairment is recorded. 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 previously recognized for Freedom Bank RU, Freedom UA and Zerich is below of the carrying amount of the Company’s goodwill. The Company recognized impairment loss for the goodwill in the amount of $2,300 as of March 31, 2022, and presented goodwill, net of impairment loss in the Company's Condensed Consolidated Balance Sheets.

The goodwill value as of September 30, 2022, increased compared to March 31, 2022, due to acquisition of London Almaty and Ticketon and as a result of foreign exchange currency translation.

The changes in the carrying amount of goodwill as of March 31, 2022, and for the 6 months ended September 30, 2022, were as follows:

	Amount
Balance as of March 31, 2022 (Recasted)	**$ 5,898**
Acquisition of London Almaty	485
Acquisition of Ticketon	3,172
Foreign currency translation	(43)
Balance as of September 30, 2022	**$ 9,512**

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. The Company recorded a provision for impairment of discontinued operations of $41,464 in the three months ended September 30, 2022.

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 a discontinued operation in second quarter of 2023 fiscal year as the Company has entered into an agreement to divest these operations. The divestment transaction is subject to the approval of the Central Bank of the Russian Federation and and is expected to be completed within the next fiscal quarter.

See *Note 25 Assets and Liabilities held for sale*, for more information on assets held for sale and discontinued operations.

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 September 30, 2022, and March 31, 2022, the Company had no accrued interest or penalties related to uncertain tax positions.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Cuts and Jobs 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 Condensed Consolidated Balance Sheets as of September 30, 2022, and March 31, 2022, and in its Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2022, and 2021.

Financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Company is both in short and long positions for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Leases

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

Operating lease assets and corresponding lease liabilities were recognized on the Company's Condensed Consolidated Balance Sheets. Refer to Note 23*Leases*, to the 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 sixty-five years.

Insurance contract assets and liabilities

Insurance and reinsurance receivable

Insurance and reinsurance receivable is recognized when related income is earned and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, any insurance and reinsurance receivable is measured at cost net of any allowance for impairment losses.

Insurance and reinsurance payable

Payables on insurance business comprise advances received, amounts payable to insured (claims and premium refund payable) and amounts payable to agents and brokers, and advances received from insurers and reinsurers.

Payables on reinsurance business comprise net amounts payable to reinsurers. Amounts payable to reinsurers include ceded reinsurance premiums, assumed premium refunds and claims on assumed reinsurance. Insurance and reinsurance payable are accounted for at amortized cost.

Unearned premium reserve and claims

Unearned premium is determined by the method of proportion for each contract, as the product of the insurance premium under the contract for the ratio of the expiration of the insurance cover (in days) to the balance sheet date (in days) from the date of recognition of the insurance premium in accounting as income until the end of the insurance coverage. The reinsurer's share in the unearned premium reserve is calculated separately for each insurance (reinsurance) contract and is determined as the ratio of the insurance premium under the reinsurance contract to the insurance premium under the insurance contract multiplied by the unearned premium reserve.

Results of insurance activity includes net written insurance premiums reduced by the net change in the unearned premium reserve, commissions recognized from assumed insurance and reinsurance contracts, claims paid net and net change in the loss reserves.

Net written insurance premiums represent gross written premiums less premiums ceded to reinsurers. Upon inception of a contract (except for classes of life and annuity insurance), premiums are recorded as written and are earned on a pro rata basis over the term of the related contract coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included in the accompanying statement of Condensed Consolidated Balance Sheets.

Unearned premium reserve relates to non-life insurance products and, non-annuity insurance products.

Claims are expensed to the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income as incurred.

Loss reserves

Non-life and annuity insurance

Loss reserves are a summary of estimates of ultimate losses, and include both claims reported but not settled (RBNS) and claims incurred but not reported (IBNR). RBNS is created for existing reported claims not settled at the reporting date. Estimates are made on the basis of information received by the Company during its investigation of insured events. IBNR is estimated by the Company based on its previous history of reported/settled claims using actuarial methods of calculation, which include claim development triangles.

Reinsurance assets in IBNR are estimated applying the same actuarial method used in IBNR estimation.

Life insurance

Not incurred claims reserves (NIC) on life insurance contracts equal the NIC amount for all life insurance contracts valid as at the reporting date. NIC reserve on a separate contract of life insurance, except for the insurance contract with policyholder's participation in investments, is equal to the maximum value of the net level premium reserve and gross-premium reserve. Net level premium reserve is the present value of future benefits (excluding survival benefits) less present value of future net premiums. Gross-premium reserve is present value of benefits, expenses of the Company that are directly related to consideration, settlement, and determination of the benefit amount, operating expenses of the
Company related to conducting of the business, less present value of future gross-premiums.

Annuity insurance

NIC reserve on annuity contracts is the sum of the present value of future benefits, the claims for annuity insurance and administrative expenses on annuity insurance contracts maintenance, less the present value of insurance contributions (in case of lump sum - insurance premium), which the Company is due to receive after the settlement date. The reserves are either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

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. During the fourth quarter of the Company's fiscal year ended March 31, 2022, the CODM restructured the Company's operations into five geographical regions ("segments"). These regions include Central Asia, Europe, the U.S. Middle East/Causcasus and Russia.

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 Board developed a philosophy to extend and simplify how effective dates are staggered between larger public companies (bucket one) and all other entities (bucket two). Those other entities include private companies, smaller public companies, not-for-profit organizations, and employee benefit plans. Under this philosophy, a major update would first be effective for bucket-one entities, that is, public business entities that are SEC filers, excluding entities eligible to be smaller reporting companies (SRCs) under the SEC's definition. The Master Glossary of the Codification defines public business entities and SEC filers. All other entities, including SRCs, other public business entities, and nonpublic business entities (private companies, not-for-profit organizations, and employee benefit plans) would compose bucket two. For those entities, it is anticipated that the Board will consider requiring an effective date staggered at least two years after bucket one for major updates. The Company is currently evaluating the impact that ASU 2016-13 and 2017-12 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 does not expect that the ASU 2021-06 will have a significant impact 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 company 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. 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 amendments in this Update apply to all nonpublic entities that issue equity-classified share-based awards and elect the practical expedient in this Update. Thus, ASU 2021-06 will not impact 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, 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.

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

In March 2022, the FASB issued Accounting Standards Update No. 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures", which introduces the amendments on solving two issues of creditors related to troubled debt restructurings and gross write-offs of vintage debt disclosures. The amendments in Update 2016-13 require that an entity measure and record the lifetime expected credit losses on an asset that is within the scope of the Update upon origination or acquisition, and, as a result, credit losses from loans modified as troubled debt restructurings (TDRs) have been incorporated into the allowance for credit losses. Investors and preparers observed that the additional designation of a loan modification as a TDR and the related accounting are unnecessarily complex and no longer provide decision-useful information.

Moreover, Investors and other financial statement users observed that disclosing gross write-offs by year of origination provides important information that allows them to better understand changes in the credit quality of an entity's loan portfolio and underwriting performance. Accordingly, ASU 2022-02 is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that ASU 2022-02 will have on its consolidated financial statements and related disclosures.

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

In September 2022, the FASB issued Accounting Standards Update No. 2022-04 “Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations” to enhance the transparency of supplier finance programs. This requires all entities, which apply those programs in connection with the purchase of goods and services (buyer party), to disclose qualitative and quantitative information about the use of the finance programs to understand the program’s nature, activity during the period, changes from period to period, and potential magnitude.
Accordingly, ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company is currently evaluating the impact that ASU 2022-04 will have on its consolidated financial statements and related disclosures.

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

NOTE 3 – RECAST

When preparing the condensed consolidated financial statements as of 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 March 31, 2022, required revision due to the closing of the acquisition of Freedom Life and Freedom Insurance in May 2022, which were deemed to be entities under common control with the Company since 2018. On May 17, 2022, the Company acquired two insurance companies in Kazakhstan, a life insurance company, Freedom Life, and a direct insurance carrier, excluding life, health and medical, Freedom Insurance. Prior to acquiring these companies, each was wholly owned by the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov, who had previously acquired the two entities from a non-related party. Freedom Life and Freedom Insurance were deemed to be under common control with the Company since February 28, 2018, and August 22, 2018, respectively, the dates, when two insurance companies were acquired by Timur Turlov.

The Company acquired these companies from Mr. Turlov on May 17, 2022 at the historical cost paid by him plus amounts he has contributed as additional paid in capital since his purchase. The Company acquired the Freedom Life and Freedom Insurance to expand its presence in insurance segment. The purchase price for 100% of the outstanding shares of Freedom Insurance was $13,977 and the purchase price for 100% of the outstanding shares of Freedom Life was $12,611. The Company is required to make these payments to Timur Turlov by no later than December 31, 2022.

As required by ASC 805 Business Combinations, acquisitions with parties under common control are required to have all previously presented periods recast to the date of acquisition. Accordingly, the financial results of Freedom Life and Freedom Insurance have been consolidated in the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022, and in the corresponding periods of 2021 for comparative purposes, as if they had been acquired prior to such periods.

In addition, 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 as of September 30, 2022, such subsidiaries are presented as discontinued operations in accordance with ASC 205 and 360 in the the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes. For additional information see *Note 25 Assets and Liabilities held for sale* to the condensed consolidated financial statements.
The previously issued Condensed Consolidated Balance Sheet as of March 31, 2022, and Condensed Consolidated Statement of Operations and Statements of Other Comprehensive Income for the three and six months ended September 30, 2021, have been revised as follows:

	As of March 31, 2022						
	As previously reported	**FF Life acquisition**	**Elimi-nations**	**FF Insurance acquisition**	**Elimi-nations**	**Recast discontinued operations**	**As recasted**
ASSETS							
Cash and cash equivalents	$ 625,547	$ 1,427	$ (901)	$ 371	$ (82)	$ (400,898)	$ 225,464
Trading securities	1,203,479	8,875	—	68,520	—	(122,497)	1,158,377
Restricted cash	553,680	—	—	—	—	(5,730)	547,950
Brokerage and other receivables, net	357,567	173	(34)	60	(20)	(210,087)	147,659
Loans issued	94,797	44	—	—	—	(2,395)	92,446
Other assets	25,707	7,244	—	399	—	(7,214)	26,136
Fixed assets, net	21,365	182	—	254	—	(3,978)	17,823
Right-of-use asset	15,669	532	—	152	—	(8,922)	7,431
Deferred income tax assets	12,018	23	—	28	—	(11,161)	908
Intangible assets, net	5,791	1,489	—	161	—	(2,278)	5,163
Goodwill	5,388	359	—	151	—	—	5,898
Available-for-sale securities, at fair value	1	161,363	—	—	—	—	161,364
Insurance contract assets	—	3,555	—	2,157	—	—	5,712
Assets held for sale	—	—	—	—	—	825,419	825,419
TOTAL ASSETS	**$ 2,921,009**	**$ 185,266**	**$ (935)**	**$ 72,253**	**$ (102)**	**$ 50,259**	**$ 3,227,750**

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

LIABILITIES AND SHAREHOLDERS' EQUITY							
Securities repurchase agreement obligations	$ 775,178	$ 47,691	$ —	$ 49,824	$ —	$ (32,469)	$ 840,224
Customer liabilities	1,417,937	—	(901)	—	(82)	(651,326)	765,628
Trade payables	45,229	—	—	21	(20)	(147)	45,083
Liabilities from insurance activity	—	106,329	—	13,161	—	—	119,490
Current income tax liability	14,556	—	—	—	—	—	14,556
Securities sold, not yet purchased – at fair value	14,103	—	—	—	—	(238)	13,865
Loans received	3,538	—	—	—	—	—	3,538
Debt securities issued	99,027	—	—	—	—	(64,637)	34,390
Lease liability	15,315	543	—	176	—	(8,530)	7,504
Deferred income tax liabilities	—	—	—	—	—	—	—
Deferred distribution payments	8,534	—	—	—	—	—	8,534
Liabilities held for sale	—	—	—	—	—	812,478	812,478
Other liabilities	19,917	550	(35)	292	—	(4,872)	15,852
TOTAL LIABILITIES	**$ 2,413,334**	**$ 155,113**	**$ (936)**	**$ 63,474**	**$ (102)**	**$ 50,259**	**$ 2,681,142**
Commitments and Contingent Liabilities (Note 26)	—	—	—	—	—	—	—
SHAREHOLDERS' EQUITY							
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—	—	—	—	—	—
Common stock - $0.001 par value; 500,000,000 shares authorized;	59	9,465	(9,465)	15,577	(15,577)	—	59
Additional paid in capital	141,340	—	16,499	—	16,906	—	174,745
Retained earnings	426,563	28,131	(6,666)	(4,811)	(1,293)	—	441,924
Accumulated other comprehensive loss	(53,291)	(7,443)	(368)	(1,987)	(36)	—	(63,125)
TOTAL FRHC SHAREHOLDERS' EQUITY	**$ 514,671**	**$ 30,153**	**$ —**	**$ 8,779**	**$ —**	**$ —**	**$ 553,603**
Non-controlling interest	(6,996)	1	—	—	—	—	(6,995)
TOTAL SHAREHOLDERS' EQUITY	**$ 507,675**	**$ 30,154**	**$ —**	**$ 8,779**	**$ —**	**$ —**	**$ 546,608**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 2,921,009**	**$ 185,267**	**$ (936)**	**$ 72,253**	**$ (102)**	**$ 50,259**	**$ 3,227,750**

	Three months ended September 30, 2021						
	As previously reported*	**FF Life acquisition**	**Elimi-nations**	**FF Insurance acquisition**	**Elimi-nations**	**Recast discontinued operations**	**As recasted**
Revenue:							
Fee and commission income	$ 114,344	$ —	$ (91)	$ 28	$ (77)	$ (21,179)	$ 93,025
Net gain on trading securities	175,252	329	—	859	—	5,163	181,603
Net realized loss on investments available for sale	—	(622)	—	—	—	—	(622)
Interest income	22,253	5,513	—	2,221	—	(3,368)	26,619
Insurance underwriting income	—	12,804	—	3,218	—	—	16,022
Net gain on foreign exchange operations	1,622	(106)	—	(11)	—	3	1,508
Net loss on derivative	(656)	—	—	—	—	—	(656)

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

TOTAL REVENUE, NET	**312,815**	**17,918**	**(91)**	**6,315**	**(77)**	**(19,381)**	**317,499**
Expense:							
Fee and commission expense	22,968	1,836	(91)	174	(77)	(2,159)	22,651
Interest expense	16,185	1,120	—	1,621	—	(2,210)	16,716
Insurance claims incurred, net of reinsurance	—	9,748	—	3,765	—	—	13,513
Operating expense	36,569	1,336	—	1,630	—	(17,765)	21,770
Provision for impairment losses	366	—	—	662	—	(50)	978
Other expense, net	653	110	—	(1)	—	24	786
TOTAL EXPENSE	**76,741**	**14,150**	**(91)**	**7,851**	**(77)**	**(22,160)**	**76,414**
INCOME BEFORE INCOME TAX	**236,074**	**3,768**	**—**	**(1,536)**	**—**	**2,779**	**241,085**
Income tax expense	(31,562)	(13)	—	10	—	—	(32,094)
INCOME FROM CONTINUING OPERATIONS	**204,512**	**3,755**	**—**	**(1,526)**	**—**	**2,779**	**208,991**
Income/(loss) before income tax (expense)/benefit of discontinued operation	—	—	—	—	—	(2,779)	(2,779)
Income tax (expense)/benefit of discontinued operations	—	—	—	—	—	529	529
Income from discontinued operation	—	—	—	—		(2,250)	(2,250)
NET INCOME	**$ 204,512**	**$ 3,755**	**$ —**	**$ (1,526)**	**$ —**	**$ —**	**$ 206,741**
Less: Net loss attributable to non-controlling interest in subsidiary	(20)	—	—	—	—	—	(20)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 204,532**	**$ 3,755**	**$ —**	**$ (1,526)**	**$ —**	**$ —**	**$ 206,761**
OTHER COMPREHENSIVE INCOME							
Change in unrealized gain on investments available-for-sale, net of tax effect	—	(1,601)	—	—	—	—	(1,601)
Reclassification adjustment for net realized gain on available-for-sale investments disposed of in the period, net of tax effect	—	622	—	—	—	—	622
Foreign currency translation adjustments, net of tax effect	930	21	—	96	—	134	1,181
OTHER COMPREHENSIVE INCOME	**930**	**(958)**	**—**	**96**	**—**	**134**	**202**

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

COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	**$ 205,442**	**$ 2,797**	**$ —**	**$ (1,430)**	**$ —**	**$ 134**	**$ 206,943**
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(20)	—	—	—	—	—	(20)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ 205,462**	**$ 2,797**	**$ —**	**$ (1,430)**	**$ —**	**$ 134**	**$ 206,963**

For the three months ended September 30, 2021, the Company's EPS as reported was3.44 for basic and diluted EPS. Due to the items noted above, the Company's EPS has been recast to 3.51, (0.05), and 3.47 for basic and diluted EPS for continuing operations, discontinued operations, and total EPS, respectively.

