Risk Factors Comparison 2023-08-04 to 2022-05-31 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following is a summary ~~of some~~ of the principal risks that could affect our businesses and should be read with the more complete discussion of risks and uncertainties set forth below it. Risks Related to the Russia ~~/~~ **-** Ukraine Conflict: • Our business and operations have been materially adversely affected by the ongoing Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** . • ~~Economic sanctions related to the~~ **Our business may be materially adversely impacted by negative macroeconomic and geopolitical developments in** Russia ~~/~~ **and in other countries in which we operate or in which our clients are located. • Sanctions imposed on our founder and our Ukrainian subsidiary by** Ukraine **could** ~~Conflict may~~ have a material adverse ~~impact~~ **effect** on **us** ~~our business, financial condition and result of operations~~ . • Non- compliance with U. S., **EU,** UK, ~~EU,~~ Russian ~~or~~ **and** other sanctions programs could adversely impact our company. ~~• The Russia / Ukraine Conflict and sanctions could adversely affect our client base and revenues. • The Russia / Ukraine Conflict has and may continue to have an adverse effect on our operating results. • We expect to experience contraction of our business operations.~~ Risks Related to **Legal** ~~Our Business~~ and ~~Industries~~ **Regulatory Matters** : • We ~~operate in highly regulated industries~~ **are subject to extensive regulation, and the failure to comply with laws and regulations could subject us to monetary penalties or sanctions. • Financial services firms have been subject to increased regulatory scrutiny increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions** . • As a U. S. public company listed ~~on~~ **in** Nasdaq we have substantial regulatory reporting obligations. • We are subject to risks related to anti- corruption laws in effect in the United States and the non- U. S. jurisdictions where we conduct business. • **A failure by our subsidiaries to meet capital adequacy and liquidity requirements could affect our operations and financial condition. •** The countries in which we operate have changing regulatory regimes, regulatory policies, and interpretations. **• Our measures to prevent money laundering, terrorist financing, and sanctions violations may not be completely effective. • If we violate securities laws, or are involved in litigation in connection with a violation, our reputation and results of operations may be adversely affected. • We are subject to risks related to potential litigation. Risks Related to Our Business and Operations:** • Our relatively limited operational history has coincided with sustained market growth which may not be predictive of future operating results. • ~~Increased~~ **We may not be able to manage our growth effectively. • We anticipate that acquisitions will continue to play a key role in our growth strategy, but we may be unable to identify, acquire, close or integrate acquisition targets successfully. • We rely on our relationship with FST Belize for a significant percentage of our revenue, which exposes us to a number of risks. •** ~~competition~~ **Competition** in the markets in which we operate may result in a decrease in our market share and / or profitability. ~~Risks Related to Our Securities and Banking Business Activities: • Failure to meet capital adequacy and liquidity guidelines could affect the financial condition and operations of our subsidiaries.~~ • We ~~may~~ **could** suffer significant losses from credit ~~exposures~~ - **exposure** . • Our **ability to meet** ~~businesses have been and may in the future be adversely affected by disruptions or~~ **our** ~~lack~~ **obligations, and the cost of funds to do so, depend on our ability to access identified sources** of liquidity **at a reasonable** ~~in the credit markets, including reduced access to credit and higher costs of obtaining credit. • Reductions in our credit ratings or an increase in our credit spreads may adversely affect our business, liquidity and~~ cost ~~of funding. • Our investments can expose us to a significant risk of capital loss~~ . • We may need to raise additional capital, and we cannot be sure that additional financing will be available or available on attractive terms. • **Reduction in our credit ratings or an increase in our credit spreads could adversely affect our business, liquidity and cost of funding. • Our investments expose us to a significant risk of capital loss. •** We are dependent upon our relationships with third **-** party U. S.- registered securities broker- dealer and clearing firms to receive and transmit securities and funds internationally ~~. • We rely on our relationship with FFIN Brokerage for a significant percentage of our revenue, and as a result of the Russia / Ukraine Conflict the future prospects of FFIN Brokerage are uncertain~~ . • We may suffer significant loss from changes in the KASE' s requirements related to the discount coefficients on the securities in securities repurchase transactions. • Our **modeling** ~~measures to prevent money laundering, terrorist financing,~~ and ~~sanction violations~~ **assumptions used in assessing risks in our insurance business may differ materially from actual results. • In our insurance business, we** may not be ~~completely~~ **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 policies. • We are dependent on our** ~~effective~~ **executive management team, particularly Timur Turlov, and our ability to hire and retain skilled personnel. • Extraordinary events beyond our control could negatively impact our business. • The Covid- 19 has impacted and could continue to impact the global economy, global financial markets and our business, financial condition, and results of operations** . Risks Related to **Information Technology and Cyber Security: • Our brokerage, financial services, and banking operations are highly dependent on the continued and proper functioning of** our **information technology systems. • We interact with large volumes of sensitive data that exposes us to IT breach and other data security risks and liabilities. • The infrastructure on which our IT systems depend is subject to events that could interrupt our ability to operate. • Failure of third- party systems and operations on which we rely could adversely affect our** ~~Business~~ **business . • To remain competitive, we must keep pace with rapid technological change. Risks Related to Our Operations** in Emerging Markets: • Emerging markets, such as many of the markets in which we operate, are subject to greater risks than more mature markets, including significant political, economic and legal risks. • We are exposed to foreign currency fluctuation risks. • We face interest rate change risks. • The economies of Kazakhstan and other countries in which we operate are vulnerable to external shocks and fluctuations in the global economy. • Kazakhstan' s economy is vulnerable to internal **political and** social ~~/ political~~ unrest. • Economic and political instability in ~~the Russian~~ -

Russia ~~Federation~~ could have an adverse effect on our business. Taxation Risks Related to ~~our~~ **Our** International Operations: • Global anti- offshore measures could adversely impact our business. • Frequent tax law changes in the regions where we conduct operations could affect our business in and the value of our investments. • ~~Russian~~ **Kazakhstan** transfer pricing legislation may require pricing adjustments and impose additional tax liabilities ~~. • Russian anti- offshore measures expose us to tax liability risks~~ . • Uncertainties and ongoing changes in Kazakhstan' s tax regime may have an adverse impact on our business. • Changes in regulations related to taxes on stock transfers and other financial transactions could reduce the volume of market transactions and impact our business. **.** Risks Related to Our Corporate Structure and Internal Operations: ~~• We are in process of restructuring the ownership of our subsidiaries and undergoing a related corporate restructuring, and the approval, completion and consequences of these plans cannot be assured.~~ • As a diversified holding company with few operations of ~~our~~ **its** own ~~we are~~ **, FRHC is** reliant on the operations of our subsidiaries to fund holding company operations. • As a" controlled company" under Nasdaq rules, we qualify for exemptions from certain corporate governance requirements that may adversely affect our stock price. • The interests of our controlling shareholder may conflict with those of other shareholders. • Civil liability may be difficult or impossible to enforce against us. • We ~~are dependent~~ **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 ~~executive management team, particularly Timur Turlov, and our ability to hire and retain skilled personnel. • We may not be able to properly manage our growth. • We anticipate that acquisitions will continue to play a key role in our growth strategy, but we may be unable to identify, acquire, close or integrate acquisition targets successfully. Risks Related to Information Technology and Cyber Security: • Our broker- dealer, financial services, and banking operations are highly dependent on the continued and proper functioning of our information technology systems. • We interact with large volumes of sensitive data that exposes us to IT breach and other data security risks and liabilities. • The infrastructure on which our IT systems depend is subject to events that could interrupt our ability to operate. • Failure of third- party systems and operations on which we rely could adversely affect our~~ business **and stock price** ~~. • To remain competitive, we must keep pace with rapid technological change~~ . Risks Related to Ownership of Our Securities: • The price of our common stock has fluctuated historically and may be volatile. • Future offerings of securities which would rank senior to our common stock may adversely affect the market price of our common stock. • We do not intend to pay dividends on our common stock for the foreseeable future and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock. **Our** ~~General Business Risks: • We are subject to risks of litigation, and administrative and regulatory action arising from our operating activities. • Extraordinary events beyond our control could negatively impact our~~ business ~~. • The outbreak of~~ **and operations may be materially adversely affected