	Six months ended September 30, 2021						
	As previously reported*	**FF Life acquisition**	**Elimi-nations**	**FF Insurance acquisition**	**Elimi-nations**	**Recast discontinued operations**	**As recasted**
Revenue:							
Fee and commission income	$ 210,649	$ —	$ (91)	$ 88	$ (161)	$ (39,345)	171,140
Net gain on trading securities	185,152	600	—	1,429	—	3,104	190,285
Net realized loss on investments available for sale	—	(653)	—	—	—	—	(653)
Interest income	41,431	10,100	—	4,218	—	(6,892)	48,857
Insurance underwriting income	—	24,062	—	6,036	—	—	30,098
Net gain on foreign exchange operations	434	38	—	10	—	2,234	2,716
Net loss on derivative	(715)	—	—	—	—	—	(715)
TOTAL REVENUE, NET	**436,951**	**34,147**	**(91)**	**11,781**	**(161)**	**(40,899)**	**441,728**
Expense:							
Fee and commission expense	44,832	3,128	(91)	362	(161)	(4,226)	43,844
Interest expense	30,457	1,998	—	2,966	—	(4,459)	30,962
Insurance claims incurred, net of reinsurance	—	18,616	—	6,193	—	—	24,809
Operating expense	66,888	2,612	—	3,278	—	(31,587)	41,191
Provision for impairment losses	659	—	—	663	—	(77)	1,245
Other expense/(income), net	664	225	—	(2)	—	(92)	795
TOTAL EXPENSE	**143,500**	**26,579**	**(91)**	**13,460**	**(161)**	**(40,441)**	**142,846**
INCOME BEFORE INCOME TAX	**293,451**	**7,568**	**—**	**(1,679)**	**—**	**(458)**	**298,882**
Income tax expense	(37,231)	(1)	—	(7)	—	—	(37,220)
INCOME FROM CONTINUING OPERATIONS	**256,220**	**7,567**	**—**	**(1,686)**	**—**	**(458)**	**261,662**
Income/(loss) before income tax(expense)/benefit of discontinued operation	—	—	—	—	—	458	458
Income tax (expense)/benefit of discontinued operations	—	—	—	—	—	(537)	(9)

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

Income from discontinued operation	—	—	—	—	—	(79)	449
NET INCOME	$ 256,220	$ 7,567	$ —	$ (1,686)	$ —	$ —	$ 262,111
Less: Net loss attributable to non-controlling interest in subsidiary	(72)	—	—	—	—	—	(72)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 256,292	7,567	—	(1,686)	—	$ —	$ 262,183
OTHER COMPREHENSIVE INCOME							
Change in unrealized gain on investments available-for-sale, net of tax effect	—	(726)	—	—	—	—	(726)
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of tax effect	—	653	—	—	—	—	653
Foreign currency translation adjustments, net of tax effect	4,230	71	—	—	(98)	—	4,203
OTHER COMPREHENSIVE INCOME	4,230	(2)	—	—	(98)	—	4,130
COMPREHENSIVE INCOME BEFORE NON-CONTROLLING INTERESTS	$ 260,450	$ 7,565	$ —	$ (1,686)	$ (98)	$ —	$ 266,241
Less: Comprehensive loss attributable to non-controlling interest in subsidiary	(72)	—	—	—	—	—	(72)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	260,522	7,565	—	(1,686)	(98)	—	266,313

For the six months ended September 30, 2021, the Company’s EPS as reported was4.33 for basic and diluted EPS. Due to the items noted above, the Company’s EPS has been recast to 4.42, 0.01, and 4.43 for 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 – RESTATEMENTS

During the course of the Company's preparation of Form 10-Q for the period ended September 30, 2022, it was determined that there was an error in the Company's quarterly report on Form 10-Q for the six months ended September 30, 2021 related to the classification of loans issued and bank customer accounts within the Company's Condensed Consolidated Statements of Cash Flows. 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". In addition, the Company identified 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".

Subsequently to the issuance of the Form 10-Q for the period ended September 30, 2022, the Company determined that there was an error in the Company's quarterly report on Form 10-Q for the six months ended September 30, 2022 related to classification of funds received under the Kazakhstan state program within the Company's Condensed Consolidated Statements of Cash Flows. The Company identified 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 classification and concluded that restatement was necessary for the period ended September 30, 2022 while the adjustments for the period ended September 30, 2021 were not material . The Company determined that the restatement did not have any impact on the Company’s operating performance or any per-share amounts.

The following table summarizes the impact of these correction of errors for the periods presented:

	Six months ended September 30, 2022		
	As previously reported	**Correction of errors related to classification of funds received for financing mortgage loans**	**As restated**
Net cash flows from/(used in) operating activities	$ 124,183	$ (149,590)	$ (25,407)
Net cash flows used in investing activities	(323,187)	—	(323,187)
Net cash flows from/(used in) financing activities	746,094	149,590	895,684
Effect of changes in foreign exchange rates on cash and cash equivalents	184,186	—	184,186
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ 731,276**	**$ —**	**$ 731,276**

	Six months ended September 30, 2021					
	As previously reported	**FF Life and FF Insurance acquisitions**	**Adjustments for discontinued operations**	**As recasted**	**Correction of errors related to the classification of loans issued and bank customer accounts**	**As restated**
Net cash flows from/(used in) operating activities	$ (146,141)	$ 2,119	134,938	$ (9,084)	$ 29,931	$ 20,847
Net cash flows used in investing activities	(7,084)	(37,220)	—	(44,304)	(21,948)	(66,252)
Net cash flows from/(used in) financing activities	99,070	28,909	32,871	160,850	(7,983)	152,867
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ (36,533)**	**$ (96)**	**$ 167,617**	**$ 130,988**	**$ —**	**$ 130,988**

The following table summarizes the impact of the correction of errors broken down by continuing and discontinued operations:

	Six months ended September 30, 2021		
	As recasted	Correction of errors related to the classification of loans issued and bank customer accounts	As restated
Net cash flows from/(used in) operating activities from continuing operations	$ (4,046)	$ 19,288	$ 15,242
Net cash flows from/(used in) operating activities from discontinued operations	(5,038)	10,643	5,605
Net cash flows (used in) investing activities from continuing operations	(43,238)	(22,543)	(65,781)
Net cash flows (used in)/from investing activities from discontinued operations	(1,066)	595	(471)
Net cash flows from financing activities from continuing operations	178,496	3,255	181,751
Net cash flows used in financing activities from discontinued operations	(17,646)	(11,238)	(28,884)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ 130,988**	**$ —**	**$ 130,988**

In the Company's previously issued condensed consolidated financial statements for the quarters ended September 30, 2022 and 2021, 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 Statement of Operations for the periods presented:

	For the three months ended September 30, 2022		
	As recasted	Correction of errors	As restated
Fee and commission income	$ 93,123	$ (9,966)	$ 83,157
Insurance underwriting income	26,200	—	26,200
Net realized gain/(loss) on investments available for sale	716	—	716
Net gain on trading securities	9,005	—	9,005
Interest income	49,033	9,966	58,999
Net loss on foreign exchange operations	4,555	—	4,555
Net gain/(loss) on derivative	(2,320)	—	(2,320)
TOTAL REVENUE, NET	**$ 180,312**	**$ —**	**$ 180,312**

	For the six months ended September 30, 2022		
	As recasted	Correction of errors	As restated
Fee and commission income	$ 187,483	$ (14,880)	$ 172,603
Insurance underwriting income	50,440	—	50,440
Net realized gain/(loss) on investments available for sale	123	—	123
Net gain on trading securities	13,439	—	13,439
Interest income	92,682	14,880	107,562
Net loss on foreign exchange operations	9,148	—	9,148
Net gain/(loss) on derivative	(1,054)	—	(1,054)
TOTAL REVENUE, NET	**$ 352,261**	**$ —**	**$ 352,261**

	For the three months ended September 30, 2021		
	As recasted	Correction of errors	As restated
Fee and commission income	95,215	(2,190)	93,025
Net gain on trading securities	181,603	—	181,603
Net realized gain/(loss) on investments available for sale	(622)	—	(622)
Interest income	24,429	2,190	26,619
Insurance underwriting income	16,022	—	16,022
Net gain on foreign exchange operations	1,508	—	1,508
Net loss on derivative	(656)	—	(656)
TOTAL REVENUE, NET	**$ 317,499**	**$ —**	**$ 317,499**

	For the six months ended September 30, 2021		
	As recasted	Correction of errors	As restated
Fee and commission income	$ 174,431	$ (3,291)	$ 171,140
Insurance underwriting income	30,098	—	30,098
Net realized gain/(loss) on investments available for sale	(653)	—	(653)
Net gain on trading securities	190,285	—	190,285
Interest income	45,566	3,291	48,857
Net loss on foreign exchange operations	2,716	—	2,716
Net gain/(loss) on derivative	(715)	—	(715)
TOTAL REVENUE, NET	**$ 441,728**	**$ —**	**$ 441,728**

NOTE 5 – CASH AND CASH EQUIVALENTS

As of September 30, 2022, and March 31, 2022, cash and cash equivalents consisted of the following:

	September 30, 2022	March 31, 2022 (Recasted)
Cash demand accounts in National Bank (Kazakhstan)	$ 478,567	$ 42,517
Cash demand accounts in commercial banks	193,944	70,155
Securities purchased under reverse repurchase agreements	47,049	19,947
Cash demand accounts on brokerage accounts	45,653	71,061
Petty cash in bank vault and on hand	12,033	18,607
Cash in transit	8,301	35
Overnight deposits	2,776	—
Cash demand accounts in stock exchanges	1,975	2,828
Cash demand accounts in the Central Depository (Kazakhstan)	92	314
Total cash and cash equivalents	**$ 790,390**	**$ 225,464**

As of September 30, 2022, and March 31, 2022, cash and cash equivalents were not insured. As of September 30, 2022, and March 31, 2022, the cash and cash equivalents balance included collateralized securities received under reverse repurchase agreements on the terms presented below:

	September 30, 2022			
	Interest rates and remaining contractual maturity of the agreements			
	Average interest rate	Up to 30 days	30-90 days	Total
Securities purchased under reverse repurchase agreements				
Corporate debt	15.81 %	$ 25,608	$ —	$ 25,608
Non-US sovereign debt	1.38 %	13,746	—	13,746
US sovereign debt	13.99 %	7,444	—	7,444
Corporate equity	12.25 %	228	23	251
Total securities sold under repurchase agreements		**$ 47,026**	**$ 23**	**$ 47,049**

	March 31, 2022 (Recasted)			
	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	16.38 %	$ 9,952	$ —	$ 9,952
Non-US sovereign debt	12.51 %	9,786	—	9,786
Corporate equity	16.90 %	152	—	152
Corporate debt	11.88 %	57	—	57
Total securities sold under repurchase agreements		**$ 19,947**	**$ —**	**$ 19,947**

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 September 30, 2022, and March 31, 2022, was $47,435 and $19,911, respectively.

NOTE 6 – RESTRICTED CASH

Restricted cash for the periods ended September 30, 2022, and March 31, 2022, consisted of:

	September 30, 2022	March 31, 2022 (Recasted)
Brokerage customers' cash	$ 428,540	$ 531,032
Deferred distribution payments	8,534	8,534
Guaranty deposits	2,956	5,540
Restricted bank accounts	—	2,844
Total restricted cash	**$ 440,030**	**$ 547,950**

As of September 30, 2022, and March 31, 2022, the Company's restricted cash included the cash portion of the funds segregated in a special custody account for the exclusive benefit of its brokerage customers. As of September 30, 2022, and March 31, 2022, the deposited funds of $8,534 are qualified for FDIC insurance in the amount of $250.

Restricted cash also included a deferred distribution payment amount, which is a cash 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 deferred distribution payment amount was held in cash at September 30, 2022, and March 31, 2022. 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, no party has yet established legal and beneficial ownership of the distribution payment. The Company does not claim an ownership interest in the distribution payment. 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 September 30, 2022, and March 31, 2022, trading and available-for-sale securities consisted of:

	September 30, 2022	March 31, 2022 (Recasted)
Corporate debt	$ 666,137	$ 712,133
Non-U.S. sovereign debt	634,056	360,570
Corporate equity	32,522	72,354
U.S. sovereign debt	23,883	10,435
Exchange traded notes	2,946	2,884
Total trading securities	**$ 1,359,544**	**$ 1,158,377**

	September 30, 2022	March 31, 2022 (Recasted)
Corporate debt	$ 155,529	$ 145,836
Non-U.S. sovereign debt	8,293	12,997
U.S. sovereign debt	4,352	2,530
Corporate equity	1	1
Total available-for-sale securities, at fair value	**$ 168,175**	**$ 161,364**

The following tables present maturity analysis for available-for-sale securities as of September 30, 2022, and March 31, 2022:

	September 30, 2022				
	Remaining contractual maturity of the agreements				
	Up to 1 year	**1-5 years**	**5-10 years**	**More than 10 years**	**Total**
Non-US sovereign debt	—	430	850	7,013	8,293
Corporate debt	50,533	53,456	49,411	2,129	155,529
US sovereign debt	—	1,389	1,694	1,269	4,352
Corporate equity	—	—	—	1	1
Total available-for-sale securities, at fair value	**$ 50,533**	**$ 55,275**	**$ 51,955**	**$ 10,412**	**$ 168,175**

	March 31, 2022				
	Remaining contractual maturity of the agreements				
	Up to 1 year	**1-5 years**	**5-10 years**	**More than 10 years**	**Total**
Non-US sovereign debt	1,692	864	1,086	9,355	12,997
Corporate debt	69,364	50,155	26,284	33	145,836
US sovereign debt	—	—	—	2,530	2,530
Corporate equity	—	—	—	1	1
Total available-for-sale securities, at fair value	**$ 71,056**	**$ 51,019**	**$ 27,370**	**$ 11,919**	**$ 161,364**

As of September 30, 2022, the Company held debt securities oftwo issuers which individually exceeded 10% of the Company's total trading securities - Kazakhstan Sustainability Fund JSC (Fitch: BBB credit rating) in the amount of $321,902 and the Ministry of Finance of the Republic of Kazakhstan (S&P Global: BBB- credit rating) in the amount of $622,251. As of March 31, 2022, 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 $357,343 and $506,472, respectively.

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

The fair value of securities 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 Balance Sheets or disclosed in the Notes to the condensed consolidated financial statements at fair value on a recurring basis as of September 30, 2022, and March 31, 2022:

			Fair Value Measurements as of September 30, 2022 using		
	Weighted Average Interest Rate	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Units (Level 3)
Corporate debt	10.90 %	$ 666,137	$ 622,933	$ 42,689	$ 515
Non-U.S. sovereign debt	10.90 %	634,056	421,301	209,418	3,337
Corporate equity	— %	32,522	19,986	12,213	323
U.S. sovereign debt	4.32 %	23,883	20,997	2,886	—
Exchange traded notes	— %	2,946	2,465	481	—
Total trading securities		**$ 1,359,544**	**$ 1,087,682**	**$ 267,687**	**$ 4,175**
Corporate debt	12.20 %	$ 155,529	$ 147,582	$ 7,947	$ —
Non-US sovereign debt	5.90 %	8,293	7,661	632	—
US sovereign debt	4.05 %	4,352	3,510	842	—
Corporate equity	— %	1	—	—	1
Total available-for-sale securities, at fair value		**$ 168,175**	**$ 158,753**	**$ 9,421**	**$ 1**

	Weighted Average Interest Rate	Total	Fair Value Measurements as of March 31, 2022 (Recasted) using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate debt	9.09 %	$ 712,133	$ 711,538	$ —	$ 595
Non-U.S. sovereign debt	13.15 %	360,571	352,275	—	8,296
Corporate equity	—	72,354	71,827	276	251
U.S. sovereign debt	2.35 %	10,435	10,435	—	—
Exchange traded notes	—	2,884	2,884	—	—
Total trading securities		**$ 1,158,377**	**$ 1,148,959**	**$ 276**	**$ 9,142**
Corporate debt	11.09 %	$ 145,836	$ 145,836	$ —	$ —
Non-U.S. sovereign debt	5.51 %	12,997	12,551	—	446
U.S. sovereign debt	2.17 %	2,530	2,530	—	—
Corporate equity	—	1	—	—	1
Total available-for-sale securities, at fair value		**$ 161,364**	**$ 160,917**	**$ —**	**$ 447**

The tables below present the valuation techniques and significant level 3 inputs used in the valuation as of September 30, 2022, and March 31, 2022. The tables are not intended to be all inclusive, but instead capture the significant unobservable inputs relevant to determination of fair value.

Type	Valuation Technique	FV as of September 30, 2022	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	$ 3,337	Discount rate	48.8%
			Estimated number of years	11 years
Corporate debt	DCF	515	Discount rate	74.0%
			Estimated number of years	3 months
Corporate equity	DCF	323	Discount rate	58.8%
			Estimated number of years	9 years
Total		**$ 4,175**		

Type	Valuation Technique	FV as of March 31, 2022	Significant Unobservable Inputs	%
Non-US sovereign debt	DCF	$ 7,524	Discount rate	69.0%
			Estimated number of years	11 years
Non-US sovereign debt	DCF	772	Discount rate	13.9%
			Estimated number of years	1 year
Corporate debt	DCF	595	Discount rate	45.0%
			Estimated number of years	3 months
Corporate equity	DCF	251	Discount rate	20.0%
			Estimated number of years	9 years
Total		**$ 9,142**		

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the six months ended September 30, 2022, and the year ended March 31, 2022:

	Trading securities	Available-for-sale securities
Balance as of March 31, 2022 (Recasted)	**$ 9,142**	**$ 1**
Purchase of investments that use Level 3 inputs	1,750	446
Reclassification to level 2	(1,267)	—
Sale	(4,716)	—
Revaluation of investments that use Level 3 inputs	(160)	—
Translation difference	(574)	—
Balance as of September 30, 2022 (Recasted)	**$ 4,175**	**$ 447**
Balance as of March 31, 2021 (Recasted)	**$ 19,032**	**$ 1**
Reclassification to level 3	682	—
Reclassification to level 1	(18,370)	—
Purchase of investments that use Level 3 inputs	10,812	—
Revaluation of investments that use Level 3 inputs	(3,014)	—
Balance as of March 31, 2022 (Recasted)	**$ 9,142**	**$ 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 September 30, 2022, and March 31, 2022:

	September 30, 2022				
	Assets measured at amortized cost	Recognized impairment loss in Income Statement	Unrealized gain/(loss) accumulated in other comprehensive income/(loss)	Assets measured at fair value	Maturity Date
Corporate debt	$ 152,826	$ (402)	$ 3,105	$ 155,529	2022 - 2042
Non-US sovereign debt	10,002	—	(1,709)	8,293	2024 - indefinite
U.S. sovereign debt	5,035	—	(683)	4,352	2024 - 2044
Corporate equity	1	—	—	1	not applicable
Total available-for-sale securities, at fair value	**$ 167,864**	**$ (402)**	**$ 713**	**$ 168,175**	

	March 31, 2022 (Recasted)			
	Assets measured at amortized cost	Unrealized gain/(loss) accumulated in other comprehensive income/(loss)	Assets measured at fair value	Maturity Date
Corporate debt	$ 146,111	$ (275)	$ 145,836	2022 - 2035
Non-U.S. sovereign debt	13,784	(787)	12,997	2022 - indefinite
U.S. sovereign debt	2,912	(382)	2,530	2044
Corporate equity	1	—	1	not applicable
Total available-for-sale securities, at fair value	**$ 162,808**	**$ (1,444)**	**$ 161,364**	

NOTE 8 – BROKERAGE AND OTHER RECEIVABLES, NET

Brokerage and other receivables as of September 30, 2022, and March 31, 2022, consisted of:

	September 30, 2022	March 31, 2022 (Recasted)
Margin lending receivables	$ 399,857	$ 138,983
Receivables from brokerage clients	4,377	4,386
Long-term installments receivables	1,287	1,367
Receivable from sale of securities	866	884
Bonds coupon receivable	636	—
Bank commissions receivable	499	598
Receivable for underwriting and market-making services	324	296
Dividends accrued	6	45
Other receivables	2,913	3,207
Allowance for receivables	(2,596)	(2,107)
Total brokerage and other receivables, net	**$ 408,169**	**$ 147,659**

Margin lending receivables allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Amounts may fluctuate from period to period as overall client balances change as a result of market levels, client positioning and leverage. Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and our right to call for margin when collateral values decline.

As of September 30, 2022, and March 31, 2022, amounts due from a single related party customerwere $327,487 and $102,680, respectively or 82% and 70% respectively, of total brokerage and other receivables, net. Approximately 97% and 95% 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 September 30, 2022, and March 31, 2022, using historical and statistical data, the Company recorded an allowance for brokerage receivables in the amounts of $2,596 and $2,107, respectively.

NOTE 9 – LOANS ISSUED

Loans issued as of September 30, 2022, consisted of the following:

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	$ 249,133	October, 2022 - September, 2047	9.16 %	$ 250,228	KZT
Uncollateralized bank customer loans	83,475	October, 2022 - September, 2042	18.85 %	—	KZT
Car loans	11,531	October, 2022 - October, 2029	26.76 %	11,738	KZT
Collateralized Bank customer loans	6,840	May, 2023 - September, 2023	1.55 %	6,840	KZT
Subordinated loans	5,122	December, 2022-April, 2024	4.89 %	—	USD
Subordinated loans	1,013	September, 2029	12.00 %	—	UAH
Loans issued to policyholders	103	November, 2022 - June, 2023	14.55 %	180	KZT
Other	140	May, 2022 - May, 2027	2.00 %	—	EUR
Total loans issued	**$ 357,357**				

Freedom Bank KZ provides mortgage loans to borrowers on behalf of the JSC Kazakhstan Sustainability Fund ("Program Operator") related to the state mortgage program "7-20-25" and transfers the rights of claim on the loans to the Program Operator. Under this program, borrowers can receive a mortgage at an interest rate of 7%, for 20 years. In accordance with the program and trust management agreement, Freedom Bank KZ carries out trust management of transferred mortgage loans, and transfers all repayments of principal amounts of mortgages plus 3% of the 7% interest to the Program Operator. The remaining 4% of the 7% interest is retained by Freedom Bank KZ as margin. Under the program and trust management agreement, Freedom Bank KZ is required to repurchase the rights of claims on transferred mortgage loans, when the loan principal amount and interest payments are overdue 90 days or more. The repurchase of delinquent loans is performed at the loan nominal value.

Since the Freedom Bank KZ sells those loans with recourse for uncollectible amounts, retains part of interest from those loans, and agrees to service those loans after the sale, Freedom Bank KZ has determined that it retains control over the mortgage loans transferred and continues recognizing the loans. As Freedom Bank KZ continues to recognize the loans, it also recognizes the associated liability in the amount of $150,340 as of September 30, 2022, which is included within other liabilities in the Condensed Consolidated Balance Sheets. As of March 31, 2022 the corresponding liability amounted to $6,447.

As of September 30, 2022, mortgage loans include the state mortgage program "7-20-25" with a principal amount of $203,213.

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

During the six months ended September 30, 2022, the Company entered into agreements with FFIN Credit to purchase uncollateralized consumer retail loans. The agreements provide the Company the ability to sell back to FFIN Credit up to $36,010 of the total loans purchased.

The Company has determined that it has received control over the transferred loans, with the exception of the amount it has the right to sell back to the transferor, accordingly the Company has recognized the loans on its Condensed Consolidated Balance Sheets.

During the three and six months ended September 30, 2022, the Company purchased loans in the aggregate amount of $18,115 and $74,796 and sold back loans totaling $9,713 and $19,545 to the FFIN Credit, respectively. During the three and six months ended September 30, 2021, the Company purchased loans in the aggregate amount of $14,204 and $19,474 and sold back loans totaling $2,860 and $2,860 to the microfinance organization, respectively.

As of September 30, 2022, the Company held outstanding loans purchased from the FFIN Credit totaling $87,543, net of an allowance of $4,137.

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

	Amount Outstanding	Due Dates	Average Interest Rate	Fair Value of Collateral	Loan Currency
Mortgage loans	$ 51,924	April 2022 - March 2047	11.86 %	52,134	KZT
Uncollateralized bank customer loans	34,067	April 2022 - March 2047	17.56 %	—	KZT
Subordinated loan	5,033	December 2022-April 2024	4.89 %	—	USD
Subordinated loan	1,256	December 2022-April 2024	7.00 %	—	UAH
Other	123	February 2022-Febraury 2027	2.50 %	—	USD
Loans to policyholders	43	July 2022 - March 2023	12.02 %	284	KZT
Total loans issued (recasted)	**$ 92,446**				

NOTE 10 – PROVISION FOR INCOME TAXES

The Company is subject to taxation in Kazakhstan, Russia, Kyrgyzstan, Cyprus, Ukraine, Uzbekistan, Germany and the United States of America.

The tax rates used for deferred tax assets and liabilities as of September 30, 2022, and March 31, 2022, were 21% for the U.S., 20% for Kazakhstan, the Russian Federation and Azerbaijan, 10% for Kyrgyzstan, 31% for Germany, 12.5% for Cyprus, 18% for Ukraine, 25% for United Kingdom, 18% for Armenia and 15% for Uzbekistan.

During the six months ended September 30, 2022, and 2021, the effective tax rate was equal to 18.9% and 12.5%, respectively.

NOTE 11 – SECURITIES REPURCHASE AGREEMENT OBLIGATIONS

As of September 30, 2022, and March 31, 2022, trading securities included collateralized securities subject to repurchase agreements as described in the following table:

	September 30, 2022			
	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	14.48 %	$ 508,658	$ 6,286	$ 514,944
Non-US sovereign debt	13.94 %	464,858	—	464,858
US sovereign debt	0.80 %	1,388	—	1,388
Total securities sold under repurchase agreements		**$ 974,904**	**$ 6,286**	**$ 981,190**

	March 31, 2022 (Recasted)			
	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				
Corporate debt	11.96 %	$ 609,405	$ 142	$ 609,547
Non-US sovereign debt	10.85 %	222,893	—	222,893
US sovereign debt	0.77 %	7,396	—	7,396
Corporate equity	14.00 %	388	—	388
Total securities sold under repurchase agreements		**$ 840,082**	**$ 142**	**$ 840,224**

The fair value of collateral pledged under repurchase agreements as of September 30, 2022, and March 31, 2022, was $989,306 and $834,583, 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 its brokerage and bank customers. As of September 30, 2022, and March 31, 2022, customer liabilities consisted of:

	September 30, 2022	March 31, 2022 (Recasted)
Brokerage customers	$ 847,517	$ 519,344
Banking customers	719,941	246,284
Total customer liabilities	**$ 1,567,458**	**$ 765,628**

As of September 30, 2022, banking customer liabilities consisted of demand deposits and term deposits of $356,092 and $363,849, respectively. As of March 31, 2022, banking customer liabilities consisted of demand deposits and term deposits of $155,494 and $90,790, respectively.

In accordance with Kazakhstan local law requirements, commercial banks conclude agreements with JSC Kazakhstan Deposit Insurance Fund ("KDIF"), under which banks have to pay commissions to KDIF on a recurring basis, the amount of which, depends on the term and demand deposits received by banks from the customers. Under the agreement, KDIF insures the term and demand deposits up to $42 to each customer. As at September 30, 2022 and March 31, 2022, Freedom Bank KZ had the total amount of insured bank deposits for amounts of $96,785 and $42,697 for all customers.

NOTE 13 – TRADE PAYABLES

As of September 30, 2022, and March 31, 2022, trade payables of the Company was comprised of the following:

	September 30, 2022	March 31, 2022 (Recasted)
Margin lending payable	$ 67,966	$ 39,250
Trade payable for securities operations	448	462
Payables to suppliers of goods and services	18	4,462
Other	656	909
Total trade payables	**$ 69,088**	**$ 45,083**

On September 30, 2022, and March 31, 2022, trade payables due to a single related party were $5,650 or 8% and $38,889 or 86%, respectively.

NOTE 14 – SECURITIES SOLD, NOT YET PURCHASED – AT FAIR VALUE

The following table provides a reconciliation of the beginning and ending balances for securities sold, not yet purchased - at fair value by the Company, as of September 30, 2022, and March 31, 2022:

	Total
Balance as of March 31, 2021 (Recasted)	**$ 8,569**
Short sales	7,055
Repurchase	(346)
Net gain on trading securities	(1,413)
Balance as of March 31, 2022 (Recasted)	**$ 13,865**
Balance as of March 31, 2022 (Recasted)	**$ 13,865**
Short sales	410
Repurchase	(7,665)
Net loss on trading securities	766
Balance as of September 30, 2022	**$ 7,376**

A short sale involves the sell 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

As of September 30, 2022, and March 31, 2022, loans received by the Company included:

Company that received loan	Lender	September 30, 2022	March 31, 2022	Interest Rate	Term	Maturity dates
			(Recasted)			
Freedom Holding Corp.	Non-Bank	$ 3,622	$ 3,538	5 %	26 months	12/31/2022
Freedom Global	Non-Bank	1,803	—	3 %	6 months	12/27/2022
Total loans received		**$ 5,425**	**$ 3,538**			

As of September 30, 2022, and March 31, 2022, the Company had loans received from a related party totaling $1,803 and $0, respectively.

As of September 30, 2022, non-bank loans received were unsecured. As of September 30, 2022, and March 31, 2022, accrued interest on the loans amounted t $334 and $238, respectively.

NOTE 16 – DEBT SECURITIES ISSUED

As of September 30, 2022, and March 31, 2022, outstanding debt securities of the Company included the following:

Debt securities issued by:	September 30, 2022	March 31, 2022
		(Recasted)
Freedom SPC	$ 30,184	$ 13,203
Freedom Holding Corp.	20,500	20,499
Accrued interest	1,114	688
Total debt securities issued	**$ 51,798**	**$ 34,390**

As of September 30, 2022, and March 31, 2022, the Company's outstanding debt securities had fixed annual coupon rates ranging from5.5% to 7% and maturity dates ranging from December 2022 to October 2026.

The Company's debt securities include $20,500 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% 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 $30,184 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 5.5% 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 the issuance of the Freedom SPC bonds were loaned to FRHC pursuant to a loan agreement dated November 22, 2021. The interest rate under 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. Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. The group has no covenants to comply with.

NOTE 17 – INSURANCE CONTRACTS ASSETS AND LIABILITIES FROM INSURANCE ACTIVITIES

As of September 30, 2022, and March 31, 2022, insurance and reinsurance receivables of the Company was comprised of the following:

Assets:	September 30, 2022	March 31, 2022 (Recasted)
Amounts due from policyholders	$ 6,061	$ 3,500
Claims receivable from reinsurance	993	769
Amounts due from reinsured	61	23
Less provision for impairment losses	(880)	(343)
Insurance and reinsurance receivables:	**6,235**	**3,949**
Unearned premium reserve, reinsurers' share	4,714	143
Reserves for claims and claims' adjustment expenses, reinsurers' share	1,763	1,620
Total	**$ 12,712**	**$ 5,712**

As of September 30, 2022, and March 31, 2022, the premium receivables from policyholders increased due to the expansion of operations.

As of September 30, 2022, and March 31, 2022, insurance and reinsurance payable of the Company was comprised of the following:

Liabilities:	September 30, 2022	March 31, 2022 (Recasted)
Amounts payable to reinsurers	$ 2,109	$ 402
Amounts payable to insured	1,768	685
Amounts payable to agents and brokers	734	1,981
Insurance and reinsurance payables:	**4,611**	**3,068**
Unearned premium reserve	31,535	17,985
Reserves for claims and claims' adjustment expenses	113,931	98,437
Total	**$ 150,077**	**$ 119,490**

As of September 30, 2022, and March 31, 2022, the amount payable to agents and brokers increased due to the expansion of operations.

NOTE 18 – NET GAIN ON TRADING SECURITIES

During the three and six months ended September 30, 2022, and September 30, 2021, net gain on trading securities was comprised of:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
	(Restated)	(Restated)
Net gain recognized during the period on trading securities sold during the period	$ 3,498	$ 36,395
Net unrealized gain recognized during the reporting period on trading securities still held at the reporting date	5,507	145,208
Net gain recognized during the period on trading securities	**$ 9,005**	**$ 181,603**

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021
	(Restated)	(Restated)
Net (loss)/gain recognized during the period on trading securities sold during the period	$ (8,232)	$ 41,966
Net unrealized gain recognized during the reporting period on trading securities still held at the reporting date	21,671	148,319
Net gain recognized during the period on trading securities	**$ 13,439**	**$ 190,285**

During the three months ended September 30, 2021, the Company exchanged approximately 11,500 shares of its stock of SPBX for units in the closed-end unit investment combined fund “SPB fund” (the “SPBX ETF”). In September 2021, the Company sold its SPBX ETF units to approximately 15,000 investors through placement agents for net proceeds of $155,673. As a result, during the three months ended September 30, 2021, the Company recognized gains on trading securities of $179,015, which included $141,067 of realized gain and $37,948 of net unrealized gain from revaluation of the SPBX shares the Company still held at September 30, 2021.

NOTE 19 – FEE AND COMMISSION INCOME

Fee and commission income is recognized when, or as, the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any.

The Company's revenues from contracts with customers are recognized when the performance obligations are satisfied at an amount that reflects the consideration expected to be received in exchange for such services. The majority of the Company's performance obligations are satisfied at a point in time and are typically collected from customers by debiting their brokerage account with the Company.

Brokerage and bank services

Commissions from brokerage services — The Company earns commission revenue by executing, settling and clearing transactions with clients primarily in exchange-traded and over-the-counter corporate equity and debt securities, money market instruments and exchange-traded options and futures contracts. Commissions from bank services — The Company earns bank commissions by executing client order for money transfer, purchase and sale of foreign currency, and other bank services. A substantial portion of the Company's revenue is derived from commissions from private clients through accounts with transaction-based pricing. Trade execution and clearing services, when provided together, represent a single performance obligation, as the services are not separately identifiable in the context of the contract. Commission revenue associated with combined trade execution and clearing services, as well as trade execution services on a standalone basis, are recognized at a point in time on trade date when the performance obligation is satisfied.

Commission revenue is generally paid on settlement date, which is generally two business days after trade date for equity securities and corporate bond transactions and one day for government securities, options and commodities transactions. The Company records a receivable on the trade date and receives a payment on the settlement date.

Investment Banking

The Company earns underwriting revenues by providing capital raising solutions for corporate clients through initial public offerings, follow-on offerings, equity-linked offerings, private investments in public entities, and private placements. Underwriting revenues are recognized at a point in time on trade date, as the client obtains the control and benefit of the capital markets offering at that point. These fees are generally received within 90 days after the transactions are completed. Transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred and recognized in the same period as the related investment banking transaction revenue. Underwriting revenues and related expenses are presented gross on the condensed consolidated income statements.

During the three and six months ended September 30, 2022, and September 30, 2021, fee and commission income was comprised of:

	Three months ended September 30, 2022 (Restated)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	$ 11,512	$ 62,781	$ 1,050	$ —	$ 75,343
Bank services	5,779	—	—	—	5,779
Underwriting and market-making services	1,587	—	—	—	1,587
Other fee and commission income	189	259	—	—	448
Total fee and commission income	**$ 19,067**	**$ 63,040**	**$ 1,050**	**$ —**	**$ 83,157**

	Six months ended September 30, 2022 (Restated)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	$ 15,115	$ 141,644	$ 2,184	$ —	$ 158,943
Bank services	9,592	—	—	—	9,592
Underwriting and market-making services	3,230	—	—	—	3,230
Other fee and commission income	322	516	—	—	838
Total fee and commission income	**$ 28,259**	**$ 142,160**	**$ 2,184**	**$ —**	**$ 172,603**

	Three months ended September 30, 2021 (Restated)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	$ 2,091	$ 86,057	$ 1,165	$ —	$ 89,313
Bank services	1,029	—	—	—	1,029
Underwriting and market-making services	1,780	—	—	—	1,780
Other fee and commission income	366	537	—	—	903
Total fee and commission income	**$ 5,266**	**$ 86,594**	**$ 1,165**	**$ —**	**$ 93,025**

	Six months ended September 30, 2021 (Restated)				
	Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Brokerage services	$ 3,652	$ 156,762	$ 2,134	$ —	$ 162,548
Bank services	1,733	—	—	—	1,733
Underwriting and market-making services	4,004	—	—	—	4,004
Other fee and commission income	2,133	722	—	—	2,855
Total fee and commission income	**$ 11,522**	**$ 157,484**	**$ 2,134**	**$ —**	**$ 171,140**

Receivables and Contract Balances
Receivables arise when the Company has an unconditional right to receive payment under a contract with a customer and are derecognized when the cash is received. Brokerage and other receivables are disclosed in Note 8 in the notes to condensed consolidated financial statements.

Contract assets arise when the revenue associated with the contract is recognized before the Company's unconditional right to receive payment under a contract with a customer (i.e., unbilled receivable) and are derecognized when either it becomes a receivable or the cash is received. As of September 30, 2022 and March 31, 2022, contract asset balances were not material.

Contract liabilities arise when customers remit contractual cash payments in advance of the Company satisfying its performance obligations under the contract and are derecognized when the revenue associated with the contract is recognized either when a milestone is met triggering the contractual right to bill the customer or when the performance obligation is satisfied. As of September 30, 2022 and March 31, 2022, contract liability balances were not material.

NOTE 20 – RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2022 and 2021, the Company earned commission income from related parties in the amounts of $61,149 and $80,627, respectively. Fee and commission income generated from FFIN Brokerage accounted for approximately 100% of the Company's total related party commission income for the three months ended September 30, 2022, as compared to approximately 96% of the Company's total related party commission income for the three months ended September 30, 2021. During the six months ended September 30, 2022 and 2021, the Company earned commission income from related parties in the amounts of $136,749 and $149,152, respectively. Fee and commission income generated from FFIN Brokerage accounted for approximately 92% and 56% of the Company's total related party commission income for the six months ended September 30, 2022, and 2021, 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 September 30, 2022 and 2021, the Company paid commission expense to related parties in the amount of $196 and $5,227, respectively. Commission expense paid to FFIN Brokerage accounted for approximately 20% of the Company's total related party commission expense for the three months ended September 30, 2022, as compared to approximately 12% of the Company's total related party commission expense for three months ended September 30, 2021. During the six months ended September 30, 2022 and 2021, the Company paid commission expense to related parties in the amounts of $353 and $10,527, respectively. Commission expense paid to FFIN Brokerage accounted for approximately 21% and 31% of the Company's total related party commission expense for the six months ended September 30, 2022, and 2021.