by** the ~~COVID~~ **ongoing Russia** - **Ukraine conflict** ~~19 pandemic has impacted and the ongoing endemic might continue to impact the global economy, global financial markets and our business, financial condition, and results of operations~~ . We have **historically had** significant operations in Russia. **In view** ~~The ongoing Russia / Ukraine Conflict, and the responses~~ of **the** ~~governments and multinational businesses to it, have created~~ critical challenges for our business and operations ~~, both in~~ **resulting from the ongoing** Russia **- Ukraine conflict, and the responses of governments and multinational businesses to it, shortly after the onset of the Russia- Ukraine conflict we decided to divest our two Russian subsidiaries. On October 19, 2022, we announced that we had entered into** ~~and~~ - **an** ~~globally~~ **agreement to divest our Russian subsidiaries, and the divestiture of these subsidiaries was approved by the Central Bank of the Russian Federation on February 10, 2023, and was completed on February 27, 2023. Notwithstanding that we have completed the divestiture of our Russian subsidiaries, there can be no assurance that such divestiture will achieve its intended effects. In particular, we expect that the divestiture of our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in other markets. However, these matters are subject to uncertainty and changes in circumstances. A failure by us to achieve the intended effects of the divestiture of our Russian subsidiaries could have a material adverse effect on our results of operations in future periods. In addition, we continue to provide brokerage services to Russian persons, including a number of former clients of our Russian subsidiaries, through their accounts at non- Russian companies within our group and indirectly through accounts held with our affiliate FST Belize. As a result, we continue to have significant exposure to Russia, which poses continuing challenges for our business and operations** . These ~~factors~~ **challenges** , including the specific risks outlined below, may materially adversely affect our business, financial condition, results of operations and **stock price. Historically, a large portion of our brokerage business has been attributable to securities** trading ~~price. In connection~~ **by individuals and qualifying institutions in Russia, through accounts held at our Russian subsidiaries, through accounts held at our non- Russian subsidiaries and indirectly through accounts held** with ~~the~~ **FST Belize. Although we have divested our** ~~Russia~~ **Russian subsidiaries** ~~/ Ukraine Conflict~~ , ~~broad- based sanctions~~ **we continue to generate a significant amount of fee and commission income from trading activity engaged in by Russian persons** (including ~~asset~~ **former clients of our former Russian subsidiaries) who are not subject to any sanctions prohibitions or other legal restrictions through their accounts at our non** - ~~freeze / blocking legal restrictions~~ **Russian subsidiaries,including indirectly** through their ~~foreign~~ accounts **at FST Belize** .The ~~current geopolitical crisis~~ **Russia- Ukraine conflict** and responses to it have materially and adversely impacted the macroeconomic climate in Russia and the surrounding region,resulting in significant currency rate volatility,the imposition of currency controls,capital flight,materially increased interest rates and inflation,and the withdrawal of or reduction of business by a number of Western businesses from the Russian market, **any of** which may lead to reduced investment confidence and investment spending by affected ~~Russians~~ - **Russian persons** . **Should** ~~Further,~~ there ~~is~~ **be** a **large scale expansion** ~~risk that new international sanctions and new countersanctions measures may curtail the ability~~ of ~~our~~ **Russia- related** sanctions **to make** ~~)~~ ~~have been imposed by the~~ **them applicable to private sector financial institutions in** ~~U. S., UK, EU, and numerous other governments targeting~~ Russia **or** ~~, including but not limited~~ to ~~major~~ **Russia' s banking system generally, this could**

negatively affect the Russian ~~banks, the CBR, certain~~ **economy and investment climate and cause deterioration of** ~~other~~ -- **the** Russian ~~companies, Russian parliament members and certain members of the Russian elite and their families. Select Russian banks have also been disconnected from the SWIFT~~ financial **markets** ~~transfers system. The sanctions have also banned primary and / or secondary trading of Russian sovereign debt and selected other securities of Russian issuers~~. In addition, **there is a risk that new international sanctions and new countersanctions measures** ~~many~~ - **may** ~~private~~ **curtail the ability of our Russian brokerage customers to trade through non- Russian accounts or in non- Russian securities, or our ability to facilitate any trading through our non- Russian subsidiaries or FST Belize. For example, given Kazakhstan' s extensive historical** ~~businesses~~ -- **business ties with Russia, we** are **exposed** ~~taking a cautious approach~~ to **the risk that secondary** sanctions **could** ~~compliance and have adopted policies more restrictive than are strictly required by the applicable rules. A number of international businesses are taking a conservative approach and are restricting or eliminating their business with and supply to any parties in Russia at this time. It is possible that additional sanctions may~~ be imposed **on the financial sector in Kazakhstan. If investment spending by Russian persons through non- Russian trading accounts declines for any reason** , ~~which~~ **this could result in a material reduction in our revenues. The Russia- Ukraine conflict has also had, and** may ~~include additional~~ **continue to have, adverse effects on** ~~or~~ **our** ~~new asset~~ **results of operations related to proprietary trading. For example, during fiscal 2023 we sold 7, 500, 000 shares in the SPB Exchange that we owned and realized a loss from such sale in the amount of $ 73. 4 million. We attribute this loss to a combination of factors, including heightened market uncertainty and increased volatility caused by the Russia** - **Ukraine conflict** ~~freezing / blocking sanctions of Russian individuals (SDNs) or Russian companies (including other systemically important companies~~ and **its geopolitical consequences** ~~banks), a prohibition on the conversion of RUB into USD, EUR or GBP, and the disconnection of additional Russian banks from the SWIFT financial transfers system. The multinational sanctions may be expanded to include additional persons and sectors of the Russian economy. In response to international sanctions, Russia has issued countersanctions against " unfriendly states " (i. e., countries imposing sanctions on Russia)~~. Although neither FRHC nor any of its group companies is ~~a target~~ **the subject** of **any** sanctions ~~,~~ **imposed by** ~~these~~ -- **the United States, the European Union or the United Kingdom, and we have divested our Russian subsidiaries, sanctions related to Russia could adversely impact our business. For example, we continue to provide brokerage services to a significant number of Russian persons through their non- Russian accounts with us or indirectly through accounts held with FST Belize, and sanctions could** ~~restrictions~~ ---- **restrict** ~~and policies may~~ **our ability to continue to provide brokerage services to such Russian persons. Sanctions could also** limit ~~the~~ **our** ability **to,** ~~of certain of our~~ - **or** ~~businesses~~ **make it difficult for us** to **,** enter into agreements with ~~international parties and may make it more difficult for us to enter into agreements with other~~ counterparties, who may refuse to work with us ~~because of~~ **due to our significant Russian customer base. Should** ~~the~~ **there** ~~geopolitical situation~~ **be an expansion of Russia- related sanctions, this could significantly increase the foregoing risks to our business. The impact of any such expansion would depend on the nature of such sanctions** . Examples of additional sanctions measures that could affect our business include: ~~• sanctions directly targeting one or more of our subsidiaries, board members, or senior executives;~~ • expanding the scope of sanctioned activities or transactions; • designating parties with whom we have or may have significant business relationships as " specially designated nationals " or " blocked " parties, meaning that all dealings with them by the U. S., **EU and / or** UK ~~and / or EU~~ persons, or persons from other countries which impose economic sanctions, or involving items or technologies from these jurisdictions would be prohibited; • expanding sanctions to cover entities that are less than 50 % owned or controlled by a sanctioned party; or • adopting corporate policies that prohibit or restrict business activities with us because we conduct business with Russian persons **who are** not subject to any sanctions. **On October 19, 2022, Timur Turlov, our Ukrainian subsidiary and our two Russian subsidiaries (which Russian subsidiaries have since been divested) were included on the National Security and Defense Council of Ukraine sanctions list, which included more than 2, 500 companies and individuals. In connection with these sanctions, the operations of our Ukrainian subsidiary were suspended. We believe that the inclusion of Mr. Turlov and these subsidiaries on the list was due to perceived connections with Russia. While we believe the inclusion of Mr. Turlov and our Ukrainian subsidiary on the list is not justified and we have been actively appealing the decision, there can be no assurance as to when they will be removed from the list, if at all. While our Ukrainian subsidiary is not material in the context of our overall group, the inclusion of Mr. Turlov and our Ukrainian subsidiary on this list could materially adversely affect our relationships with counterparties and regulators in other jurisdictions and as a result could restrict our ability to conduct our business and carry out our business strategy.