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 September 30, 2022 and 2021, the Company earned interest income from related parties in the amounts of $7,392 and $1,109, respectively. During the six months ended September 30, 2022 and 2021, the Company earned interest income from related parties in the amounts of $10,920 and $1,264, 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 and six months ended September 30, 2022, and 2021, and the nine months ended September 30, 2022 and 2021.

During the three months ended September 30, 2022 and 2021, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of $302 and $385, respectively. During the six months ended September 30, 2022, and 2021, the Company recorded stock-based compensation expense for restricted stock grants to related parties in the amount of $683 and $565, respectively.

As of September 30, 2022, and March 31, 2022 the Company had cash and cash equivalents held in brokerage accounts of related parties totaling $21,331 and $22,787 respectively. 100% and 100% of these balances were due to Wisdompoint Capital LTD.

As of September 30, 2022, and March 31, 2022, the Company had bank commission receivables and receivables from brokerage clients from related parties totaling $64 and $190, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of September 30, 2022, and March 31, 2022, the Company had margin lending receivables with related parties totaling $335,992 and $107,649, respectively. 97% and 95% of these balances were due from FFIN Brokerage.

As of September 30, 2022, and March 31, 2022, the Company had margin lending payables to related parties, totaling $5,650 and $38,889, respectively. 100% of these balances were due to Wisdompoint Capital LTD, as of September 30, 2022, and March 31, 2022, respectively.

As of September 30, 2022, and March 31, 2022, the Company had accounts payable due to a related party totaling $211 and $313, respectively.

As of September 30, 2022, and March 31, 2022, the Company had amounts due to the Company's controlling shareholder, chairman and chief executive officer, Timur Turlov related to the acquisition of the two insurance companies, Freedom Life and Freedom Insurance, totaling $23,751 and $15,852, respectively.

As of September 30, 2022, and March 31, 2022, the Company had loans received from related party totaling $1,803 and $0, respectively.

As of September 30, 2022, and March 31, 2022, the Company had financial liability with related parties totaling $0 and $1,637, respectively.

As of September 30, 2022, and March 31, 2022, the Company had customer liabilities to related parties totaling $128,700 and $325,904, respectively. As of September 30, 2022, and March 31, 2022, 52% and 54%, respectively, of these balances were deposits from FFIN Brokerage.

As of September 30, 2022, and March 31, 2022, the Company had restricted customer cash deposited in current and brokerage accounts with related parties in the amounts of $246,965 and $222,651. As of September 30, 2022, and March 31, 2022,83% and 78%, respectively, of these balances were from FFIN Brokerage.

During the the three and six months ended September 30, 2022, the Company purchased loans in the aggregate amount of $18,115 and $74,796 and sold back loans totaling $9,713 and $19,545 to FFIN Credit, respectively.

In July 2021 the Company sold 23.88% of the outstanding equity interest of Freedom UA to Askar Tashtitov, the Company's president, for $415 to comply with certain foreign ownership restrictions relating to registered Ukrainian broker-dealers. For additional information regarding this transaction, see Note 1 *Description of Business* to the condensed consolidated financial statements.

Freedom Securities Trading Inc. (formerly known as FFIN Brokerage Services, Inc.) ("FFIN Brokerage") is owned personally by Timur Turlov and is not part of the FRHC group of companies. FFIN Brokerage has its own brokerage customers, which include individuals and market-maker institutions and conducts business with the Company through a client omnibus account at Freedom EU.

Wisdompoint Capital LTD is a party related to Freedom EU through common management. Wisdompoint Capital LTD provides brokerage services to the Company.

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 21 – STOCKHOLDERS' EQUITY

During the six months ended September 30, 2022, and 2021, no outstanding non-qualified stock options were exercised.

In May 2022, Freedom KZ completed the acquisition oftwo insurance companies, Freedom Life and Freedom Insurance. These two companies were 100% controlled by the Company's chief executive officer, chairman and majority shareholder, Timur Turlov. The consideration for closing of the sale was $26,588. The Company is required to make these payments to Timur Turlov by no later than December 31, 2022.

During the three and six months ended September 30, 2022, Timur Turlov made a capital contribution to the Company in the amount of $0 and $677, respectively.

On March 30, 2022, the Company awarded a restricted stock grant totaling7,500 shares of its common stock toone executive officer of the Company. Of the 7,500 shares awarded pursuant to the restricted stock grant awards, 3,000 shares vest on May 18, 2023,1,500 shares vest on May 18, 2024,1,500 shares vest on May 18, 2025 and1,500 shares vest on May 18, 2026.
On May 18, 2021, the Company awarded restricted stock grants totaling1,031,500 shares of its common stock to56 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.

The Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of $3,103 and $6,801 during the three and six months ended September 30, 2022. The Company recorded stock-based compensation expense for restricted stock grants and stock options in the amount of $4,561 and $6,722 during the three and six months ended September 30, 2021.

NOTE 22 – STOCK BASED COMPENSATION

During the six months ended September 30, 2022, no restricted shares were awarded to key employees. The compensation expense related to restricted stock grants was $3,103 during the three months ended September 30, 2022, and $4,561 during the three months ended September 30, 2021. As of September 30, 2022 and March 31, 2022, there was $17,094 and $24,731 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 3.82 years.

The Company has determined the fair value of restricted shares awarded as of grant date, 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 six months ended September 30, 2022:

	Shares	Weighted Average Fair Value
Outstanding, at March 31, 2022	1,049,500	$ 40,303
Granted	—	—
Vested	(224,942)	(7,688)
Forfeited/cancelled/expired	(32,000)	(2,678)
Outstanding, at September 30, 2022	**792,558**	**$ 29,937**

NOTE 23 – 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 readily determinable, 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 Condensed Consolidated Balance Sheets as of September 30, 2022:

	Classification on Balance Sheet		September 30, 2022
Assets			
Operating lease assets	Right-of-use assets	$	13,602
Total lease assets		**$**	**13,602**
Liabilities			
Operating lease liability	Lease liability	$	13,348
Total lease liability		**$**	**13,348**

The following table presents as of September 30, 2022, the annual maturities of the lease liabilities:

Twelve months ending March 31,		
2023	$	2,505
2024		3,555
2025		2,922
2026		2,409
2027		1,681
Thereafter		3,607
Total payments		16,679
Less: amounts representing interest		3,331
Lease liability, net	**$**	**13,348**
Weighted average remaining lease term (in months)		23
Weighted average discount rate		12 %

Lease commitments for short term operating leases as of September 30, 2022, was approximately $296. The Company's lease expense for office space was $573 and $1,116 for the three and six months ended September 30, 2022, and $398 and $550 September 30, 2021, respectively.

NOTE 24 – ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Acquisition of London-Almaty

On September 1, 2022, the Company completed the acquisition of Insurance Company IC "London-Almaty", following receipt of the approval from the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, by purchasing 100% of its outstanding shares. The Company acquired the London-Almaty to expand its presence in insurance segment.

As of September 1, 2022, the date of the acquisition of IC "London-Almaty", the fair value of IC "London-Almaty" was $15,858. The total purchase price was allocated as follows:

		As of September 1, 2022
ASSETS		
Cash and cash equivalents	$	8,077
Due from banks		2,176
Trading securities		6,178
Value of business acquired		1,677
Assets from insurance activities		3,401
Fixed assets		806
Intangible assets		127
Other assets		1,505
TOTAL ASSETS		**23,947**
Insurance reserves		6,380
Liabilities from insurance activity		1,429
Other liabilities		280
TOTAL LIABILITIES		**8,089**
Net assets acquired		**15,858**
Goodwill		485
Total purchase price	**$**	**16,343**

Acquisition of Ticketon

As of September 30, 2022, the date of the acquisition of Ticketon by purchasing100% of its authorized capital. The Company acquired the Ticketon to accelerate our growth in fintech industry. The negative fair value of Ticketon was $172. The total purchase price was allocated as follows:

		As of September 30, 2022
ASSETS		
Cash and cash equivalents	$	3,029
Brokerage and other receivables		169
Fixed assets		20
Intangible assets		33
Right-of-use asset		63
Other assets		606
TOTAL ASSETS		**3,920**
Deferred income tax liabilities		34
Lease liability		63
Other liabilities		3,995
TOTAL LIABILITIES		**4,092**
Net assets acquired		**(172)**
Goodwill		3,172
Total purchase price	**$**	**3,000**

NOTE 25 – 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 next fiscal quarter.

The consideration for the purchase of the Russian Subsidiaries consists of the following:

- Mr. Povalishin will be assigned the Company’s obligation to Freedom RU under an outstanding deferred payment in the amount of approximately RUB6.6 billion (at foreign exchange rate on the reporting date approximately $115 million) (the “Deferred Payment Obligation”) which resulted from the purchase by the Company of 90.43% of the share capital of Freedom RU’s Kazakhstan subsidiary Freedom Finance JSC (“Freedom KZ”) (with its subsidiaries) from Freedom RU as part of a corporate restructuring, as a result of which the Company will become the 100% direct owner of Freedom KZ. The agreement for the purchase of Freedom KZ was entered on September 13, 2022. The transaction was approved by regulatory body and is expected to be finalized during November 2022; and
- Mr. Povalishin will pay cash in an amount equal to (x) $140 million less (y) the amount of the Deferred Payment Obligation as translated into U.S. dollars at the official exchange rate on the closing date.

The Company has classified the Russia business as discontinued operations as of September 30, 2022 and for the three and six months ended September 30, 2022, because the subsidiaries to be disposed of in this transaction met the held for sale criteria as of September 30, 2022.

The cumulative translation adjustment attributable to the Russian segment of $642 is included within Accumulated Other Comprehensive Income within the Condensed Consolidated Balance Sheet as of September 30, 2022. In light of the Russia/Ukraine Conflict, and the consequent U.S., UK and EU economic sanctions and Russian countersanctions, we were seeking to sell our interests in our three Russian subsidiaries that resulted in a non-cash $41,464 impairment charge, which was recorded as of September 30, 2022, within the line item Net income from discontinued operation on the Condensed Consolidated Statements of Operations. The Company will continue to evaluate the Russian segment for changes in the valuation until it is sold.

The Company has reported separately the discontinued operations in the condensed consolidated financial statements.The major classes of assets and liabilities from discontinued operations included the following:

	September 30, 2022	March 31, 2022
Cash and cash equivalents	$ 712,116	$ 428,480
Restricted cash	19,040	28,406
Trading securities	120,162	122,497
Brokerage and other receivables, net	249,980	210,087
Loans issued	14,464	2,395
Other assets	41,317	33,554
Less: valuation allowance	(41,464)	—
Total assets held for sale	**$ 1,115,615**	**$ 825,419**
Customer liabilities	$ 966,869	$ 701,584
Securities repurchase agreement obligations	30,961	32,469
Debt securities issued	64,647	64,637
Other liabilities	27,403	13,788
Total liabilities held for sale	**1,089,880**	**812,478**

The results of operations for discontinued operations consist of the following:

	For The Three Months Ended		For The Six Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Fee and commission income	$ 17,395	$ 19,432	$ 48,060	$ 36,450
Net gain/(loss) on trading securities	1,950	(5,164)	13,099	(3,105)
Interest income	17,440	5,114	29,861	9,788
Net gain/(loss) on foreign exchange operations	19,989	(3)	20,414	(2,235)
TOTAL REVENUE, NET	**56,774**	**19,379**	**111,434**	**40,898**
Fee and commission expense	2,324	2,159	4,250	4,226
Interest expense	4,261	2,210	10,019	4,459
Operating expense	26,072	17,764	53,540	31,587
Provision for impairment losses	212	50	582	76
Provision for impairment of discontinued operations	41,464	—	41,464	—
Other expense/(income), net	743	(25)	779	92
TOTAL EXPENSE	**75,076**	**22,158**	**110,634**	**40,440**
INCOME/(LOSS) BEFORE INCOME TAX	**$ (18,302)**	**$ (2,779)**	**$ 800**	**$ 458**

The net cash flows from/(used in) operating and investing activities for discontinued operations consist of the following:

	For the Six Months Ended September 30,	
	2022	2021*
		(Recasted)
Cash Flows From Operating Activities		
Net income from discontinued operations	**$ (6,080)**	**$ 449**
Adjustments to reconcile net income used in operating activities:		
Depreciation and amortization	1,143	993
Noncash lease expense	3,289	2,453
Change in deferred taxes	6,234	(929)
Stock compensation expense	3,220	3,358
Unrealized loss/(gain) on trading securities	(20,382)	4,228
Net change in accrued interest	682	(1,203)
Provision for impairment of discontinued operations	41,464	—
Allowances for receivables	155	—
Changes in operating assets and liabilities:		
Trading securities	81,229	(24,850)
Brokerage and other receivables	56,513	(59,162)
Other assets	360	(843)
Securities sold, not yet purchased – at fair value	244	(24)
Customer liabilities	(142,647)	81,632
Current income tax liability	—	(582)
Trade payables	93	2,725
Lease liabilities	(3,721)	(2,603)
Other liabilities	7,787	(37)
Net cash flows used in operating activities from discontinued operations	**29,583**	**5,605**
Cash Flows Used In Investing Activities		
Purchase of fixed assets	(2,560)	(1,066)
Proceeds from sale of fixed assets	750	—
Loans issued	(10,263)	595
Net cash flows used in investing activities from discontinued operations	**(12,073)**	**(471)**

The following table presents reconciliation of anticipated provision for impairment from sale of net assets held for sale as of disposal date:

	September 30, 2022		
	Pre-elimination balance	Eliminations	Post-elimination balance
Cash and cash equivalents	$ 712,116	$ —	$ 712,116
Restricted cash	19,040	—	19,040
Trading securities	120,162	—	120,162
Brokerage and other receivables, net	249,980	—	249,980
Loans issued	14,464	—	14,464
Other assets	41,363	(46)	41,317
Investment in subsidiaries	114,957	(114,957)	—
Total assets held for sale	**$ 1,272,082**	**$ (115,003)**	**$ 1,157,079**
Customer liabilities	$ 966,869	$ —	$ 966,869
Securities repurchase agreement obligations	30,961	—	30,961
Debt securities issued	64,647	—	64,647
Other liabilities	27,499	(96)	27,403
Total liabilities held for sale	**$ 1,089,976**	**$ (96)**	**$ 1,089,880**
Net assets held for sale	**$ 182,106**		**$ 67,199**
Unrealized gain from cumulative translation adjustment	(642)		
Adjusted net assets held for sale	**$ 181,464**		
Expected selling price	140,000		
Provision for impairment of discontinued operations	**$ (41,464)**		

NOTE 26 – 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 guarantees

Unfunded commitments under guarantees are conditional commitments issued by Freedom Bank KZ to provide bank guarantees to customers. These commitments may mature without being fully funded.

Bank guarantees

Bank guarantees are conditional commitments issued by Freedom Bank KZ 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 as of September 30, 2022, and March 31, 2022, were as follows:

	As of September 30, 2022	As of March 31, 2022 (Recasted)
Unfunded commitments under lines of credits and guarantees	$ 11,229	$ 11,292
Bank guarantees	3,541	6,384
Total	**$ 14,770**	**$ 17,676**

NOTE 27 – SEGMENT REPORTING

During the fourth quarter of 2022 fiscal year the Company's CODM restructured the way he views the Company's business from a single operating segment tofive geographic regional segments including Central Asia, Europe, United States, Russia and Middle East/Caucasus. The Company has classified the Russia Segment as discontinued operations for the periods presented because the assets and liabilities to be disposed of in connection with this transaction met the held for sale criteria as of September 30, 2022. The Company's CODM do not review inter-segment revenues as part of Segment reporting.

The segment reporting was restated for the errors described in Note 4, and 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:

	Three months ended September 30, 2022 (Restated)				
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Middle East/Caucasus**	**Total**
Fee and commission income [1]	$ 19,067	$ 63,040	$ 1,050	$ —	$ 83,157
Net gain on trading securities	15,828	(7,210)	387	—	9,005
Net realized gain on investments available for sale	716	—	—	—	716
Interest income	46,275	10,177	2,547	—	58,999
Insurance underwriting income	26,200	—	—	—	26,200
Net gain/(loss) on foreign exchange operations	7,601	(2,400)	(665)	19	4,555
Net loss on derivative	(2,320)	—	—	—	(2,320)
TOTAL REVENUE, NET	**113,367**	**63,607**	**3,319**	**19**	**180,312**
Fee and commission expense	11,812	6,474	144	9	18,439
Interest expense	34,562	2,964	3,337	—	40,863
Insurance claims incurred, net of reinsurance	17,475	—	—	—	17,475
Operating expense [2]	21,715	10,534	5,093	418	37,760
Provision for impairment losses/(recoveries)	3,732	(1)	(5)	—	3,726
Other expense/(income), net	94	101	(3)	—	192
TOTAL EXPENSE	**89,390**	**20,072**	**8,566**	**427**	**118,455**
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**$ 23,977**	**$ 43,535**	**$ (5,247)**	**$ (408)**	**$ 61,857**
Income tax (expense)/benefit	(534)	(6,623)	(5,472)	10	(12,619)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	**$ 23,443**	**$ 36,912**	**$ (10,719)**	**$ (398)**	**$ 49,238**

STATEMENTS OF OPERATIONS	Six months ended September 30, 2022 (Restated) Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Fee and commission income [1]	$ 28,259	$ 142,160	$ 2,184	$ —	$ 172,603
Net gain/(loss) on trading securities	37,417	(22,634)	(1,344)	—	13,439
Net realized loss on investments available for sale	123	—	—	—	123
Interest income	85,185	15,388	6,989	—	107,562
Insurance underwriting income	50,440	—	—	—	50,440
Net gain/(loss) on foreign exchange operations	11,869	(1,830)	(899)	8	9,148
Net gain on derivative	(1,054)	—	—	—	(1,054)
TOTAL REVENUE, NET	**212,239**	**133,084**	**6,930**	**8**	**352,261**
Fee and commission expense	22,527	18,901	297	29	41,754
Interest expense	66,530	5,660	8,744	—	80,934
Insurance claims incurred, net of reinsurance	34,167	—	—	—	34,167
Operating expense	42,482	22,099	10,360	818	75,759
Provision for impairment losses/(recoveries)	6,164	(2)	(8)	—	6,154
Other (income)/expense, net	(407)	97	(8)	(50)	(368)
TOTAL EXPENSE	**171,463**	**46,755**	**19,385**	**797**	**238,400**
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**$ 40,776**	**$ 86,329**	**$ (12,455)**	**$ (789)**	**$ 113,861**
Income tax (expense)/benefit	(596)	(13,846)	(7,077)	21	(21,498)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	**$ 40,180**	**$ 72,483**	**$ (19,532)**	**$ (768)**	**$ 92,363**