** In addition, ~~should there be~~ **because we have** a **significant number of Ukrainian brokerage customers that** ~~large~~ -- **are** ~~scale~~ **served by our non- Ukrainian subsidiaries, the existing sanctions imposed by Ukraine or any** expansion of **such sanctions could adversely affect our brokerage business. See"** Russia- ~~related~~ **Ukraine conflict" in" Management' s Discussion and Analysis of Financial Condition and Results of Operations" in Part II Item 7 of this annual report. Non- compliance with U. S., EU, UK, Russian or other** sanctions **programs** ~~by the U. S. to make them applicable to private sector financial institutions in Russia or to Russia' s banking system generally, this~~ could **adversely** ~~negatively affect our Russian subsidiaries by limiting or prohibiting their access to the U. S. financial system or financial markets. A large scale expansion of Russia-related sanctions by the United States or other countries or regions may also negatively affect the Russian economy and investment climate, and cause deterioration of the Russian financial markets. The~~ impact ~~of any such expansion would depend on the nature of such sanctions. While we have decided to divest~~ our **company** ~~interest in our Russian subsidiaries, the timing of such divestiture is uncertain and is subject to factors beyond our control. Until the planned divestiture is completed, our Russian subsidiaries will continue to be subject to material risks in relation to the sanctions discussed above~~. We are committed to compliance with all applicable economic sanctions, including those related to the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** . U. S. economic sanctions include prohibitions (" primary " sanctions) that are generally administered and enforced by OFAC. With the exception of OFAC' s Iran and Cuba sanctions programs these prohibitions apply to U. S. ~~Persons~~ **persons** , including companies organized under the laws of the United States and their overseas branches, but do not apply to non- U. S. subsidiaries of U. S. ~~Persons~~ **persons** . U. S. economic sanctions also include " secondary " sanctions that make certain activities of non- U. S. companies sanctionable under U. S. statutes such as the Countering America' s Adversaries Through Sanctions Act (~~"~~ CAATSA ~~"~~). These sanctions are administered by OFAC and / or the U. S. Department of State. **We** ~~The Company requires~~ - **require** ~~its subsidiaries~~ **all of our group companies** to fully comply with all U. S. primary sanctions that are applicable to **them** ~~such subsidiaries~~ and / or to transactions in which they are involved and to refrain from participation in any conduct that is sanctionable under U. S. secondary sanctions. Because ~~we are~~ **Freedom Holding Corp. is** a U. S. **-** domiciled holding company that operates through ~~our~~ **its** subsidiaries, we are obliged to comply with Ukraine ~~/~~ **-** Russia **conflict** - related sanctions imposed by the **United** ~~U. State~~ **States** ~~.~~, but those sanctions do not apply to the fully independent activities of our non- U. S. subsidiaries where there is no U. S. nexus. If, however, it were determined that ~~we~~ **Freedom Holding Corp.** facilitated activities of ~~our~~ **its** subsidiaries that are prohibited under U. S. sanctions **, Freedom** ~~our U. S. holding~~ **Holding** ~~company~~ **Corp.** could be subject to civil or criminal penalties under OFAC regulations. In addition, non- U. S. companies that cause U. S. companies to violate OFAC regulations may be subject to enforcement action and thereby the imposition of civil or criminal penalties. This could occur, for example, if one of our **non- U. S.** subsidiaries were to process a U. S **.** dollar transaction involving sanctioned securities through the U. S. financial system. The risk of noncompliance may arise in connection with international transactions conducted in U. S. dollars, transfers to or from U. S. bank accounts, or dealings with U. S. broker- dealers **. We maintain omnibus brokerage accounts for several institutional clients, including FST Belize and certain Russian institutions. The order flow from these accounts represents transactions of customers of the relevant institutions, which are executed by the relevant institutions through their omnibus accounts with us. While we have agreements with such customers in which they have agreed to comply with sanctions laws, and to grant us access to its customer records for purposes of compliance monitoring upon our request, we do not have direct access to such institutional customers' own customer check systems and as a result we cannot provide assurance that the beneficial owners who are the beneficiaries of trades being carried out through such omnibus accounts are not sanctioned persons** . In the event that we believe or have reason to believe that our employees, agents or independent contractors have or may have caused us or any of our subsidiaries to violate applicable economic sanctions laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which could be costly and require significant time and attention from senior management. Non- compliance with these laws may result in criminal or civil penalties, which could disrupt our business and result in a material adverse effect on our financial condition, results of operations, and cash flows and cause significant brand or reputational damage. Sanctions are subject to rapid change and it is also possible that new direct or indirect secondary sanctions could be imposed by the U. S. or other jurisdictions without warning in relation to the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** . The extent of current sanctions measures, not all of which are fully aligned across jurisdictions, further increases operational complexity for our business and increases the risk of making errors in managing day- to- day business activities within the rapidly evolving sanctions environment . New multinational sanctions as well as...... obligations, as well as broader liability . In addition, certain transactions that may be prohibited by economic sanctions regulations of ~~U. S. Department of Treasury' s Office of Foreign Assets Control ("~~ OFAC ~~")~~ if undertaken by us or in the United States may be permissible if undertaken independently by a non- U. S. subsidiary where there is no U. S. nexus. ~~Also~~ **We are monitoring closely the developing sanctions environment** , **including Russian countersanctions, and utilizing dedicated corporate governance structures and in- house and outside advisors as and when required to ensure** our ~~Kazakhstan~~ **continued compliance. However, we cannot assure that we can remain in compliance with all sanctions and countersanctions. During fiscal 2023 our subsidiaries Freedom Bank KZ and Freedom Global provided** brokerage ~~operates in~~ **services to certain individuals and entities who are subject to sanctions imposed by OFAC, the European Union or the United Kingdom. These transactions did not involve any nexus with the United States, the European Union or the United Kingdom, as applicable. As of March 31, 2023, our customer liabilities relating to** ~~the~~ **these individuals** ~~regulatory frameworks of both Kazakhstan~~ and **entities in aggregate were $ 17. 8 million, representing approximately 0. 92 % of our total customer liabilities as of such date. For fiscal 2023, the aggregate fee and commission income relating to transactions with** ~~the~~ **these** ~~Astana International Financial Centre (" AIFC")~~ **individuals and entities in aggregate was approximately $ 34, 000, representing approximately 0** . ~~Governing law~~ **01 %** of ~~the AIFC~~ **our total fee and commission income for such fiscal year. Our business** is **subject** ~~based on principles of English law, where Kazakhstan legislation is civil law. Civil law is very different from English law. Operation in these two~~ - **to** ~~essentially different frameworks exposes~~ **extensive government regulation, licensing and oversight in multiple jurisdictions. Laws, regulations and rules** ~~our~~ - **or** ~~Kazakhstan~~ **other obligations to which we are subject include but are not limited to those concerning securities** brokerage ~~to additional regulatory risks and periodically raises conflicts~~ **, commercial banking, insurance services, payment services, securities trading, investment banking, granting** of **credit, deposit taking, margin lending, foreign currency exchange, data protection** ~~regulations when Kazakhstan' s laws conflict with AIFC regulations. Neither the Kazakhstan nor AIFC authorities have yet provided any clarification on the matter. These inconsistencies may potentially result in disputes~~ and ~~liability.~~ **privacy, cross- border and domestic money transmission, cyber security, fraud detection, antitrust and competition, consumer protection,** U. S. ~~sanctions~~ and ~~all~~ non- U. S. ~~sanction~~ **sanctions** regimes, anti- money laundering ~~(AML)~~ and **counter- terrorist financing. See" Non- compliance with U. S., EU, UK, Russian or** other ~~compliance matters~~ **sanctions programs could adversely impact our company." above and" Our measures to** ~~represent~~ -- **prevent money laundering, terrorist financing violations may not be completely effective." below. Our Prime Executions subsidiary is a broker- dealer and investment adviser registered with the SEC and is primarily regulated by FINRA. As we introduce new products and services and expand existing product and service offerings we may become subject to additional regulations, restrictions, licensing requirements and related** regulatory **oversight.** ~~compliance~~ **Compliance** ~~risk for~~ **with many of the regulations applicable to** us ~~. A failure or~~

~~perceived failure to comply with~~ **involves a number of risks, particularly in areas where** applicable ~~laws, rules,~~ regulations ~~,~~ ~~or orders of any cognizant government authority may subject us, our subsidiaries or any of our affiliates to investigation, which may involve extensive legal- related costs. A finding of noncompliance could result in criminal or civil enforcement in one or more jurisdictions leading to significant fines or penalties, including forfeiture of assets; result in additional compliance and licensure requirements; result in loss of existing licenses or prevent or delay obtaining additional licenses that~~ may be ~~required for our business; increase~~ **subject to varying interpretation. Many of the requirements imposed by these** ~~regulatory~~ **regulations are designed to ensure** ~~scrutiny; restrict our operations, require that we change certain business practices, or make product or operational changes; increase expenses; and delay planned transactions, product launches or improvements. Any of~~ the **integrity** ~~foregoing could, individually or in the aggregate, adversely affect our business, results~~ of **the** ~~operations and~~ financial ~~condition~~ **markets and to protect customers and other third parties who deal with us. New regulations may result in enhanced standards of duty on broker- dealers in their dealings with their clients. Consequently, these regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements, including those relating to principal trading** . We ~~and our subsidiaries~~ have implemented policies and procedures designed to ensure compliance with applicable laws and regulations. Notwithstanding these measures, it is possible that our employees, contractors, and agents could nevertheless breach such laws and regulations. We may be subject to legal claims from our customers and counterparties, as well as regulatory actions brought against us by the regulators, self- regulatory agencies and supervisory authorities that oversee and regulate the industries in which we operate. From time to time, we have been, and in the future may be **,** subject to investigations, **audits, inspections and subpoenas, as well as** regulatory proceedings ~~,~~ **and** fines and penalties brought by regulators. We **are subject to regulation from numerous regulators, which include, but are not limited to, the AFSA, the ARDFM, CySEC and the SEC. We have received various inquiries and formal requests for information on various matters from certain regulators, with which we have cooperated and will continue to do so. If we are found to have violated any applicable laws, rules or regulations, formal administrative or judicial proceedings** may be ~~subject to employment~~ **initiated against us that may result in censure, fine, civil or criminal penalties. For example, on November 25, 2022, our subsidiary Freedom Global, incorporated in the AIFC, entered into a settlement agreement with the AFSA which was the result of an on** - **site inspection by the AFSA of Freedom Global conducted between October and December 2021. Following such inspection, the AFSA communicated to Freedom Global a number of substantial findings and regulatory concerns** related ~~claims and disputes with taxing authorities and other claims. We are also subject~~ to ~~laws and regulations governing~~ **matters of prudential, conduct- of- business,** anti- **money laundering** ~~corruption, anti-bribery,~~ and **combatting financing** ~~economic and trade sanctions. Due to facts that we collect personal information~~ of **terrorism** ~~our customers and have a presence in a number of countries, we are also subject to data protection laws in various jurisdictions, which may require significant compliance efforts and could result in liability for violations in other jurisdictions~~ . **In connection** ~~For example, the General Data Protection Regulation (the GDPR) came into force in 2018 in the EU and requires entities processing the personal data of individuals in the EU to meet certain requirements regarding the handling of that data. Although we believe that we are taking all necessary steps to comply~~ with the **settlement agreement** ~~GDPR and other applicable data protection laws~~ , ~~if we fail~~ **Freedom Global was required** to **pay** ~~interpret or comply with all requirements of these laws, we may be held liable. Violation of these or similar laws and regulations could result in significant~~ monetary penalties and ~~restrictions~~ **carry out a remediation plan. In addition,** on ~~our activities~~ **February 13, 2023, following an elective audit of Freedom Bank KZ commenced by the ARDFM in June 2022, the ARDFM issued an order providing that Freedom Bank KZ violated a number of banking laws and regulations. In connection with such order, Freedom Bank KZ was required to carry out a remediation plan** . We could **also** experience negative publicity and reputational damage as a result of future lawsuits, claims or regulatory actions **. Any of the foregoing could** , **individually or** in ~~addition~~ **the aggregate, adversely affect our business, results of operations, financial condition and cash flows. Firms in the financial services industry have been operating in an onerous regulatory environment. The industry has experienced increased scrutiny from a variety of regulators, including the SEC and FINRA in the United States, U. S. state regulators and regulators in non- U. S. jurisdictions. Penalties and fines sought by regulatory authorities have increased substantially. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many different aspects of financial services, including, but not limited** to ~~potential~~ **, the authority to fine us and to grant, cancel, restrict or otherwise impose conditions on the right to continue operating particular businesses. Increasingly, regulators have instituted a practice of" regulation by enforcement" where new interpretations of existing regulations are introduced by bringing enforcement actions against securities firms for activities that occurred in the past but were not then thought to be problematic. We also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U. S. or non- U. S. governmental regulatory authorities or self- regulatory organizations (e. g., FINRA) that supervise the financial markets. Substantial legal liability or** significant **regulatory action taken against us** ~~costs incurred to defend ourselves or settling claims, fines, penalties and judgments. This~~ could have a material adverse ~~impact~~ **effect** on our business ~~, financial condition and results of operations~~ **prospects including our cash position. As a U. S. public company listed on Nasdaq we have substantial regulatory reporting obligations** . We are subject to extensive corporate governance, reporting and accounting disclosure requirements under U. S. securities laws and regulations of the SEC. These laws, as well as the listing standards of Nasdaq, impose certain compliance requirements, costs and obligations on listed companies. This requires a significant commitment of resources and management oversight. The expenses associated with being a public company include auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees, registrar and transfer agent fees and listing fees, as well as other expenses. Failure to comply with **the** Sarbanes- Oxley Act **of 2002 (the" Sarbanes- Oxley Act")** or **the** Dodd- Frank **Wall Street Reform and Consumer**

Protection Act could potentially subject us to sanctions or investigations by the SEC or other regulatory, exchange or market authorities, and related penalties, fines and litigation. We are subject to the U. S. Foreign Corrupt Practices Act (" FCPA") and similar non- U. S. anti- corruption laws that generally prohibit companies and their intermediaries from making improper payments or providing anything of value to influence foreign government officials for the purpose of obtaining or retaining business or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws, with more frequent voluntary self- disclosures by companies, aggressive investigations and enforcement proceedings, resulting in record fines and penalties, increased enforcement activity, and increases in criminal and civil proceedings brought against companies and individuals. We operate through subsidiaries in Kazakhstan, ~~Russia,~~ Ukraine, Kyrgyzstan, Uzbekistan, Azerbaijan, Armenia, the EU, **the** UAE, **the** ~~UK and~~ U. S., Germany, and Cyprus including representative offices of our Cyprus broker in Greece, France and Spain. Enforcement officials generally interpret anti-corruption laws to prohibit, among other things, improper payments to government officials such as those of the ~~CBR, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (the"~~ ARDFM ~~")~~ , ~~the Cyprus Securities and Exchange Commission (the"~~ CySEC ~~")~~ , **FINRA, the** Federal Financial Supervisory Authority **of Germany** (" BaFIN") the Center for Coordination and Development of Securities Market of the Republic of Uzbekistan and the National Commission on Securities and Stock Market of Ukraine, ~~the Financial Industry Regulatory Authority (" FINRA")~~ which are the principal regulatory bodies that control and monitor our operations in the respective countries in which we operate. Our internal policies and those of our subsidiaries provide for training and compliance with all applicable anti- corruption laws and regulations. Despite our training and compliance programs, it is possible that our employees, agents or independent contractors may cause us or a subsidiary to violate applicable laws. In the event that we believe or have reason to believe that our employees, agents or independent contractors have or may have caused us or a subsidiary to violate applicable anti- corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be costly and require significant time and attention from senior management. Non- compliance with these laws may result in criminal or civil penalties, which could result in a material adverse effect on our business, financial condition, ~~and~~ result of operations ~~a condition to maintaining our licenses to conduct brokerage and~~ banking activities,some of our subsidiaries must meet ongoing capital and liquidity standards,which are subject to evolving rules and qualitative judgments by government regulators regarding the adequacy of their capital and internal assessment of their capital needs.These net capital rules may limit the ability of each subsidiary to transfer capital to us.New regulatory capital,liquidity,and stress testing requirements may limit or otherwise restrict how each subsidiary utilizes its capital and may require us to increase our capital and / or liquidity or to limit our growth.Failure by our subsidiaries to meet minimum capital requirements could result in certain mandatory and additional discretionary actions by regulators that,if undertaken,could adversely affect the licenses of our subsidiaries,as well as our business,financial condition, **and** results of operations **.We may suffer significant losses from credit exposure** . The countries in which we operate have differing, and sometimes conflicting, regulatory regimes governing the delivery of financial services in each country, the transfer of funds to and from such countries, and other aspects of the broker- dealer, finance, investment, banking, and insurance industries. In some jurisdictions where we operate, these provisions were promulgated during changing political circumstances, are continuing to change ~~,~~ and may be relatively untested, particularly insofar as they apply to foreign investments by residents of various countries. Therefore, there may exist little or no administrative or enforcement history or established practice that can aid us in evaluating how the regulatory regimes may impact our operations or our customers. It is possible that governmental policies will change or that new laws and regulations, administrative practices or policies, or interpretations of existing laws and regulations including those governing capital, liquidity, leverage, long- term debt, margin requirements, restrictions on leveraged lending or other business practices, reporting requirements and tax burdens will materially and adversely affect our activities in one or more of the countries where we operate. Further, since the history and practice of industry regulation is limited in a number of jurisdictions where we operate, our activities may be particularly vulnerable to the decisions and positions of individuals, who may change, be subject to external pressures, or administer policies inconsistently. Internal bureaucratic politics may have unpredictable and negative consequences. If we fail to develop and maintain good working relationships with local regulators, or a local regulator determines that we have violated local laws in a particular market it could negatively impact our businesses in that market and our reputation generally. Our revenue and profitability could be affected by changes to rules and regulations that impact the business and financial ~~communities~~ **sectors** generally, including changes to the laws governing foreign ownership, electronic commerce, customer privacy and security of customer data. In addition, changes to laws, rules and regulations or changes in the enforcement of existing laws, rules or regulations, could: • limit the lines of business we conduct; • require us to reduce our ownership stake in a subsidiary; • compel us to terminate certain lines of business in affected jurisdictions **; • require us to reduce our investment position in a particular instrument** ; • result in material cost increases including our cost of capital; • otherwise adversely affect our ability to compete effectively with other institutions that are not similarly impacted; • require us to modify existing business practices; • force us to relocate operations or personnel; • require us to invest significant management attention and resources and legal costs to evaluate and make necessary changes to our compliance, risk management, treasury and operations functions; • make it uneconomical for us to provide certain services in particular countries; and • influence how we manage our capital and liquidity. Our ~~,~~ we **operate,** ~~are subject to~~ the risk **remains** that ~~our subsidiaries that are~~ financial institutions **in such jurisdictions** could be used as vehicles for money laundering. **Russia is a member country of the Financial Action Task Force on Money Laundering (" FATF ") and Kazakhstan is a member of the Eurasian Group (an Associate Member of the FATF) and each has enacted laws and regulations to combat money laundering,terrorist financing and other financial crimes.** Minimum standards and duties according to the anti- money laundering legislation in **Russia,** Kazakhstan,Cyprus,the EU,the U.S.and other jurisdictions where we operate include customer identification,analysis of the customer' s economic profile,record keeping,suspicious activity reporting,employee training,an audit function and designation of a compliance officer.Suspicious transactions must be reported on a daily basis to the relevant authorities.We comply with applicable anti- money- laundering and anti- terrorist- financing laws and regulations.Our anti- money- laundering measures are based on relevant legislation ~~.For example,Kazakhstan is a member of the Eurasian Group (an Associate Member of the FATF) and has enacted laws and regulations to combat money laundering,terrorist financing and other financial crimes~~ .We have procedures and documents aimed at preventing money laundering and financing of terrorist activities,including a general anti- money- laundering policy,employee training,the designation of a compliance officer,internal control procedures that include a refusal policy whereby we may refuse to conduct business with suspicious entities or individuals and rules on counteracting money laundering and financing of individuals and legal entities engaged in terrorist activities.In the case of suspicious transactions,internal suspicion reports (ISRs) are submitted to the local compliance departments for initial internal investigation.In ~~the~~ case of confirmed suspicious transactions,such transactions are reported immediately to the relevant local financial intelligence unit (FIU). ~~Due to~~ **We have a U.S.Sanctions Compliance Policy and we are deploying an enterprise- wide standardized customer onboarding and customer ongoing monitoring in** our ~~omnibus brokerage arrangement with FST Belize~~ **group of companies,taking into account any local requirements.Under relevant AML / CTF laws** ,penalties and other enforcement actions could be brought against us ~~under relevant AML / CTF laws~~ due to breaches **of those laws and regulations,economic sanctions and similar laws** by **FFIN Brokerage** ~~FST Belize of those laws and regulation and similar laws~~ despite the fact that we have no direct control over the activities or policies of ~~FST Belize~~ **FFIN Brokerage** . ~~Our subsidiary~~ Freedom EU has a Cross Border Correspondent Relationship Agreement **(the " Correspondent Agreement ")** with ~~FST Belize~~ **FFIN Brokerage** wherein ~~FST Belize~~ **FFIN Brokerage** has agreed to ~~comply with~~ **follow sanctions laws and** AML / CTF controls that are applicable to brokers in the U.S.and EU,and to grant ~~us~~ access to its customer records for purposes of compliance monitoring ~~upon our~~ **as we** request ~~.We do not have direct access to FST Belize' s customer check systems~~ .In accordance with the ~~Cross-Border~~ Correspondent ~~Relationship~~ Agreement, **our subsidiary** Freedom EU conducts random checks on a regular basis of trades received from ~~FST Belize~~ **FFIN Brokerage,** whereby it is able to obtain information on,and conduct customer checks on,the beneficial owners who are the beneficiaries of the relevant trades. ~~FST Belize~~ **FFIN Brokerage** utilizes a third party provider platform to onboard and confirm liveness,facematch and AML / sanctions screening on an ongoing basis. **We** ~~In addition,we maintain omnibus brokerage accounts for certain other institutional brokerage clients,including certain Russian institutions.The order flow from these accounts represents transactions of underlying customers of the relevant institutions,which are executed by the relevant institutions through their omnibus accounts with us.While we have agreements with such institutional clients in which they have agreed to comply with AML / CTF controls that are applicable to brokers in the U.S.and EU,and we tested their frameworks and systems by regular risk- based sampling and have access to their underlying customer records for purposes of compliance monitoring,we~~ do not have direct access to **FFIN Brokerage** ~~such institutional clients~~ ' ~~underlying~~ **s** ~~customers~~ - **customer check systems.Under relevant AML and anti- terrorism finance laws,penalties and other enforcement actions could be brought against us due to breaches of those laws and regulations,economic sanctions and similar laws by FFIN Brokerage despite the fact that we have no direct control over the activities** or **policies** ~~screening systems and as a result we cannot provide assurance that the beneficial owners who are the beneficiaries~~ of ~~trades being carried out through such omnibus accounts are conducting trades~~ **FFIN Brokerage.We have not been subject to investigation with respect to any involvement** in **money laundering or terrorist financing and we** ~~compliance with applicable AML / CTF laws.We~~ believe that we fully comply with the reporting requirements under applicable legislation ~~related to money laundering or terrorist financing~~ .However,there can be no assurance that third parties will not attempt **to use us as a conduit for money laundering or terrorist financing without our knowledge,nor that the measures described above will be completely effective.Any technical or other breaches of the anti- money laundering laws and regulations by us** legacy brokerage operations were merged into ~~the~~ **our holding** ~~Company~~ **company** , which is a Nevada- incorporated ~~holding~~ company, in several stages between November 2015 and 2017, and we have grown rapidly over the last several years. For example, **our** total **revenue,** net ~~revenue~~ **(after presenting our Russian subsidiaries as discontinued operations)** was $ ~~121~~ **114** . ~~9~~ **5** million **for** ~~in the~~ fiscal year ended March 31, 2020 **,** ~~and has sustained growth each year up to current total net revenue of~~ $ ~~564~~ **346** . ~~7~~ **9** million ~~in~~ **for** the fiscal year ended March 31, **2021, $ 689. 8 million for the fiscal year ended March 31,** 2022 **and $ 795. 7 million for the fiscal year ended March 31, 2023** . Although this growth has been sustained over several years, our operational life has been relatively limited compared to longer term market and macroeconomic cycles. Our operating history has coincided with a period of general growth in the U. S. equity markets, as well as growth in the financial services and technology industries in which we operate. We therefore have not experienced any prolonged downturn or slowdown in macroeconomic or industry growth or any significant downturn in U. S. equity markets and cannot assure that we will be able to respond effectively to any such downturn or slowdown in the future. As such **,** our recent growth should not be considered indicative of our future performance. Further, as a result of the limited operating history of the Company in its current form, and our rapid growth during sustained favorable market and economic conditions, we have limited financial data that can be used to evaluate our future prospects, which subjects us to a number of uncertainties, including our ability to plan for, model and manage future growth and risks. We ~~,~~ regulatory and other implementation costs,(iii) competing products and services and shifting market preferences might affect the profitability of such activities,and (iv) our internal controls might be inadequate to manage the risks associated with new activities.There is also substantial cost and time expended to complete post-closing integration of acquisitions,including human resource training,data and technology systems and operational processes.We may also incur potential dilution of our brand,assumption of known and unknown liabilities,indemnities and potential disputes with the sellers.Any such difficulties could disrupt our ongoing business,distract our management and employees,increase our expenses and adversely affect **our** face ~~aggressive~~ **intense** competition in each of the markets where we offer our services. We compete with international, regional and local brokerage, banking, and financial services firms that offer an array of financial products and services. ~~The retail brokerage and financial services firms with which we principally compete for customers~~