STATEMENTS OF OPERATIONS	Three months ended September 30, 2021 (Restated) Central Asia	Europe	U.S.	Middle East/Caucasus	Total
Fee and commission income	$ 5,266	$ 86,594	$ 1,165	$ —	$ 93,025
Net gain/(loss) on trading securities	2,756	178,951	(104)	—	181,603
Net realized loss on investments available for sale	(622)	—	—	—	(622)
Interest income	24,206	2,400	13	—	26,619
Insurance underwriting income	16,022	—	—	—	16,022
Net gain on foreign exchange operations	1,304	166	38	—	1,508
Net loss on derivative	(656)	—	—	—	(656)
TOTAL REVENUE, NET	**48,276**	**268,111**	**1,112**	**—**	**317,499**
Fee and commission expense	2,123	20,360	168	—	22,651
Interest expense	14,490	1,805	421	—	16,716
Insurance claims incurred, net of reinsurance	13,513	—	—	—	13,513
Operating expense	12,206	4,952	4,583	29	21,770
Provision for impairment losses	978	—	—	—	978
Other expense/(income), net	794	(8)	—	—	786
TOTAL EXPENSE	**44,104**	**27,109**	**5,172**	**29**	**76,414**
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**$ 4,172**	**$ 241,002**	**$ (4,060)**	**$ (29)**	**$ 241,085**
Income tax benefit/(expense)	135	(8,152)	(24,077)	—	(32,094)
INCOME/(LOSS) FROM CONTINUING OPERATIONS	**$ 4,307**	**$ 232,850**	**$ (28,137)**	**$ (29)**	**$ 208,991**

	Six months ended September 30, 2021 (Restated)				
STATEMENTS OF OPERATIONS	**Central Asia**	**Europe**	**U.S.**	**Middle East/Caucasus**	**Total**
Fee and commission income	$ 11,522	$ 157,484	$ 2,134	$ —	$ 171,140
Net gain/(loss) on trading securities	11,698	178,993	(406)	—	190,285
Net realized loss on investments available for sale	(653)	—	—	—	(653)
Interest income	45,035	3,762	60	—	48,857
Income from insurance activity	30,098	—	—	—	30,098
Net gain/(loss) on foreign exchange operations	2,774	(60)	2	—	2,716
Net loss on derivative	(715)	—	—	—	(715)
TOTAL REVENUE, NET	**99,759**	**340,179**	**1,790**	**—**	**441,728**
Fee and commission expense	4,654	38,840	350	—	43,844
Interest expense	26,758	3,503	701	—	30,962
Expense from insurance activity	24,809	—	—	—	24,809
Operating expense	23,081	9,744	8,372	(6)	41,191
Provision for impairment losses	1,233	12	—	—	1,245
Other expense, net	800	(5)	—	—	795
TOTAL EXPENSE	**81,335**	**52,094**	**9,423**	**(6)**	**142,846**
INCOME/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**$ 18,424**	**$ 288,085**	**$ (7,633)**	**$ 6**	**$ 298,882**
Income tax benefit/(expense)	22	(14,014)	(23,228)	—	(37,220)
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS	**$ 18,446**	**$ 274,071**	**$ (30,861)**	**$ 6**	**$ 261,662**

(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.

(2) Operating expense includes significant noncash items stock based compensation expenses. The following table summarizes the Company's stock based compensation by its geographic segments:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022*	2021*	2022*	2021*
Central Asia	$ 1,036	$ 1,384	$ 2,138	$ 2,032
U.S.	533	691	1,152	1,045
Europe	135	196	291	288
Middle East/Caucasus	—	—	—	—
Total stock based compensation	**$ 1,704**	**$ 2,271**	**$ 3,581**	**$ 3,365**

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

	September 30, 2022					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Held for Sale	Total
Total assets	$ 2,837,687	$ 685,110	$ 143,833	$ 2,120	$ 1,115,615	$ 4,784,365
Total liabilities	2,561,607	373,466	137,716	365	1,089,880	4,163,034
Net assets	**$ 276,080**	**$ 311,644**	**$ 6,117**	**$ 1,755**	**$ 25,735**	**$ 621,331**

	March 31, 2022 (Recasted)					
	Central Asia	Europe	U.S.	Middle East/Caucasus	Held for Sale	Total
Total assets	$ 1,423,529	$ 805,768	$ 172,679	$ 355	$ 825,419	$ 3,227,750
Total liabilities	1,203,473	489,883	175,136	172	812,478	2,681,142
Net assets	**$ 220,056**	**$ 315,885**	**$ (2,457)**	**$ 183**	**$ 12,941**	**$ 546,608**

Central Asia Segment

Central Asia segment comprises Kazakhstan headquarters and operations in Kazakhstan (including the AIFC), Kyrgyzstan, Uzbekistan, Ukraine and Turkey.

Recently acquired insurance companies, Freedom Insurance, Freedom Life, and London Almaty, are included within Central Asia segment.

Europe Segment

Cyprus securities brokerage firm, Freedom EU, oversees Europe segment operations (consisting of operations in Cyprus, the UK, Germany, Spain, Greece, and France).

U.S. Segment

U.S. segment currently consists of FRHC and our PrimeEx subsidiary.

Middle East/Caucasus Segment

As of September 30, 2022, our Middle East/Caucasus region consisted ofthree offices, in Azerbaijan, Armenia and the United Arab Emirates,that provide brokerage and investment education services. The Company entered into the Caucasus market during fiscal year 2022 by establishing subsidiaries in Azerbaijan and Armenia, and in April 2022, entered into the Middle East market by establishing a subsidiary in the United Arab Emirates.

Russia Segment

Russia segment, that was classifies as asset and liabilities held for sales, includes securities brokerage subsidiary Freedom RU ancits subsidiaries Freedom Bank RU and Freedom Auto.

NOTE 28 – 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 other than as set forth below.

On October 19, 2022, Freedom UA's brokerage license was suspended for a period offive years and its assets frozen by the Ukrainian authorities following its inclusion on a sanctions list of the Ukrainian government. As of September 30, 2022, Freedom UA's total assets and total liabilities were $6,909 and $9,970, respectively. The Company believes that the decision to include Freedom UA on such list was erroneous and it is in the process of appealing such decision.

On November 11, 2022, the Company has finalized transaction for purchase of90.43% of the share capital of Freedom KZ (with its subsidiaries) from Freedom RU as part of a corporate restructuring, as a result of which the Company became the 100% direct owner of Freedom KZ. The transaction was finalized after receipt of the regulatory approval in Kazakhstan.

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 the results of operations and present financial condition of Freedom Holding Corp (referred to herein as the "Company," "FRHC," "we," "our," and "us"). References to "fiscal year(s)" means the 12-month periods ended March 31 for the referenced year. 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 Securities Exchange Commission ("SEC") including our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

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 or divestitures, 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:

- economic sanctions imposed by the U.S., UK, EU and other countries against Russia in response to the ongoing large-scale Russian military action against Ukraine ("Russia/Ukraine Conflict"), as well as, Russian countersanctions enacted in response to such economic sanctions;
- a failure to successfully complete the sale of our Russian subsidiaries or to achieve the intended effects of such sale;
- 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 continuing 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 brokerage, market making, banking and insurance 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 electronic system failures, cyber security breaches 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;
- risks associated with our insurance businesses, such as inaccuracies in our modeling and risk assumptions, or inability to obtain or collect on reinsurance; and
- other factors discussed in this report, as well as in our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

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

Our Business

Freedom Holding Corp. (referred to herein as the "Company, " "FRHC," "we," "our," and "us") is a holding company that operates internationally through our diversified financial services subsidiary businesses. Our subsidiaries engage in a broad range of activities, including securities dealing, market making, retail securities brokerage, investment research, investment counseling, investment banking and underwriting services, commercial banking and insurance. Our principal executive office is in Almaty, Kazakhstan and we have regional administrative offices in the United States ("U.S."), Europe, and Russia. On October 19, 2022, we announced that we had entered into an agreement to sell our three Russian subsidiaries.

Our securities brokerage subsidiaries are professional participants on the Kazakhstan Stock Exchange (KASE), Astana International 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). All of our securities broker dealer activities are subject to extensive regulation in the various jurisdiction where they conduct business.

Our target retail customers include 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. We provide online tools and retail locations for our customers to establish accounts and conduct securities trading on transaction-based pricing, to engage in banking activities and to purchase insurance products. 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.

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 and our operations in Kazakhstan (including the AIFC), Kyrgyzstan, Uzbekistan, Ukraine and Turkey. As of September 30, 2022, our Central Asia segment had 49 securities brokerage offices, including offices in Kazakhstan, Ukraine, Uzbekistan and Kyrgyzstan, that provide brokerage and financial services and investment consulting and education. As of September 30, 2022, our Central Asia segment had 11 bank offices, all in Kazakhstan, that provide commercial banking services.

During the six months ended September 30, 2022, we completed the acquisition of three insurance companies with a total of 55 insurance offices in Kazakhstan. The insurance companies provide consumer life and general insurance services including life insurance, health insurance, annuity insurance, accident insurance, obligatory worker emergency insurance, travel insurance, and general insurance products in property (including automobile), casualty, civil liability, personal insurance and reinsurance.

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.

On October 19, 2022, Freedom UA's brokerage license was suspended for a period of five years and its assets frozen by the Ukrainian authorities following its inclusion on a sanctions list of the Ukrainian government. We believe that the decision to include Freedom UA on such list was erroneous and we are in the process of appealing such decision.

The Central Asia segment accounted for approximately $113.4 million, or 62.9%, of our total revenue, net and approximately $89.4 million, or 75.5% of our total expense, during the three months ended September 30, 2022.

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 seeking 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 September 30, 2022, our Europe segment had seven brokerage offices, including offices in Cyprus, the UK, Germany, France, Spain and Greece, that provide securities broker dealer and financial services and investment consulting and education. During the three months ended September 30, 2022, our Europe segment generated approximately $63.6 million, or 35%, of our total revenue, net and approximately $20.1 million, or 17%, 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. During the three months ended September 30, 2022, the U.S. segment generated approximately $3.3 million, or 0.00%, of our total revenue, net and approximately $8.6 million, or 7.2%, of our total expense.

Middle East/Caucasus Segment

As of September 30, 2022, our Middle East/Caucasus region consisted of three offices, in Azerbaijan, Armenia and the United Arab Emirates,that provide brokerage and investment education services. We entered into the Caucasus market during fiscal year 2022 by establishing subsidiaries in Azerbaijan and Armenia, and in April 2022 we entered into the Middle East market by establishing a subsidiary in the United Arab Emirates. The Middle East/Caucasus region generated minimal revenue and incurred minimal expense during the three months ended September 30, 2022, as we are still in the process of setting up our operations in these three locations.

Russia Segment

Our Russia segment includes our securities brokerage subsidiary Freedom RU,its subsidiary Freedom Bank RU, which provides complementary banking operations and Freedom Auto,that provides car loans. As of September 30, 2022, our Russia segment had 41 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 September 30, 2022, the Russia segment generated approximately $56.8 million or 31% of our total revenue, net and approximately $75.1 million, or 63% of total expense, net. 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 subsidiariesThe 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 as of September 30, 2022, we have classified them as discontinued operations as of September 30, 2022 and for the three and six months ended September 30, 2022, 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.

Acquisitions

Historically we have been active in pursuing inorganic growth through mergers and acquisitions. We expect this trend to continue in the future.

We continue to pursue our previously disclosed planned acquisition of each of the following companies: Paybox Technologies LLP and its subsidiaries ("Paybox"); and the company that developed and owns the ReKassa PCI Reader ("ReKassa"). Paybox developed and owns the Paybox Payment Platform, which is a dynamically developing project in the field of aggregation of payment systems services. Paybox is widely used in Kazakhstan and is actively developing a market in Kyrgyzstan. The ReKassa PCI Reader is a mobile and web application that replaces traditional cash registers. The ReKassa PCI Reader is currently available in Kazakhstan. 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. We do not consider the acquisitions of Paybox and ReKassa to be material in the context of our overall operations.

Credit Ratings

In June 2022, S&P Global Ratings ("S&P") affirmed its "B-/B" rating of FRHC and its brokerage and banking subsidiaries Freedom KZ, Freedom Bank KZ, Freedom Europe and Freedom Global and removed them from CreditWatch negative. The outlook on FRHC is stable and the outlooks for the aforementioned subsidiaries are positive. S&P also raised the Kazakhstan national scale ratings of Freedom KZ and Freedom Bank KZ to “kzBB” from “kzBB-”. Freedom Life has an S&P Global Rating of "B" on the international scale and long-term rating on the national scale of "kzBBB-" with a positive outlook. Freedom Insurance has been assigned a "B" rating by S&P and a "kzBB+" national scale rating and a stable outlook. As a result of the Russia/Ukraine Conflict, S&P is no longer rating Russian entities, including 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 results of operations include: the business environment in which we operate, the growth of retail brokerage activity in our key markets, the Russia/Ukraine Conflict (including but not limited to related sanctions and countersanctions), our decision to sell our Russian subsidiaries, relationships with related parties, governmental polices and the impact of COVID-19, as discussed below.

Business Environment

Financial services industry performance is closely correlated to economic conditions and financial market activity. The Russia/Ukraine Conflict which began in February 2022 has caused significant disruption in the currency and securities markets, affected interest rates, and negatively impacted Russian and Ukrainian customer confidence. Additionally, general market conditions and investor activity are products of many factors, most of which are generally beyond our control and unpredictable, and which may affect our clients' financial and investing decisions and resulting use of our services.

Growth of Retail Brokerage Activity In Our Key Markets

The retail brokerage markets in Kazakhstan and Russia have grown rapidly in recent years. This growth has had a significant positive effect on our results of operations. 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 31, 2021 to 218.3 thousand in March 31, 2022. According to data provided by the Russian National Association of Securities Market Participants ("NAUFOR"), the number of retail customer accounts on the MOEX increased from approximately 11.1 million as of March 31, 2021 to 16.8 million as of March 31, 2022. There is no assurance that such growth rates will continue in future periods.

The growth in these retail markets has contributed to growth in the number of our customer accounts. Our number of total customer accounts not including our Russia business, increased from approximately 170,000 as of March 31, 2021, to approximately 250,000 as of March 31, 2022, to approximately 310,000 as of September 30, 2022. As of September 30, 2022, not including our Russia business, more than 53% of those customer accounts carried positive cash or asset account balances. Internally, we designate “active accounts” as those in which at least one transaction occurs per quarter. For the three months ended September 30, 2022, not including our Russia business, we had approximately 44,000 active accounts. The increases in the number of our customer accounts have in turn contributed to increases in our customer liabilities over these periods.

Effect of the Russia/Ukraine Conflict

In February 2022, without provocation, Russia invaded Ukraine. The war has lasted longer than previously anticipated, and it seems likely will last for an extended period of time as the Ukrainians continue to be more successful than initially expected at turning back Russian forces and as NATO countries supply the Ukrainians with armaments and supplies. The European Union and the United States have imposed broad-based sanctions and impounded financial assets of Russia, its companies and various notable Russian individuals. The impact of the sanctions has led to the increase of the price of hydrocarbons and the costs of various agricultural products produced by both Russia and Ukraine to disrupt supplies for those products, which has further increased inflationary pressures in Europe as well as the rest of the world. It has also had the indirect effect of lowering consumer confidence and consumer spending, all of which could have an adverse impact on financial markets and thus on our business.

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 September 30, 2022, 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 six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes.

Following our planned divestiture of our Russian subsidiaries, the scale of our operations will contract significantly. As of September 30, 2022, our Russian subsidiaries had 41 offices and branches and 1,941 employees. We expect that the sale of our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in other markets. We also expect that, following the completion of the sale of the Russian Subsidiaries, a number of existing clients of our Russian subsidiaries will invest in the non-Russian international capital markets going forward through accounts at other companies within our group, subject to appropriate on-boarding for compliance purposes. However, these matters are subject to uncertainty and changes in circumstances. A failure by us to achieve the intended effects of the sale of our Russian subsidiaries could have a material adverse effect on our results of operations in future periods.

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 the 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 34% and 39% of our total fee and commission income total revenue for the three and six months ended September 30, 2022, and approximately 24% and 32% of our total fee and commission income for the three and nine months ended September 30, 2021. For additional information regarding our transactions with FFIN Brokerage, see Note 20 *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 12% and 4% of the Company's total interest income for the three months ended September 30, 2022 and 2021, respectively, as well as 10% and 3% of the Company's total interest income for the nine months ended September 30, 2022 and 2021. For additional information regarding our transactions with FFIN Brokerage, see Note 20 *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 the countries in which we operate, including among others Kazakhstan, Cyprus and the United States. 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.

Impact of COVID-19

We continue to monitor conditions surrounding COVID-19, as well as economic and capital market conditions and their potential impact on our employees, business and operations. The extent to which developments (such as the duration and severity of future outbreaks of the same or new strains or variants of the disease, the effectiveness of vaccines, or new or additional measures implemented by governments) might impact our customers, employees, business, the general financial markets, the global economy and the economies of the countries in which we operate is highly uncertain and cannot be predicted. For further information on the possible future impact of the COVID-19 pandemic on our business, results of operations and financial condition, see Part 1A – *Risk Factors* of our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

Key Income Statement Line Items

Revenue

We derive revenue primarily from fee and commission income earned from our retail brokerage and banking customers and investment banking services, net gains from our proprietary trading activities, interest income and insurance underwriting premiums. Fee and commission income as a percentage of our total revenue was 46% and 29% in the three months ended September 30, 2022 and 2021, 49% and 39% in the six months ended September 30, 2022 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. Fee and commission income as a percentage of our total revenue was 46% and 29% in the three months ended September 30, 2022 and 2021, 49% and 39% in the six months ended September 30, 2022 and 2021, respectively.

A substantial portion of our revenue is derived from commissions from customers 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 practice in the relevant market. Retail brokerage service fee and commission income as a percentage of our total fee and commission income was 91% and 96% in the three month ended September 30, 2022 and 2021.