~~include: Halyk Finance, BCC Invest and First Heartland Securities in Kazakhstan; eToro (Europe) Ltd and Interactive Brokers in Cyprus. While there are many large banks in Kazakhstan, we regard our principal banking competitors in Kazakhstan as Kaspi Bank and Altyn Bank.~~ Many of the firms with which we compete are larger, provide additional and more diversified services and products, provide access to more international markets, and have greater technical, and financial resources. If we fail to compete effectively with other retail brokerage and financial services firms, or potential new entrants to the market, this could have a material adverse effect on our business, results of operations, ~~and~~ financial condition ~~. As a condition of maintaining our licenses to conduct brokerage~~ and **cash flows** banking activities, some of our subsidiaries...... may suffer significant losses from credit exposure . We are exposed to credit risk, primarily from institutions and individuals through the brokerage services we offer. We incur credit risk in a number of areas, including margin lending. We extend margin loans to our customers. As of March 31, ~~2022~~ **2023** , we had margin lending receivables in the amount of $ ~~349~~ **376** . ~~2~~ **3** million. When we purchase securities on margin, enter into securities repurchase agreements or trade options or futures, we are subject to the risk that we, or our customers, may default on those obligations when the value of the securities and cash in our own proprietary or in the customers' accounts falls below the amount of the indebtedness. Abrupt changes in securities valuations and the failure to meet margin calls could result in substantial financial losses. 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. 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. 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 potentially unlimited and not quantifiable as the risk is dependent upon analysis of a potential significant and undeterminable rise or fall in stock prices. As a matter of practice, we enforce real- time margin compliance monitoring and liquidate customers' positions if their equity falls below established margin requirements. ~~We also~~ **In addition, we** have exposure to credit risk from our digital mortgage program **in Kazakhstan** . Although we take part in a government mortgage program whereby the Kazakhstan government funds the amount of approved mortgages, we service the mortgages and remain liable for mortgage in the event of default, but we are protected by our security interest in the real property. As such, significant mortgage defaults in Kazakhstan could adversely affect our banking operations and the ultimate success of our digital mortgage product. We **also** have exposure to credit risk associated with our proprietary investments. We rely on the use of credit arrangements as a significant component of our trading strategy. Our investments are subject to price fluctuations as a result of changes in the financial markets' assessment of credit quality. Loss in securities value can negatively affect our financial performance and earnings if our management determines that such securities are other- than- temporarily- impaired (**"** OTTI **"**). The evaluation of whether OTTI exists is a matter of judgment, which includes the assessment of several factors. If our management determines that a security is OTTI, the cost basis of the security may be adjusted, and a corresponding loss may be recognized in current earnings. Deterioration in the value of securities held in our proprietary portfolio could result in the recognition of future impairment charges. Even if a security is not considered OTTI, if we were forced to sell the security sooner than intended, we may have to recognize an unrealized loss at that time. While we have policies and procedures designed to manage credit risk, the policies and procedures may not be fully effective to protect us against the risk of loss. ~~Widening~~ **Liquidity risk is the risk that we will not be able to meet our obligations, including financial commitments, as they come due. This risk is inherent in our operations and can be heightened by a number of factors, including an over- reliance on a particular source of funding, changes in** credit ~~spreads,~~ **ratings or market- wide phenomena such** as **market dislocation** ~~well as significant declines in the availability of credit, have in the past adversely affected our ability to borrow on a secured~~ and **major disasters** ~~unsecured basis and may do so in the future~~ . We fund ourselves **principally** ~~on an unsecured basis~~ by issuing long- term debt ~~by raising~~ **instruments, from** deposits at our bank ~~subsidiaries~~ **subsidiary** , by issuing hybrid financial instruments and **from cash flow from operations. The proportion of our funding represented** by ~~obtaining loans~~ **customer deposits has been increasing, and we intend to** ~~or~~ **for** ~~lines~~ **this proportion to continue to increase going forward as part** of ~~credit~~ **our funding strategy. We obtain deposits directly** from **retail and** commercial **customers and through brokerage firms that offer** ~~or~~ **our deposit products to their customers. However, customer deposits are subject to fluctuation due to certain factors outside our control, such as increasing competitive pressures for retail or corporate customer deposits, changes in interest rates and returns on** other **investment classes, or a loss of confidence by customers in us or in the** banking **sector generally,** ~~entities. We seek to finance many~~ **any** of **which could result in a significant outflow of deposits within a short period of time. To the extent there is heightened competition among Kazakhstan banks for retail customer deposits, this competition may increase the cost of procuring new deposits and / or retaining existing deposits, and otherwise negatively affect our ability to grow our deposit base. An inability to grow, or any material decrease in, our deposits could have a material adverse effect on our ability to satisfy our liquidity needs. Maintaining a diverse and appropriate funding strategy for** our assets ~~on a secured basis. Any disruptions in the~~ **consistent with our wider strategic risk appetite and plan remains challenging, and any tightening of** credit markets **could have a material adverse impact on us. In particular, there is a risk that corporate and financial institution counterparties** may **seek** ~~make it harder and more expensive~~ to ~~obtain~~ **reduce their credit exposures to banks and other financial institutions, which may cause** funding **from these sources to no longer be available. Under these circumstances, we may need to seek funds from alternative sources, potentially at higher costs than has previously been the case, or may be required to consider disposals of other assets not previously identified** for

disposal, in order to reduce our ~~businesses~~ **funding commitments. Widening credit spreads, as well as significant declines in the availability of credit, have in the past adversely affected our ability to borrow on a secured and unsecured basis and may do so in the future** . If our available funding is limited or we are forced to fund our operations at a higher cost, these conditions may require us to curtail our business activities and increase our cost of funding, ~~both~~ **either** of which could reduce our profitability, particularly in our businesses that involve investing, lending and market making. ~~Our customers engaging in mergers~~ **To satisfy or refinance existing obligations** , **support the development of our business, adapt to changing business conditions or carry out our growth strategy through** acquisitions ~~and~~ **, we may require additional cash resources. If our existing resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain** other ~~types of strategic transactions often rely~~ **borrowings, and we cannot be certain that such additional financing would be available** on ~~access~~ **terms acceptable** to ~~the secured~~ **us or at all. The sale of additional equity securities could result in dilution to our stockholders,** and ~~unsecured~~ **additional indebtedness would result in increased debt service costs and obligations and could impose operating and financial covenants that would further restrict our operations. Reductions in our** credit **ratings or an increase in our** ~~markets to finance their transactions. A lack of available~~ credit **spreads could** ~~or an increased cost of credit can~~ adversely affect ~~the size, volume and timing of~~ our ~~customers' merger and acquisition transactions, particularly large transactions, and adversely affect our financial advisory and underwriting businesses -~~ - **business,** ~~. Our credit businesses have been and may in the future be negatively affected by a lack of~~ liquidity ~~in credit markets. A lack of liquidity reduces price transparency, increases price volatility~~ and **cost** ~~decreases transaction volumes and size, all~~ of **funding** ~~which can increase transaction risk or decrease the profitability of these businesses~~ . As a result of the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** , the long- term issuer credit ratings issued by Standard & Poor' s of each of Freedom KZ, Freedom **Bank** KZ ~~Bank~~ , Freedom Global and Freedom EU were lowered from" B" (stable outlook) to" B-" (with negative implications) ~~and~~ **. Sanctions- related risks for FRHC eased somewhat following** the **completion of the divestiture of our Russian subsidiaries. As a result, as of March 2023, the long- term issuer** credit ~~rating~~ **ratings issued by Standard & Poor' s of each** of Freedom ~~RU was downgraded to~~ **KZ, Freedom Bank KZ, Freedom Global and Freedom EU were upgraded from** " ~~CCC~~ **B** -" ~~(~~ **to" B"** with ~~negative implications) and later withdrawn~~ **Stable outlook. The long- term credit ratings of FRHC were affirmed at level" B-"** . Continuing aggression by Russia and **related** global unrest could result in further ratings downgrades. ~~Decreases in~~ **Freedom Life has an S & P Global Rating of" BB-" on** the **international scale and long- term rating on the national scale of" kzA-" with a Stable outlook. Freedom Insurance has been assigned" B " rating by S & P Global Ratings and" kzBBB" national scale rating with Stable outlook. Reductions in our** credit ~~rating~~ **ratings** ~~of Freedom KZ or its upstream owners~~ may ~~affect Freedom KZ' s brokerage license and impose certain requirements on its upstream owners with respect to Freedom KZ' s investment portfolio management capacity. Withdrawal of the credit rating of Freedom RU was a contributing factor to our decision to restructure our operations and divest our ownership of Freedom RU. Reductions in our credit rating, may also~~ adversely affect both our ability to obtain long- term funding and our credit ~~spread~~ **spreads** and resulting cost of such funding. Our cost of obtaining long- term unsecured funding is directly related to our credit spreads (the amount in excess of the interest rate of benchmark securities that we need to pay). Increases in our credit spreads can significantly increase our cost of this funding. Changes in credit spreads are continuous, market- driven, and subject at times to unpredictable and highly volatile movements. **In addition, decreases in the credit rating of Freedom KZ, or FRHC as its owner, may affect Freedom KZ' s brokerage license and impose certain requirements on FRHC as its owner with respect to Freedom KZ' s investment portfolio management capacity. Decreases in the credit rating of Freedom Bank KZ may also impose certain requirements on FRHC as its owner with regard to its regulatory status as a bank holding company in Kazakhstan.** We use a significant portion of our capital to engage in a variety of investment activities for our own account, as well as in our exchange- based market making activities. As of March 31, ~~2022~~ **2023** , our assets included $ ~~1.~~ 2 **. 4** ~~million~~ **billion** of trading securities, approximately ~~61~~ **52** . ~~4~~ **6** % of which consisted of corporate debt securities and ~~29~~ **approximately 42** . 7 % **of which consisted of** non- U. S. sovereign debt securities. We have relied on leverage, including by entering into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions, to increase the size of our proprietary securities portfolio. As a result, we may face risks of illiquidity, loss of principal and revaluation of assets. The companies in which we invest may concentrate on markets which are or may be disproportionately impacted by pressures in the sectors on which they focus, and their existing business operations or investment strategies may not perform as projected. As a result, we may suffer losses from our investment activities. Our proprietary portfolio is ~~leveraged and~~ concentrated in the sovereign debt instruments of a few non- U. S. countries and debt and equities of a number of companies. A consequence of this investment strategy is that our investment returns could be materially and adversely affected if these investments do not perform as anticipated or if the market performs differently than we forecast. Moreover, because we rely on leverage in our portfolio, when an investment does not perform within the time horizon we project, we face the risk of either having to close the position at a time when the market price or liquidity might be unfavorable, or extending financing arrangements beyond the time frame initially anticipated, which can result in paying higher financing costs than projected. If a significant investment such as this fails to perform as anticipated our return on investment, liquidity, cash flow, financial condition and results of operations could be materially negatively affected, and the magnitude of the loss could be significant. Substantially all of our investing and market- making positions are marked- to- market on a daily basis **,** and declines in asset values directly and immediately impact our earnings. Although we may take measures to manage market risk, such as employing position limits, hedging and using quantitative risk measures, we may incur significant losses from our trading activities due to leverage, market fluctuations, currency fluctuations and volatility. To the extent that we own assets, i. e., have long positions, a downturn in the value of those assets or markets could result in losses. Conversely, to the extent we have sold assets we do not own, i. e., have short positions, an upturn in those markets could expose us to potentially large losses as we attempt to cover our short positions by acquiring assets in a rising market. We cannot give assurance that our investing and market- making strategies will be effective in all situations or that those activities will always be profitable. For example, an increase in interest rates, a general decline in debt or equity markets, an inability to properly and cost effectively hedge, economic slowdowns, delays in timing of anticipated events, an inability to identify and engage suitable counterparties, or other market conditions adverse to entities or investments of the type in which we invest or for which we make markets, or other world events, such as wars, including the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** , natural disasters or the outbreak of a pandemic ~~like COVID~~ **such as Covid** - 19, could result in a decline in the value of our investments. Additionally, changes in existing laws, rules or regulations, or judicial or administrative interpretations thereof, or new laws, rules or regulations could have an adverse impact on our investments. ~~To satisfy~~ **We provide** ~~or~~ **our brokerage customers with access to** ~~refinance existing obligations, service our debt obligations, support~~ the ~~development~~ **U. S. stock markets, and a significant amount** of our **brokerage** business **relates to trading in U. S.- listed securities by** ~~or~~ **our** ~~pursue additional growth through acquisition, we depend~~ **brokerage customers. Our PrimeEx subsidiary is not a licensed clearing firm. We rely** on ~~our ability to generate cash flow from operations and to borrow funds and issue securities in the capital markets. To the extent we are unable to generate cash flows sufficient to meet our obligations, we may require additional financing for liquidity, capital requirements or growth initiatives. Widening credit spreads, as well as significant declines in the availability of credit, have in the past adversely affected our ability to borrow on a secured and unsecured basis and may do so in the future. We fund ourselves on an unsecured basis by issuing long- term debt by raising deposits at our bank subsidiaries, by issuing hybrid financial instruments and by obtaining loans or lines of credit from commercial or other~~ -- **the services** ~~banking entities. We seek to finance many~~ of ~~our assets on~~ a ~~secured basis. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for our businesses. If our available funding is~~ limited **number** ~~or we are forced to fund our operations at a higher cost, these conditions may require us to curtail our business activities and / or increase our cost~~ of ~~funding, both of which could reduce our profitability, particularly in our businesses that involve investing, lending and market making. We may not be able to obtain financing on terms and at interest rates that are favorable to us, or at all. An inability to obtain financing in the future could materially and adversely affect our business, financial condition, and results of operations. We are dependent upon our relationships with~~ third- party **U. S.- registered securities broker dealer and clearing firms to execute these trades. In executing purchase transactions, we transmit the funds invested by our customers to the relevant** U. S.- registered securities broker- dealer and clearing firms ~~to receive and transmit~~ **, which execute the purchases of the** securities ~~and funds internationally. We provide our brokerage customers with access to the U. S. stock markets, and a significant amount of our brokerage business relates to trading in U. S.- listed securities by our brokerage customers. Our PrimeEx subsidiary is not a licensed clearing firm. We rely on the services of a limited number of third- party U. S.- registered securities broker dealer and clearing firms to execute these trades~~ . In executing **sales** ~~purchase transactions~~ , ~~we transmit the~~ funds **from** ~~invested by our customers to~~ the ~~relevant~~ **sale of securities are transmitted from such** U. S.- registered securities broker- dealer and clearing firms ~~, which execute~~ **back to us through international banking electronic transfers. We also routinely evaluate opportunities to establish relationships with** ~~the~~ **other** ~~purchases of the securities. In executing sales, funds from the sale of securities are transmitted from such~~ U. S.- registered securities broker- dealer and clearing firms ~~back to us through international banking electronic transfers. We also routinely evaluate opportunities to establish relationships with other U. S.