Net Gain on Trading Securities

Net gain on trading securities reflects the change in value of the securities held in our proprietary trading portfolio in the relevant period. A net gain or loss is comprised of both realized and unrealized gains and losses during the period being presented. Realized gains or losses are recognized when we close an open position in a security and recognize a gain or a loss on that position. U.S. GAAP requires that we also reflect in our Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income any unrealized gain or loss on each open securities positions as of the end of each period based on whether the value of the open position is higher or lower at the period end than it was at either: (i) the beginning of the period, if the position was held for the full period; or (ii) at the time the position was opened, if the position was opened during the period.

Fluctuations in unrealized gains or losses from one period to another can occur as a result of factors beyond our control, such as fluctuations in the market prices of the open securities positions we hold or the short or long term halting of trading in certain markets, either of which may result from unpredictable factors such as significant market volatility stemming from market and economic uncertainty related to global or local events. Fluctuations might also 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 we might recognize in a period. These fluctuations can adversely affect the ultimate value we realize from our proprietary trading activities. Unrealized gains or losses in a particular period may or may not be indicative of the gain or loss we will ultimately realize on a securities position when the position is closed. As a result, we might realize significant fluctuations in net gains and losses realized on our trading securities year-over-year or from one quarter to the next.

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.

Insurance Underwriting Income

Life insurance premiums are recognized as revenue when due; accident and health insurance premiums are recognized as revenue over the premium paying period and property and casualty insurance premiums are recognized as revenue over the period of the contract in proportion to the amount of insurance protection provided.

Net Gain on Foreign Exchange Operations

Net gain on foreign exchange operations reflects the net gain from: (i) the change in value resulting from currency fluctuations of monetary assets and liabilities denominated in any currency other than the functional currency of the entity holding such asset or liability; and (ii) purchases and sales of foreign currency. Under U.S. GAAP, we are required to revalue assets and liabilities denominated in foreign currencies into our reporting currency, the U.S. dollar, which can result in gains or losses on foreign exchange operations. Fluctuations in foreign currency exchange rates are beyond the Company's control, and the Company may suffer losses as a result of such fluctuations.

Fee and Commission Expense

We incur fee and commission expense in our brokerage, banking, and insurance activities. Fee and commission expense consists of expenses related to brokerage, banking, stock exchange, clearing, depository and agent services. Generally, we expect fee and commission expense from brokerage and banking activities to increase and decrease corresponding to increases and decreases in fee and commission income. For our insurance operations, fee and commission expense arises from the deferral and subsequent amortization of the costs of acquiring business, which are referred to as “deferred acquisition costs” (principally commissions, and other incremental direct costs of issuing policies). Deferred acquisition costs (“DAC”) are amortized over the estimated premium-paying period of the related policies. DAC for property insurance, accident insurance and health insurance is amortized over the effective period of the related insurance policies. Acquisition costs for life insurance policies, except for accident insurance and health insurance, are not capitalized in DAC, and recognized as they arise and are included in commission expense.

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.

Insurance Claims Incurred, Net of Reinsurance

Insurance claims incurred are expenses directly associated with our insurance activity, and represent actual amounts paid or to be paid to policyholders when insurable events occur, minus any amounts we receive from reinsurers related to the insurable event. This amount is adjusted for changes in loss reserves, including claims reported but not settled (RBNS), claims incurred but not reported (IBNR) and not incurred claims reserve (NIC).

Foreign Currency Translation Adjustments, Net of Tax

The functional currencies of our operating subsidiaries are the Kazakhstan tenge, Russian ruble, European euro, U.S. dollar, Ukrainian hryvnia, Uzbekistan sum, Kyrgyzstani som, Azerbaijani manat, Armenian dram, British pound sterling and United Arab Emirates dirham. 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 Non-controlling Interest

Net income/(loss) attributable to non-controlling interest includes our net income/(loss) attributable to our non-controlling interest in Freedom UA. We own a 9% interest in Freedom UA, with the remaining 91% interest controlled 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.

All U.S. 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 the Three-month Periods Ended September 30, 2022 and 2021

The following comparison of our financial results for the three-month periods ended September 30, 2022 and 2021 is not necessarily indicative of future results.

Revenue

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

	Three months ended September 30, 2022 (Restated)		Three months ended September 30, 2021 (Restated)		Change	
	Amount	%*	Amount	%*	Amount	%
Fee and commission income	$ 83,157	45 %	$ 93,025	29 %	$ (9,868)	(11)%
Net gain on trading securities	9,005	5 %	181,603	57 %	(172,598)	(95)%
Net realized gain/(loss) on investments available for sale	716	— %	(622)	— %	1,338	(215)%
Interest income	58,999	33 %	26,619	8 %	32,380	122 %
Insurance underwriting income	26,200	15 %	16,022	5 %	10,178	64 %
Net gain on foreign exchange operations	4,555	3 %	1,508	— %	3,047	202 %
Net loss on derivative	(2,320)	(1)%	(656)	— %	(1,664)	254 %
Total revenue, net	**$ 180,312**	**100 %**	**$ 317,499**	**100 %**	**$ (137,187)**	**(43)%**

* Percentage of total revenue, net.

For the three months ended September 30, 2022, we realized total revenue, net of $180,312, a $137,187 decrease compared to three months ended September 30, 2021. Revenue during the three months ended September 30, 2022, was significantly lower than the three months ended September 30, 2021, primarily due to a 95% decrease in net gain on trading securities between the two periods. This decrease was offset in part by increases in interest income and insurance underwriting income. Fee and commission income decreased by 2% between the two periods.

Fee and commission income

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 September 30,			
	2022 (Restated)	2021 (Restated)	Amount Change	% Change
Retail brokerage fee and commission income	$ 75,343	$ 89,313	$ (13,970)	(16) %
Commission income from bank services	5,779	1,029	4,750	462 %
Investment banking fee and commission income	1,587	1,780	(193)	(11) %
Other fee and commission income	448	903	(455)	(50) %
Total fee and commission income	**$ 83,157**	**$ 93,025**	**$ (9,868)**	**(11) %**

	Three months ended September 30,	
	2022 (Restated)	2021 (Restated)
	(as a % of total revenue)	
Retail brokerage fee and commission income	91 %	96 %
Commission from bank services	7 %	1 %
Investment banking fee and commission income	2 %	2 %
Other fee and commission income	1 %	1 %
Total fee and commission income as a percentage of total revenue	100 %	100 %

During the three months ended September 30, 2022, fee and commission income was $83,157, a decrease of $9,868, or 11%, as compared to fee and commission income of $93,025 for the three months ended September 30, 2021. This decrease in fee and commission income was primarily attributable to the decrease of fee and commission income from retail brokerage services of $13,970. The decrease in fee and commission income from retail brokerage services was attributable to lower volume of trades by clients in comparison with three months ended September 30, 2021. The decrease was offset in part by an increase in fee and commission income from bank services by $4,750 due to the expansion of Freedom Bank KZ and the growing activity of its clients between the two periods.

Net gain on trading securities

Net gain on trading securities was $9,005 for the three months ended September 30, 2022, a decrease of $172,598 as compared to $181,603 for the three months ended September 30, 2021. See the following table for information regarding our net gains and losses during the three months ended September 30, 2022 and 2021:

	Realized Net Gain	Unrealized Net Gain	Net Gain
Three months ended September 30, 2022 (Restated)	$ 5,507	$ 3,498	$ 9,005
Three months ended September 30, 2021 (Restated)	$ 145,208	$ 36,395	$ 181,603

During the three months ended September 30, 2022, we sold securities for a realized gain of $5,507. Similarly, securities positions we continued to hold at September 30, 2022, had appreciated by $11,201 as compared to June 30, 2022. This unrealized gain was partially offset by an unrealized net loss on SPBX ETF units held in our portfolio at September 30, 2022, in the amount of $7,703, resulting in an unrealized net gain of $3,498 for such three month period.

During the quarter ended September 30, 2021, we exchanged approximately 11,500 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 net gain on trading securities during the three months ended September 30, 2021, were the sale of those SPBX ETF units and an increase in unrealized net gain resulting from the revaluation of securities held in our proprietary trading account at September 30, 2021. We do not consider the significant increases in realized and unrealized net gain on trading securities to be indicative of a trend toward higher net gains on trading securities in the future.

Interest income

The following tables set forth information regarding our revenue from interest income for the periods presented.

	Three months ended September 30,			
	2022 (Restated)	2021 (Restated)	Amount Change	% Change
Interest income on trading securities	$ 33,787	$ 21,132	$ 12,655	60 %
Interest income on loans to customers	7,203	798	6,405	803 %
Interest income on available-for-sale securities	6,553	2,221	4,332	195 %
Interest income on reverse repurchase agreements and amounts due from banks	1,349	234	1,115	476 %
Interest income from dividends	141	44	97	220 %
Interest income on margin loans to customers	9,966	$ 2,190	$ 7,776	355 %
Total interest income	**$ 58,999**	**$ 26,619**	**$ 32,380**	**$ —**

	Three months ended September 30,	
	2022 (Restated)	2021 (Restated)
	(as a % of total interest income)	
Interest income on reverse repurchase agreements and amounts due from banks	2 %	1 %
Interest income on available-for-sale securities	11 %	8 %
Interest income on loans to customers	12 %	3 %
Interest income on trading securities	57 %	79 %
Interest income from dividends	— %	— %
Interest income on margin loans to customers	17 %	8 %
Total interest income as a percentage of total revenue	83 %	92 %

During the three months ended September 30, 2022, interest income was $49,033, an increase of $32,380, or 122%, compared to the three months ended September 30, 2021. The increase in interest income was primarily attributable to a $12,655, or 60%, increase in interest income from trading securities between the two periods, which increase was in turn the result of an increase 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 between the two periods. In addition, we recognized a $6,405, or 803%, increase in interest income from new loans issued to customers due to the expansion of the operations of Freedom Bank KZ between the two periods. We also recognized a $4,332, or 195%, increase in interest income from available-for-sale securities.

Net gain on foreign exchange operations

Under U.S. GAAP, we are required to revalue assets and liabilities denominated in any currency other than the functional currency of the entity holding such asset or liability to the functional currency of that entity.

During the three months ended September 30, 2022, we had a net gain on foreign exchange operations of $4,555, compared to a net gain of $1,508 during the three months ended September 30, 2021. The increase was primarily due to a net gain of $7,687 in the three months ended September 30, 2022 from the purchase and sale of foreign currency by our subsidiary Freedom Bank KZ, which conducted a higher volume of currency transactions in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This net gain was offset in part by a net loss on foreign exchange operations of $2,512 in the three months ended September 30, 2022 due to the large amount of Ukrainian hryvnia (UAH) assets held by our subsidiary Freedom EU. During the three months ended September 30, 2022, the value of the UAH depreciated by approximately 25% relative to the U.S. dollar.

Insurance underwriting income

During the three months ended September 30, 2022, we had insurance underwriting income of $26,200, an increase of $10,178, or 64%, as compared to the three months ended September 30, 2021. The increase was primarily attributable to a $10,794, or 60%, increase in insurance underwriting income from written insurance premiums for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, due to the expansion of our insurance operations between the two periods. This increase in income from written insurance premiums was partially offset by a $639, or 645%, decrease in income from insurance activities due to the reinsurance premiums ceded for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. The following table sets out information on our insurance underwriting income for the periods presented.

	Three months ended September 30,	
	2022	2021 (Recasted)
Written insurance premiums	$ 28,664	$ 17,870
Reinsurance premiums ceded	(738)	(99)
Change in unearned premium reserve, net	(1,726)	(1,749)
Insurance underwriting income	**$ 26,200**	**$ 16,022**

Expense

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

	Three months ended September 30, 2022		Three months ended September 30, 2021 (Recasted)		Change	
	Amount	%*	Amount		Amount	%
Fee and commission expense	$ 18,439	16 %	$ 22,651	31 %	$ (4,212)	(19) %
Interest expense	40,863	34 %	16,716	23 %	24,147	144 %
Insurance claims incurred, net of reinsurance	17,475	15 %	13,513	18 %	3,962	29 %
Operating expense	37,760	32 %	21,770	28 %	15,990	73 %
Provision for impairment losses	3,726	3 %	978	1 %	2,748	281 %
Other (income)/expense, net	192	— %	786	1 %	(594)	(76) %
Total expense	**$ 118,455**	**100 %**	**$ 76,414**	**100 %**	**$ 42,041**	**55 %**

* Percentage of total expense.

For the three months ended September 30, 2022, we incurred total expense of $118,455, a $42,041, or 55%, increase as compared to the three months ended September 30, 2021. The increase was mainly attributable to an increase in interest expense. Also contributing to the increase was an increase in operating expense, which was in turn largely attributable to 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. The increases were offset in part by a 19% decrease in fee and commission expense between the two periods.

Fee and commission expense

Fee and commission expense decreased by $4,212, or 19%, for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. The decrease was primarily attributable to a decrease in brokerage services fees of $13,429 due to us using a new prime broker, as a result of which we had a different composition of order flow transactions, which were charged at lower rates. The decrease was offset in part by increase of bank services fees of $4,872 due to the expansion of the operations of Freedom Bank KZ between the two periods and increases in agency fee from insurance activities of $4,113 due to the expansion of our insurance operations between the two periods.

Interest expense

During the three months ended September 30, 2022, we had a $24,147, or 144%, increase in interest expense as compared to the three months ended September 30, 2021. The increase in interest expense was primarily attributable to a $19,676, or 156%, increase in interest expense on short-term financing through securities repurchase agreements due to an increase in the volume of such financing, and a $4,010, or 113%, increase in interest on customer deposits. During the three months ended September 30, 2022, 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 was a result of growth of our banking client base due to the expansion of the operations of Freedom Bank KZ between the two period. As of September 30, 2022 and March 31, 2022, banking customer liabilities of Freedom Bank KZ were $719,941 and $246,284, respectively.

Insurance claims incurred, net of reinsurance

During the three months ended September 30, 2022, we had a $3,962, or 29%, increase in insurance claims incurred, net of reinsurance, as compared to the three months ended September 30, 2021. The increase was primarily attributable to a $4,149 or 173%, increase in other expenses and a $1,802 or 77%, increase in expenses for claims for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, in each case due to the expansion of our insurance operations between the two periods. The increases were offset in part by a $1,988, or 14%, decrease in expenses for insurance reserve between the two periods.

Operating expenses

Operating expenses during the three months ended September 30, 2022 were $37,760, which increased by $15,990, or 73%, compared to operating expenses of $21,770 in the three months ended September 30, 2021. This increase was primarily attributable to the following increases: $8,056 in payroll and bonus expense as a result expansion of our workforce through hiring; $3,405 in charity and sponsorship expense due to humanitarian aid to the Ukraine-based charitable fund in connection with the geopolitical and economic situation; $1,879 in professional services expense; $992 in software support expense and a $2,226 increase in other operating expenses. During the three months ended September 30, 2022, we recognized a $568 decrease in stock based compensation expense.

Income tax expenses

We recognized income before income tax of $61,857 and $241,085 during the three months ended September 30, 2022, and September 30, 2021, respectively. Our effective tax rate during the three months ended September 30, 2022, increased to 20.4%, from 13.3% during the three months ended September 30, 2021, 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 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 September 30, 2022, and the three months ended September 30, 2021, we recognized net income from continuing operations of $49,238 and $208,991, 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 $22,026 for the three months ended September 30, 2022, as compared to net loss from discontinued operations of $2,250 for the three months ended September 30, 2021.

The increase was primarily due to our subsidiary Freedom RU entering into a non-deliverable currency forward contracts with a client of FFIN Brokerage with an aggregate face value of 3,450,000 Chinese yuan. The parties shall compensate each other the spread between Russian ruble and Chinese yuan exchange rate at the end of each month. Due to the depreciation of Chinese yuan against Russian ruble by 7%, our subsidiary recognized a $37,547 gain on currency forwards. However, this gain was offset in part by a loss on foreign exchange operations on dealing operations of $19,927, resulting in a net gain of $19,989 for the period. Additional, as presented in Note 24 we recognized provision for impairment of discontinued operation in the amount of $41,464.

Net income

As a result of the foregoing factors, for the three months ended September 30, 2022, we realized net income of $27,212 compared to $206,741 for the three months ended September 30, 2021, an decrease of 87%.

Non-controlling interest

We reflect Mr. Tashtitov ownership of Freedom UA as a non-controlling interest in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income, Condensed Consolidated Statements of Shareholders' Equity and Condensed Consolidated Statements of Cash Flows. We recognized a net gain attributable to non-controlling interest of $950 for the three months ended September 30, 2022, as compared to a net loss attributable to non-controlling interest of $20 for the three months ended September 30, 2021. This change was largely a result of the recovery of trading positions of Freedom UA after the impact of Russia/Ukraine Conflict.

Foreign currency translation adjustments, net of tax

Due to an approximately 9% depreciation of the Russian ruble and an approximately 3% depreciation of the Kazakhstan tenge against the U.S. dollar during the three months ended September 30, 2022, we realized a foreign currency translation loss of $16,663 for the three months ended September 30, 2022, as compared to a foreign currency translation gain of $1,181 for the three months ended September 30, 2021.

Comparison of the Six-month Periods Ended September 30, 2022 and 2021

The following comparison of our financial results for the six-month periods ended September 30, 2022 and 2021 is not necessarily indicative of future results.

Revenue

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

	Six Months Ended September 30, 2022 (Restated)		Six Months Ended September 30, 2021 (Restated)		Change	
	Amount	**%***	**Amount**	**%***	**Amount**	**%**
Fee and commission income	$ 172,603	49 %	$ 171,140	39 %	$ 1,463	1 %
Net gain on trading securities	13,439	4 %	190,285	43 %	(176,846)	(93) %
Net realized gain/(loss) on investments available for sale	123	— %	(653)	— %	776	(119) %
Interest income	107,562	31 %	48,857	11 %	58,705	120 %
Insurance underwriting income	50,440	14 %	30,098	7 %	20,342	68 %
Net gain on foreign exchange operations	9,148	3 %	2,716	1 %	6,432	237 %
Net loss on derivative	(1,054)	— %	(715)	— %	(339)	47 %
Total revenue, net	**$ 352,261**	**100 %**	**$ 441,728**	**100 %**	**$ (89,467)**	**(20 %)**

* Percentage of total revenue, net.

During the six months ended September 30, 2022, we realized total net revenue of $352,261, a 20% decrease compared to six months ended September 30, 2021. As discussed in more detail below under "Net Gain on Trading Securities" $190,285 of total revenue, net during the six months ended September 30, 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 September 30, 2021. We considered the sale of securities during the three months ended September 30, 2021 from our own portfolio as an extraordinary event that we did not believe to be indicative of a trend in future periods.

Fee and commission income

The following table presents our fee and commission income as a percentage of our total revenue by type for the periods presented.

	Six months ended September 30,			
	2022 (Restated)	2021 (Restated)	Amount Change	% Change
Retail brokerage fee and commission income	$ 158,943	$ 162,548	$ (3,605)	(2) %
Commission income from bank services	3,230	4,004	(774)	(19) %
Investment banking fee and commission income	9,592	1,733	7,859	453 %
Other fee and commission income	838	2,855	(2,017)	(71) %
Total fee and commission income	**$ 172,603**	**$ 171,140**	**$ 1,463**	**59 %**

	Six months ended September 30,	
	2022 (Restated)	2021 (Restated)
	(as a % of total revenue)	
Retail brokerage fee and commission income	92 %	95 %
Commission from bank services	2 %	2 %
Investment banking fee and commission income	6 %	1 %
Other fee and commission income	— %	2 %
Total fee and commission income as a percentage of total revenue	100 %	100 %

During the six months ended September 30, 2022, fee and commission income increased by $1,463, or 1%, as compared to the six months ended September 30, 2021. This increase was primarily attributable to a fee and commission from bank services by $7,859 due to the expansion of the operations of Freedom Bank KZ and the growing activity of its clients between the two periods. The decrease was offset by $3,605 decrease in fee and commission income from brokerage services. The decrease in fee and commission income from brokerage services was attributable to The decrease in fee and commission income from retail brokerage services was attributable to lower volume of trades by clients in comparison with the three months ended September 30, 2021.

Net gain on trading securities

The following table sets out information regarding our net gains on trading securities during the six months ended September 30, 2022 and 2021:

	Realized Net Gain	Unrealized Net Gain/(Loss)	Net Gain
Six months ended September 30, 2022	$ 21,671	$ (8,232)	$ 13,439
Six months ended September 30, 2021	$ 148,319	$ 41,966	$ 190,285

During the six months ended September 30, 2022, we sold securities for a realized net gain of $21,671. This net gain was offset in part by an unrealized net loss of $8,232, which was attributable to an unrealized net loss on SPBX shares held in our portfolio at September 30, 2022, in the amount of $22,373, which was offset in part by an unrealized net gain of $14,140 due to appreciation of securities positions we continued to hold at September 30, 2022.

The primary contributing factors to the increase in net gain on trading securities during the six months ended September 30, 2021, were the sale of SPBX ETF units we held in our proprietary trading account and higher unrealized net gain as a result of revaluation of securities we continued to hold in our proprietary accounts at September 30, 2021. As noted above, we do not consider the significant increase in realized net gain on trading securities resulting from the sale of SPBX ETF units and the increase in unrealized net gain from revaluation of securities held in our portfolio at September 30, 2021, to be indicative of a trend toward higher net gains on trading securities in the future.

Interest income

The following tables set forth information regarding our revenue from interest income for the periods presented.

	Six months ended September 30,			
	2022 (Restated)	2021 (Restated)	Amount Change	% Change
Interest income on reverse repurchase agreements and amounts due from banks	$ 2,136	$ 608	$ 1,528	251 %
Interest income on available-for-sale securities	13,231	6,542	6,689	102 %
Interest income on loans to customers	11,830	964	10,866	1127 %
Interest income on trading securities	65,302	37,144	28,158	76 %
Interest income from dividends	183	308	(125)	(41)%
Interest income on margin loans to customers	14,880	3,291	$ 11,589	352 %
Total interest income	**$ 107,562**	**$ 48,857**	**$ 58,705**	**120 %**

	Six months ended September 30,	
	2022 (Restated)	2021 (Restated)
	(as a % of total interest income)	
Interest income on reverse repurchase agreements and amounts due from banks	2 %	1 %
Interest income on available-for-sale securities	12 %	13 %
Interest income on loans to customers	11 %	2 %
Interest income on trading securities	62 %	76 %
Interest income from dividends	— %	1 %
Interest income on margin loans to customers	14 %	7 %
Total interest income as a percentage of total revenue	86 %	93 %

During the six months ended September 30, 2022, and September 30, 2021, we recognized a $58,705, or 120% increase in interest income. We earned interest income from trading securities, reverse repurchase transactions and loans to customers and amounts due from banks.

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. We recognized a $28,158, or 76% increase in interest income from trading securities during the six months ended September 30, 2022 because we increased (i) the total size of our trading portfolio and (ii) the percentage of our investments in bonds.

We recognized a $678, or 147% increase in interest income from reverse repurchase transactions because we engaged in a larger volume of such transactions during the six months ended September 30, 2022.

We also recognized a $10,866, or 1127% increase in interest income from loans to customers as a result of new loans issued by Freedom Bank KZ.

We also realized a $850, or 578% increase in interest income of due from banks as a result of new deposit accounts placed during the six months ended September 30, 2022, as compared to the six months ended September 30, 2021.

In addition, we recognized a $6,689, or 102%, increase in interest income from available-for-sale securities.

Net gain on foreign exchange operations

During the six months ended September 30, 2022 , we realized a net gain on foreign exchange operations of $9,148 compared to a net gain of $2,716 during the six months ended September 30, 2021 .

During the six months ended September 30, 2022, the value of the Ukranian hryvnia (UAH) depreciated by approximately 25%. Due to the large amounts of UAH assets in our subsidiary Freedom EU, it recognized a net loss on foreign exchange operations of $2,357 from the total of $2,385. Further, we realized a net gain on foreign exchange operations affected by the purchase and sale of foreign currency in our subsidiary Freedom Bank KZ of $11,609 from the total of $11,771 as a result of higher volume of currency exchange transactions.

Insurance underwriting income

During the six months ended September 30, 2022, we recognized a $20,342, or 68%, increase in insurance underwriting income as compared to the six months ended September 30, 2021. We recognized a $25,533, or 85%, increase in insurance underwriting income from written insurance premiums for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021, due to the expansion of operations. This increase in income from written insurance premiums was partially offset by a $2,891, or 110%, decrease in income from insurance activities due to the unearned premium reserve for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021.

Expense

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

	Six Months Ended September 30, 2022		Six Months Ended September 30, 2021 (Recasted)		Change	
	Amount	**%***	**Amount**	**%***	**Amount**	**%***
Fee and commission expense	$ 41,754	18 %	$ 43,844	31 %	$ (2,090)	(5) %
Interest expense	80,934	34 %	30,962	22 %	49,972	161 %
Insurance claims incurred, net of reinsurance	34,167	14 %	24,809	17 %	9,358	38 %
Operating expense	75,759	32 %	41,191	29 %	34,568	84 %
Provision for impairment losses	6,154	3 %	1,245	1 %	4,909	394 %
Other (expense)/income, net	(368)	— %	795	1 %	(1,163)	(146) %
Total expense	**$ 238,400**	**100 %**	**$ 142,846**	**100 %**	**$ 95,554**	**67 %**

* Percentage of total expense.

During the six months ended September 30, 2022, we incurred total expenses of $238,400, a 67% increase compared to the six months ended September 30, 2021. Expenses increased with the growth of our business primarily in connection with increases in interest expenses and 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 decreased by $2,090, a 5% decrease, during the six months ended September 30, 2021, as compared to the six months ended September 30, 2021. The decrease was attributable to a decrease in brokerage commissions by $19,563 due to us using a new prime broker, as a result of which we had a different composition of order flow transactions, which were charged at lower rates, which decrease was offset in part by increases of commissions paid to bank services of $6,954, agency fee expenses of $6,641 and agency fee from insurance activities of $3,392. These increases were the result of both growth in our customer base and increased transaction volume from our customers. Generally, we expect fee and commission expense to increase and decrease in correspondence with increases and decreases in fee and commission income.

Interest expense

During the six months ended September 30, 2022, we incurred a 161% increase in interest expense. The increased expense was primarily attributable to a $42,632 increase in volume of short-term financing through securities repurchase agreements and a $6,720 increase in interest on customer deposits.

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 client base.

Insurance claims incurred, net of reinsurance

During the six months ended September 30, 2022, we recognized a $9,358, or 38%, increase in expenses from insurance activities as compared to the six months ended September 30, 2021. We recognized a $976 or 6%, increase in expenses for insurance reserve, a $3,670 or 89%, increase in expenses for claims, and a $6,379 or 208%, increase in other expenses for the six months ended September 30, 2022, as compared to the six months ended September 30, 2021, due to the expansion of operations of our insurance companies.

Operating expenses

Operating expenses during the six months ended September 30, 2022, totaled $75,759, a $34,568 increase compared to the six months ended September 30, 2021. This increase was primarily attributable to a $15,855 increase in payroll and bonus expense as a result expansion of our workforce through acquisition and hiring, $7,285 increase in charity and sponsorship expense due to humanitarian aid to the Ukraine-based charitable fund in connection with the geopolitical and economic situatior, $3,443 increase in professional services expense, $2,485 increase in software support expense due to the growth of our business, as well as $879 increase in business trip expense and a $4,622 increase in other operating expense.

Income tax expense

We recognized income before income tax of $113,861 and $298,882 during the six months ended September 30, 2022, and the six months ended September 30, 2021, respectively. Our effective tax rate during the six months ended September 30, 2022, decreased to 18.9%, from 12.5% during the six months ended September 30, 2021, 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 six months ended September 30, 2022, and the six months ended September 30, 2021, we recognized net income from continuing operations of $92,363 and $261,662, 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 $6,080 for the six months ended September 30, 2022, as compared to net income from discontinued operations of $449 for the six months ended September 30, 2021.

The increase in net income from discontinued operation between the two periods was mainly attributable to our subsidiary Freedom RU having entered into non-deliverable currency forward contracts with a client of FFIN Brokerage with an aggregate face value of 3,450,000 Chinese yuan during the six months ended September 30, 2022. Under the contracts, the parties must compensate each other for the spread between the Russian ruble and the Chinese yuan exchange rate at the end of each month. Due to the depreciation of Chinese yuan against Russian ruble by 7%, our subsidiary recognized a $37,547 gain on currency forwards for the six months ended September 30, 2022. This gain was offset in part by a recognized a loss on foreign exchange operations on dealing operations of $19,927 during such period. Additional, as presented in Note 24 we recognized provision for impairment of discontinued operation in the amount of $41,464.

Net income

As a result of the foregoing factors, for the six months ended September 30, 2022, we realized net income of $86,283 compared to $262,111 for the six months ended September 30, 2021, an decrease of 67%.

Non-controlling interest

We reflect our ownership of Freedom UA as a non-controlling interest in our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income, Condensed Consolidated Statements of Shareholders' Equity and Condensed Consolidated Statements of Cash Flows. We recognized a net loss attributable to non-controlling interest of $1,044 for the six months ended September 30,2022, as compared to a net loss attributable to non-controlling interest of $72 for the six months ended September 30, 2021. This change was largely as a result of the Russia/Ukraine Conflict and its impacts on the securities markets where Freedom UA held most of its open securities positions. We recognized an unrealized net loss on open trading positions of $1,800 in Freedom UA during the first fiscal quarter 2023.

Foreign currency translation adjustments, net of tax

The functional currencies of our operating subsidiaries are the Kazakhstani tenge, Russian ruble, European euro, U.S. dollar, Ukrainian hryvnia, Uzbekistani som, Kyrgyzstani som, UK pound sterling, Turkish lira and Azerbaijani manat. 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. Due to the appreciation of the value of Russian ruble by nearly 31% and depreciation on Kazakhstan tenge by nearly 2%, respectively against the U.S. dollar during the six months ended September 30, 2022, we realized a foreign currency translation gain of $5,316, as compared to a foreign currency translation gain of $4,203 during the six months ended September 30, 2021.

Segment Results of Operations

We have organized our operations geographically into five regional segments: Central Asia, Europe, United States, Russia and Middle East/Caucasus. The results of our Russian subsidiaries are presented as discontinued operations in the condensed consolidated financial statements as of and for the three and six months ended September 30, 2022 and in the corresponding periods of 2021 for comparative purposes.

The following table sets out total revenue, net by segment for the three month periods presented (not including discontinued operations):

	Three months ended September 30,			
	2022	**2021 (Recasted)**	**Amount Change**	**% Change**
Central Asia	$ 113,367	$ 48,276	$ 65,091	135 %
Europe	63,607	268,111	(204,504)	(76) %
U.S.	3,319	1,112	2,207	198 %
Middle East/Caucasus	19	—	19	(100) %
Total revenue, net	**$ 180,312**	**$ 317,499**	**$ (137,187)**	**(43)%**

During the three months ended September 30, 2022, total revenue, net increased across each of our regional operating segments, except Europe. The changes in total net revenue, net for the three months ended September 30, 2022, compared to the three months ended September 30, 2021, were driven by the following:

- Total revenue, net in our Central Asia segment increased 135% for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This increase was driven by an increase in interest income, as a result of growth in interest received from securities held in our trading portfolio and an increase in interest accrued from loans issued. This segment was also significantly affected by an increase in income from insurance activities, caused by expansion of our insurance business. The increase of revenue was also due to a rise in net gain on trading securities, related to growth of our trading portfolio and an increase in interest income from securities held in our trading portfolio. Moreover, this segment was significantly affected by the increase in commission fees from brokerage and banking services during the period caused by the expansion of our brokerage and banking business.

- Total revenue, net in our Europe segment decreased 76% for the quarter ended September 30, 2022. This decrease was driven by a decrease in net gain on trading securities due to a large net gain on trading securities in the three month ended September 30, 2021 due to the revaluation of our trading portfolio. In addition fee and commission income from the Europe segment decreased by 27.2% in the three months ended September 30, 202 as compared to the three months ended September 30, 2021, due to a decrease of client trading activities between the two periods.

- Total revenue, net in our U.S. segment increased by 198% during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. This increase was driven mainly by the growth of interest income on the bonds in our trading portfolio.

- The amount of revenue recognized by our Middle East/Caucasus segment was immaterial during the three months ended September 30, 2022 and the three months ended September 30, 2021, as our Azerbaijani, Armenian and UAE subsidiaries are newly-established and still in setting up operations.

The following table sets out total expense, net by segment for the three month periods presented (not including discontinued operations):

	Three months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	89,390	44,104	$ 45,286	103 %
Europe	20,072	27,109	(7,037)	(26) %
U.S.	8,566	5,172	3,394	66 %
Middle East/Caucasus	427	29	398	1,372 %
Total expense, net	**$ 118,455**	**$ 76,414**	**$ 42,041**	**55 %**

During the three months ended September 30, 2022, total expense increased across each of our regional operating segments, except Europe, compared to the three months ended September 30, 2021. The changes in total expenses for the three months ended September 30, 2022, were driven by the following:

- Total expense in our Central Asia segment increased by 103% for the three months ended September 30, 2022. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from growth in interest paid on securities repurchase agreements and growth in customer deposits. This segment also experienced an increase in operating expenses due to growth in payroll and bonuses.

- Total expense in our Europe segment decreased 26% for the quarter ended September 30, 2022. This decrease was driven by the lower commission expense due to change of our prime broker and different composition of order flow transactions, which were charged at lower rates. This decrease was partially offset mainly due to growth of operating expense, mainly due to charity and sponsorship, software support and payroll and bonuses.

- Total expense in our U.S. segment increased by 66% during the three months ended September 30, 2022. This increase was driven by the growth of interest expense on securities repurchase agreement obligations.

- The amount of expense incurred by our Middle East/Caucasus segment was immaterial during the three months ended September 30, 2022 and the three months ended September 30, 2021, as our Azerbaijani, Armenian and UAE subsidiaries are newly-established and still in the process of setting up operations.

The following table presents total revenue, net for the six month periods presented (not including discontinued operations):

	Six months ended September 30,			
	2022	2021 (Recasted)	Amount Change	% Change
Central Asia	$ 212,239	$ 99,759	$ 112,480	113 %
Europe	133,084	340,179	(207,095)	(61) %
U.S.	6,930	1,790	5,140	287 %
Middle East/Caucasus	8	—	8	100 %
Total revenue, net	**$ 352,261**	**$ 441,728**	**$ (89,467)**	**(20) %**

During the six months ended September 30, 2022, total revenue, net increased across each of our regional operating segments, except Europe. The changes in total net revenues for the six months ended September 30, 2022, compared to the six months ended September 30, 2021, were driven by the following:

- Total revenue, net in our Central Asia segment increased 113% for the six months ended September 30, 2022. This increase was driven by an increase in interest income, as a result of growth in interest received from securities held in our trading portfolio and an increase in interest accrued from loans issued. This segment was also significantly affected by an increase in income from insurance activities, caused by expansion of our insurance business. The increase of revenue was also due to a rise in net gain on trading securities, related to growth of our trading portfolio and an increase in interest income from securities held in our trading portfolio.

Moreover, this segment was significantly affected by the increase in commission fees from brokerage and banking services during the year caused by the expansion of our brokerage and banking business.

- Total revenue, net in our Europe segment decreased 61% for the six months ended September 30, 2022. This decrease was driven by a decrease in net gain on trading securities due to the revaluation of our trading portfolio.

- Total revenue, net in our U.S. segment increased 287% during the six months ended September 30, 2022. This increase was driven mainly by the growth of interest income on the bonds in our trading portfolio.

- We generated minimal revenue in our Middle East/Caucasus segment during the six months ended September 30, 2022, as our Azerbaijani, Armenian and UAE subsidiaries are relatively new.

The following table sets out total expenses associated with our segments for the six month periods presented (not including discontinued operations):

	Six months ended September 30,			
	2022	**2021 (Recasted)**	**Amount Change**	**% Change**
Central Asia	$ 171,463	$ 81,335	$ 90,128	111 %
Europe	46,755	52,094	(5,339)	(10) %
U.S.	19,385	9,423	9,962	106 %
Middle East/Caucasus	797	(6)	803	(13,383) %
Total expense, net	**$ 238,400**	**$ 142,846**	**$ 95,554**	**67 %**

During the six months ended September 30, 2022, total expense increased across each of our regional operating segments, except Europe, compared to the six months ended September 30, 2021. The changes in total expenses for the six months ended September 30, 2022, were driven by the following:

- Total expense in our Central Asia segment increased by 111% for the six months ended September 30,2022. This increase was primarily recognized by Freedom Bank KZ and was driven by an increase in interest expense primarily from growth in interest paid on securities repurchase agreements and growth in customer deposits.

- Total expense in our Europe segment decreased 10% for the six months ended September 30, 2022. This decrease was driven by the lower commission expense due to change of our prime broker and different composition of order flow transactions, which were charged at lower rates. This decrease was partially offset mainly due to growth of operating expense, mainly due to charity and sponsorship, software support and payroll and bonuses.

- Total expense in our U.S. segment increased by 106% during the six months ended September 30, 2022. This increase was driven by the growth of interest expense on securities repurchase agreement obligations.

- Total expense in our Middle East/Caucasus segment increased by 13,383% during the six months ended September 30, 2022, mainly due to the growth of operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measurement of our ability to meet our potential cash requirements for general business purposes. During the period 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 to maintain compliance with net capital and capital adequacy requirements imposed on securities brokerages, banks and insurance companies in the jurisdictions where we do business. We assess our leverage and liquidity risk based on considerations and assumptions of market factors, as well as other factors, including the amount of available liquid capital (i.e., the amount of cash and cash equivalents not invested in our operating business). While we are confident in the risk management monitoring and processes we have in place, a significant portion of our trading securities and cash and cash equivalents are subject to collateralization agreements. This significantly enhances our risk of loss in the event financial markets move against our positions. When this occurs our liquidity, capitalization and business can be negatively impacted. Certain market conditions can impact the liquidity of our assets, potentially requiring us to hold positions longer than anticipated. Our liquidity, capitalization, projected return on investment and results of operations can be significantly impacted by market events over which we have no control, and which can result in disruptions to our investment strategy for our assets.

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

	September 30, 2022	March 31, 2022
		(Restated)
Cash and cash equivalents[1]	$ 790,390	$ 225,464
Trading securities	$ 1,359,544	$ 1,158,377
Total assets	$ 4,784,365	$ 3,227,750
Net liquid assets[2]	$ 2,620,145	$ 1,557,636

(1) Of the $790,390 in cash and cash equivalents we held at September 30, 2022, $47,049, or approximately 6%, was subject to reverse repurchase agreements. By comparison, at March 31, 2022, we had cash and cash equivalents of $225,464, of which $19,947, or approximately 9%, was 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 September 30, 2022, and March 31, 2022, we had total liabilities of $4,163,034 and $2,681,142, respectively, including customer liabilities of $1,567,458 and $765,628, respectively.

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

CASH FLOWS

The following table presents information from 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 accounts for the exclusive benefit of our brokerage customers.

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2021
	(Restated)	(Restated)
Net cash flows from operating activities	$ (25,407)	$ 20,847
Net cash flows used in investing activities	(323,187)	(66,252)
Net cash flows from financing activities	895,684	152,867
Effect of changes in foreign exchange rates on cash and cash equivalents	184,186	23,526
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**$ 731,276**	**$ 130,988**

Net Cash Flows From Operating Activities

Net cash used in operating activities during the six months ended September 30, 2022, was comprised of net cash from operating activities and net income adjusted for non-cash movements (changes in deferred taxes, unrealized gain on trading securities, net change in accrued interest, and allowance for receivables). 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.

		Six Months Ended September 30, 2022 (Restated)		Six Months Ended September 30, 2021 (Restated)
Increases in trading securities	$	(223,540) (1)	$	(181,734)
Increases in brokerage customer liabilities	$	329,496 (2)	$	110,815
Increases in brokerage and other receivables	$	(263,107) (3)	$	(189,970)

(1) Resulted from increased purchases of securities held in our proprietary account.
(2) Resulted from increased funds in brokerage accounts from new and existing customers.
(3) Resulted from increased volume of margin lending receivables.

The net cash flow generated from operating activities in the six months ended September 30, 2022, was primarily attributable to an increase in customer liabilities over that period, which resulted from the increase of customer accounts in our Freedom Global subsidiary. This net cash inflow was offset in part by net cash outflows attributable to increases in trading securities and increases in brokerage and other receivables.

Net Cash Flows Used In Investing Activities

During the six months ended September 30, 2022, net cash used in investing activities was $323,187 compared to net cash used in investing activities of $66,252 during the six months ended September 30, 2021. During the six months ended September 30, 2022, cash used in investing activities was used for the issuance of loans to customer under the state mortgage program "7-20-25" in the amount of $228,570, for purchase, net of sales of uncollateralized consumer retail loans from microfinance organization in the amount of $55,251, for purchase of fixed assets in the amount of $17,295, and for the purchase of available for sale securities, net of sales, in the amount of $10,030 . Net cash used to investing activities was partially offset from cash and cash equivalents received at the acquisitions of London Almaty and Ticketon in the amount of $11,385.

Net Cash Flows From Financing Activities

Net cash from financing activities for the six months ended September 30, 2022, consisted principally bank customer deposits in the amount of $513,546 due to the growth of banking activity in Central Asia, proceeds from securities repurchase agreement obligations in the amount of $168,565, proceeds from issuance of debt securities of $17,240, mortgage loans sold to JSC Kazakhstan Sustainability Fund as the Program Operator, net of repurchase, under the state mortgage program "7-20-25" in the amount of $149,590, proceeds from capital contributions of $677 and proceeds from loans received of $1,863. Net cash from financing activities during the six months ended September 30, 2021, consisted principally of proceeds from securities repurchase agreement obligations in the amount of $172,234, partially offset by net cash used in the repurchase of outstanding Freedom KZ debt securities in the amount of $10,134.

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 to, among other things, finance our inventory positions. As of September 30, 2022, $981,190, or 73%, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations compared to $840,224, or 72%, as of March 31, 2022. 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 11 *Securities Repurchase Agreement Obligations* of the condensed consolidated financial statements.

Long-term

FRHC 7.00% Notes due December 2022. As of September 30, 2022, we had outstanding $3,622 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 September 30, 2022, there were outstanding $30,184 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 Freedom SPC Bonds are governed by the Offer Terms of the 5.5% Coupon US $66,000 Bonds Due October 21, 2026. The Freedom SPC Bonds mature in October 2026.

NET CAPITAL AND CAPITAL ADEQUACY

A number of our subsidiaries are required to satisfy minimum net capital and capital adequacy requirements to conduct their brokerage, banking and insurance operations in the jurisdictions in which they operate. This is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. 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 September 30, 2022, these minimum net capital and capital adequacy requirements ranged from approximately $23 to $20,860 and fluctuate depending on various factors. At September 30, 2022, the aggregate net capital and capital adequacy requirements of our subsidiaries was approximately $32,049. Each of our subsidiaries that are subject to net capital or capital adequacy requirements exceeded the minimum required amount at September 30, 2022.

Although we operate with levels of net capital and capital adequacy substantially greater than the minimum established thresholds, in the event we fail to maintain minimum net capital or capital adequacy, we may be subject to fines and penalties, suspension of operations, revocation of licensure and disqualification of our 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 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 fiscal 2023 we are continuing our efforts to expand the footprint of our business on a scale similar to fiscal 2022, while at the same time we have entered into an agreement to sell our Russian subsidiaries. While our active growth strategy has led to revenue growth it also results in increased expenses and greater need for capital resources. Additional growth and expansion, or the costs associated with a sale of our Russian subsidiaries and the impacts of that action, may require greater capital resources than we currently possess, which could require us to pursue additional equity or debt financing from outside sources. We cannot assure 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 ability to raise additional capital will be sufficient to meet our present and anticipated financing needs.

CONTRACTUAL OBLIGATIONS

The following table sets forth information related to our contractual obligations as of September 30, 2022:

	Payment Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**Years 2-3**	**Years 4-5**	**More than 5 years**
Operating lease obligations	$ 16,975	$ 2,801	$ 6,477	$ 4,090	$ 3,607
Outstanding bonds and notes	82,112	27,950	13,464	40,698	—
TOTAL	**$ 99,087**	**$ 30,751**	**$ 19,941**	**$ 44,788**	**$ 3,607**

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

For a discussion of off-balance sheet financing arrangements of the Company as of September 30, 2022, see Note 26*Commitments and Contingencies* to the condensed consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND 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 Condensed Consolidated Balance Sheets and the reported amounts of revenue and expenses during the reporting period of the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income. 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 collectability of an account receivable balance is doubtful. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance by using past accounts receivable loss experience, the nature and volume, information about specific counterparties 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 3-5 years, which management reviews periodically.

Goodwill

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, customer 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 judgement to evaluate these assets for impairment. Our processes and accounting policies for evaluating impairments are further described in Note 2 *Summary of Significant Accounting Policies* to the condensed consolidated financial statements. As of September 30, 2022, the Company had goodwill of $9,512.

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 judgement 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 Condensed Consolidated Balance Sheets 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 and establish 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 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 *Summary of Significant Accounting Policies* to the condensed consolidated financial statements.

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 Kazakhstan interest rates. Changes in Kazakhstan 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 September 30, 2022, and March 31, 2022 (not including assets held for sale), a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in $52,954 and $55,249 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 $63,557 and $61,002 incremental rise in the fair market value of the portfolio (not including assets held for sale), respectively.

Foreign currency exchange risk

We have business operations in Kazakhstan, Russia, Cyprus, Ukraine, Uzbekistan, Germany, Kyrgyzstan, Armenia, Azerbaijan, Turkey, UAE, Greece, Spain, France, U.S. and UK. We have entered into an agreement to sell our Russian subsidiaries. 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 or other parties to mitigate foreign currency exposures associated with certain existing assets and liabilities, firmly committed transactions and forecasted future cash flows. An analysis of our September 30, 2022, and March 31, 2022 (not including assets held for sale), balance sheets estimates the net impact of a 10% 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 in the amount of $19,132, and in the increase in the amount of $282, 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 September 30, 2022, and March 31, 2022, our exposure to equity investments at fair value was $32,522 and $72,354, respectively. An analysis of the September 30, 2022, and March 31, 2022 (not including assets held for sale), 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 $3,252 and $7,235, 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 and banking 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 September 30, 2022, we had $399,857 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 potentially significant and indeterminable 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 established 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.

Loans to customers

We calculate loan loss provision (LLP) based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the LLP calculations are outlined below and the key elements are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Definition of default

We consider a financial instrument defaulted and therefore credit-impaired for LLP calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, we also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as credit-impaired for LLP calculations or whether unimpaired is appropriate. Such events include:

- Death of the borrower (co-borrower);
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection;
- The debt was restructured due to deterioration of financial condition of the borrower once or more over the last 12 months with due account for the criteria for credit quality cure;
- Decision of the authorized body to assign a default status to a financial asset.

Retail lending

Retail lending includes unsecured loans to individuals, credit cards, overdrafts and loans secured by real estate. Evaluation of unsecured products is carried out using an automated scoring system based on qualitative and quantitative indicators. The main indicators used in the models are as follows: length of employment at the last job, credit history, frequency of pension contributions, education, marital status, as well as the ratio of the amount of the contribution on the expected loan to the average monthly income of the client. Evaluation of products secured by real estate is carried out by determining the level of solvency and the ratio of the loan to the collateral value of the collateral.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the outstanding amount of the loan in comparison to the amount expected to be recovered or realised from any collateral held.

We segment retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses in the group.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

1. Growth of Gross Domestic Product;
2. Retail trade index
3. Currency exchange rates;
4. Real wage index;
5. Unemployment rates;
6. Inflation.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies). Experts of the Group's Risk Management Department determine the weights attributable to the multiple scenarios. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

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 for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

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 of 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, 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, counter terrorism financing, 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 September 30, 2022, due to the material weaknesses 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 September 30, 2022, and its internal control over financial reporting was not effective as of September 30, 2022 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.

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 requirements. 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 September 30, 2022, 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 brokerage industry, including customer and shareholder 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. Financial services industry participants like us are also subject to periodic governmental and regulatory audits and inspections that might result in fines or other charges.

From time to time, we or our subsidiaries may be named as defendants in various routine legal proceedings, claims, and regulatory inquiries in the ordinary course of our 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 these 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

No material developments regarding this matter occurred in the three months ended September 30, 2022.

Item 1A. Risk Factors

Except for the following additional risk factors, we believe there have been no material changes from the risk factors previously disclosed in “Risk Factors” in our annual report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on May 31, 2022.

Risks Related to the Russia/Ukraine Conflict

Risks Related to the Planned Sale of Our Russian Subsidiaries

On October 19, 2022, we announced that we had entered into an agreement to sell our two Russian subsidiaries. While the transaction is expected to be completed in the coming months, the transaction is subject to the approval of the Central Bank of the Russian Federation. In addition, on August 5, 2022, Russia introduced a ban restricting the ability of investors from "unfriendly-states" to exit from investments in businesses in certain Russian industries, which could impair our ability to complete the sale of our Russian subsidiaries. The completion of the planned sale of our Russian subsidiaries is subject to factors outside of our control, and accordingly there can be no assurance that they will be completed within the timeframe we currently expect or at all.

Even if we are able to successfully complete the sale of our Russian subsidiaries, there can be no assurance that such sale will achieve its intended effects. In particular, we expect that the sale of our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in other markets. We also expect that, following the completion of the sale of the Russian Subsidiaries, a number of existing clients of our Russian subsidiaries will invest in the non-Russian international capital markets going forward through accounts at other companies within our group, subject to appropriate on-boarding for compliance purposes. However, these matters are subject to uncertainty and changes in circumstances. A failure by us to achieve the intended effects of the sale of our Russian subsidiaries could have a material adverse effect on our results of operations in future periods.

Risks Related to Our Insurance Businesses

Our Modeling and Assumptions Used in Assessing Risks may Differ Materially from ActualResults.

We use modeling and forecasts to estimate exposures, loss trends and other risks, and to assist us in decision-making related to underwriting, pricing, capital allocation, and other issues associated with our insurance businesses. Our models and forecasts are subject to various unverifiable assumptions, uncertainties, model design errors, complexities and inherent limitations, including those arising from the use of historical internal, industry, and unverified, third-party-provided data and assumptions. If, based upon these models, forecasts or other factors, we misprice our products or fail to correctly estimate the associated risks, our business, results of operations and financial condition may be materially adversely affected.

We also establish and monitor underwriting guidelines and an approval process for assessing and addressing risks and their limits; however, we cannot assure that the assumptions our guidelines and limits are based on, or the analysis of those assumptions, are correct or will accurately reflect future results. As a result, we cannot assure that these guidelines and approval process will be effective in mitigating our underwriting risks.

We may not be Able to Obtain Reinsurance at Required Levels or Prices, or Otherwise Collect on Reinsurance, Which Could Increase our Exposure or Limit our Ability to Write New Business.

The availability and cost of reinsurance are dependent on market conditions beyond our control. As a result, reinsurance may not be continuously available to us to the extent and on the terms we require to write new business. If we cannot obtain reinsurance or purchase reinsurance at acceptable prices, we would have to either accept an increase in our exposure, or reduce our insurance exposure by limiting writing new policies that we think necessitate reinsurance protections, either of which could have a materially adverse effect on our insurance businesses.

Further, our reinsurance programs have counterparty risk that may result in uncollectible claims. Collectability from reinsurers is subject to factors such as whether reinsurers have the financial capacity to make payments, whether insured losses meet the conditions of the reinsurance contract, and whether the reinsurer otherwise disputes coverage. Our inability to recover from reinsurers, for any reason, could have a material effect on our results of operations, financial condition and business prospects.

Risks Related to Our Internal Controls

We have identified material weaknesses in our internal control over financial reporting and may identify material weaknesses in the future or otherwise fail to establish and maintain effective internal control over financial reporting, which could have a material adverse effect on our business and stock price.

We are required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), which requires management to certify financial and other information in our quarterly and annual reports and to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act requires management to provide an annual management report on the effectiveness of internal control over financial reporting. Additionally, we are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm needs to issue an adverse report if there is a material weakness in our internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate prior to the date of our annual management report.

The Audit Committee of our Board of Directors, after discussion with management, concluded that our (i) previously filed annual report on Form 10-K for the fiscal year ended March 31, 2022 and (ii) previously filed quarterly reports on Form 10-Q for each of the quarterly periods ended December 31, 2021, June 30, 2022, and September 30, 2022 should no longer be relied upon. The determinations resulted from errors in the relevant prior financial statements identified by us during the course of preparing our financial statements as of and for the three months ended September 30, 2022, and during the course of preparing our financial statements as of and for the three months ended December 31, 2022, based on inquiries from our newly appointed independent registered public accounting firm. Specifically, we determined that (i) in the Consolidated Statements of Operations and Other Comprehensive Income in each of such reports certain interest income from margin lending was presented as "Fee and commission income" whereas it should have been presented as "Interest income," (ii) in the Consolidated Statements of Cash Flows in the annual report on Form 10-K for the fiscal year ended March 31, 2022 and the quarterly report on Form 10-Q for the quarterly period ended June 30, 2022, funds received under the Kazakhstan state program for financing of mortgage loans "7-20-25" were presented as "Operating activities" whereas they should have been presented as "Financing activities", and (iii) in the Consolidated Statements of Cash Flows in each of such reports, 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." We have determined that these misclassifications in the statements of cash flows and the income statements should be restated through amendments to the relevant financial statements.

We have determined that these misclassifications did not have any impact on our operating performance or reported key performance indicators.

In connection with such errors, we have concluded that there are material weaknesses in (i) the design of control activities with respect to the classification of certain loans and deposits from banking institutions within our 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 our 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 our Consolidated Statements of Cash Flows, and we have determined that our disclosure controls and procedures were not effective for the previously filed reports as described above and our internal control over financial reporting was not effective for the previously filed annual report on Form 10-K as described above.

We have commenced measures to remediate the identified material weaknesses. Until the material weaknesses are remediated, we will continue to perform additional analysis and other post-closing procedures to ensure that our consolidated financial statements are prepared in accordance with U.S. GAAP. The material weaknesses cannot be considered remediated until the newly designed control activity operates for a sufficient period of time and management has concluded, through testing, that the control is operating effectively. We can give no assurance that the measures we are taking and plan to take in the future will remediate the material weakness identified, or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our internal control over financial reporting, in the future those controls may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.

Any failure to maintain effective internal control over financial reporting could adversely impact our ability to report our financial position and results of operations on a timely and accurate basis. If our financial statements are inaccurate, investors may not have a complete understanding of our operations and we could face the risk of stockholder litigation. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities. Ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Item 6. Exhibits

The following exhibits are filed or furnished, as applicable:

Exhibit No.	Exhibit Description
10.01	Purchase and Sale Agreement of 100% Interest in Authorized Capital of Freedom Finance Investment Company Limited Liability Company dated October 17, 2022 between Freedom Holding Corp. and Mr. Maksim Sergeyevich Povalishin (Portions of this agreement have been redacted in compliance with Regulation S-K Item 601(b)(10)) [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 September 30, 2022, 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 and Statements of Other Comprehensive Income, (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.

(1) Incorporated by reference to the Registrant's original Quarterly Report on Form 10-Q filed with the SEC on November 15, 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 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:

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 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:

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 September 30, 2022, 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