- registered securities broker- dealer and clearing firms~~ . While part of our strategy is to consider acquiring an ownership interest in a self- clearing company in the United States in the future on an opportunistic basis in order to provide us additional access to the U. S. stock markets, there can be no assurance that we will ultimately do so. Damage to or the loss of our relationships with the U. S. registered securities broker- dealer and clearing firm on which we currently rely could impair our ability to continue to provide our customers access to the U. S. markets at the volumes and in the manner they are accustomed to and could result in higher transaction costs for us or our customers, any of which could have a material adverse impact on our business, results of operations, ~~and financial condition. We rely on our relationship with FFIN Brokerage for a significant percentage of our revenue, and as a result of the Russia / Ukraine Conflict the future prospects of FFIN Brokerage are uncertain. In November 2015, when our legacy brokerage operations began to be merged into the Company, Timur Turlov became our controlling shareholder, a member of our board of directors and our chief executive officer. Prior to that, in July 2014, Timur Turlov established FFIN Brokerage. As a foreign broker dealer, FFIN Brokerage had been able to provide investors in Russia and Kazakhstan with easier access to the U. S. securities markets than a Russian or Kazakhstan company could provide, due to applicable regulations in Russia and Kazakhstan which imposed restrictions on foreign currency accounts, required mandatory securities custody in- country, and limited access to foreign securities, unless listed on local exchanges. The current condition of the Russian securities markets and the impacts of sanctions might adversely impact the business of FFIN Brokerage. If FFIN Brokerage' s business contracts as a result of the Conflict or related geopolitical consequences, or the scope of sanctions adversely impacts its ability to do business, the demand for services we provide to FFIN Brokerage and consequently the revenue we derive from this business relationship could be reduced and could materially and adversely impact our revenues, results of operations~~ and financial condition. As part of our investment activities, both as an intermediary between borrowers and lenders and on a proprietary basis, we raise funds through repurchase transactions on the KASE. Our short- term financing is primarily obtained through securities repurchase arrangements. As of March 31, ~~2022~~ **2023** , $ ~~769~~ **1** . ~~6~~ **5** ~~million~~ **billion** , or ~~64~~ **63** %, of the trading securities held in our proprietary trading account were subject to securities repurchase obligations. The securities we pledge as collateral under repurchase agreements are liquid trading securities with market quotes and significant trading volume. Depending on the reliability of the instrument used to secure the repurchase transaction, the KASE has established the size of the discount for securities. The discount is a decreasing coefficient that sets the maximum borrowing amount for repurchase transactions in relation to each individual instrument. In the event of unexpected changes in the terms of the discount, we may incur financial losses associated with the need to sell securities to cover liquidity at a cost disadvantageous to us, or due to the need to borrow necessary funds at higher rates. **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 ~~measures~~ **models and forecasts are subject** to ~~prevent money laundering~~ **various unverifiable assumptions** , **uncertainties, model design** ~~terrorist~~ --- **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,** ~~financing~~ **financial** ~~,~~ **condition and cash flows may be materially adversely affected. We also establish and monitor underwriting guidelines and** ~~and~~ - **an** ~~sanctions violations~~ **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. The availability and cost of reinsurance are dependent on market conditions beyond our control. As a result, reinsurance** may not be ~~completely effective. Notwithstanding~~ **continuously available to us to** the ~~anti- money- laundering (" AML ") regulations~~ **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 ~~are in place in Russia~~ **we think necessitate reinsurance protections** , **either of** ~~Kazakhstan, Cyprus, the EU, the U. S. and other jurisdictions in~~ which we operate, the risk remains that...... money laundering laws and regulations by us could have a ~~material~~ **materially** adverse effect on our **insurance** ~~business~~ **businesses** ~~, results of operations, and financial condition~~ . **Further** ~~Risks Related to Our Business in Emerging Markets Generally~~ , **our reinsurance programs have counterparty** ~~investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks~~ - **risk** ~~involved. Investors in emerging markets should be aware~~ that ~~these markets are~~ **may result in uncollectible claims. Collectability from reinsurers is** subject to **factors** greater risk than more mature markets,...... or social unrest, including domestic protests such as **whether reinsurers have** ~~occurred in Kazakhstan in January 2022 and international conflicts, such as~~ the ~~Russia / Ukraine Conflict in February 2022. Emerging market governments and judiciaries often exercise broad, unchecked discretion and are susceptible to abuse and corruption. Investors should also note that emerging economies such as the economies of Russia and Kazakhstan are subject to rapid change and that the information set out herein may become outdated relatively quickly. Moreover,~~ financial **capacity to** ~~, political or social turmoil in any emerging market~~ -- **make payments** ~~country can disrupt the local securities markets. Because our business is conducted in multiple countries~~ , **whether insured losses meet the conditions of the reinsurance contract,** ~~we face exposure to movements in foreign currency exchange rates. This exposure may change over time as business practices evolve~~ and **whether the reinsurer otherwise disputes coverage** ~~can have a material impact on our financial statements~~ . Our functional currency is the U. S...... exists a serious threat to the stability **inability** ~~of payment balances, the foreign currency market or economic security and can have a significant impact on currency rate fluctuation. In February and March 2022, the Kazakhstan tenge and Russian ruble depreciated significantly against major foreign currencies amid the geopolitical situation. However, in April and May 2022, Kazakhstan and Russia have been able~~ to ~~strengthen the tenge and ruble, respectively, with capital controls and higher interest rates, bringing them much closer to pre- conflict levels. These fluctuations in our operating currencies resulted in losses on foreign exchange operations during our fourth fiscal quarter of 2022 fiscal year- end and subsequent improvement in our first fiscal quarter 2023 as those currencies recovered~~ -- **recover** ~~. We cannot assure that such currency exchange rate fluctuations will not adversely impact our operating results, cash flows and financial condition in the future. While we may employ strategies to hedge against currency fluctuations, the use of such strategies can also result in the loss of potential benefits that might result~~ from favorable exchange rate fluctuations. Fluctuations in...... The base rates were increased to ensure **reinsurers** ~~a rise in deposit rates to levels needed to compensate for the increased depreciation and inflation risks. This was needed to support financial and price stability and protect the savings of Kazakhstan and Russian citizens from depreciation. However~~ , these rate raises contributed to a significant...... earnings or cash flow of our subsidiaries for any reason, ~~including the risks discussed herein as applicable or the occurrence of such events to any such subsidiary,~~ could **have** ~~limit or impair their ability to pay such distributions to us. Additionally, to the extent our subsidiaries are restricted from making such distributions under applicable laws or regulations or under the terms of financing arrangements or are otherwise unable to provide funds to the extent of our needs, there could be~~ a material ~~adverse~~ effect on our ~~business~~ **results of operations** , financial condition , and results of operations. Timur...... purpose and responsibilities; and • an **and business prospects** annual evaluation of the nominating and corporate...... for the enforcement of foreign arbitral awards . We depend on the efforts, skills, reputations and business contacts of our executive management team, in particular Timur Turlov, and the management teams of our subsidiaries. These individuals have made significant contributions to our success and we believe our success moving forward depends, to a significant extent, on the experience of these individuals, whose continued service is not guaranteed. If certain individuals leave or are otherwise no longer available to us for any reason, ~~including because of the Russia / Ukraine Conflict, the divestiture of our Russian subsidiaries, the outbreak of a pandemic such as COVID- 19, or social unrest,~~ we may not be able to replace them with comparable capable personnel **. Due to Mr. Turlov' s importance to our company, we would be materially adversely affected if Mr. Turlov ceased to actively participate in the management of our business or left the company entirely. We do not hold " key man " life insurance on Mr. Turlov or any of our other officers or directors. In addition to the importance of Mr. Turlov and other executive management in our continued growth and success, we are dependent, in part, on our continued ability to hire, adequately train and retain skilled employees** . The pool of experienced and qualified employee candidates is limited in some of the geographical areas where we conduct business, and competition for skilled employees can be significant. ~~We are dependent, in part, on our continued ability to hire, adequately train and retain skilled employees.~~ Additionally, we rely on experienced managerial, marketing and support personnel to effectively manage and operate our business. If we do not succeed in engaging and retaining skilled employees and other personnel or if we experience a loss of such personnel, we may be unable to meet our objectives and, as a result, our business may suffer. **Our business and operations could be seriously disrupted and our reputation could be harmed, by events or contributing factors that are wholly or partially beyond our control. The occurrence of such extraordinary events, including the emergence of pandemics or other widespread health emergency (or concerns over the possibility of such an emergency); persistent or recurring endemics; political discord and civil unrest; terrorist attacks; cyber attacks; war and armed conflict (including but not limited to the Russia- Ukraine conflict); extreme weather events or other natural disasters; failure of, or loss of access to, technology or operational systems, including any resulting loss of critical data; power, telecommunications or internet outages; or shutdowns of mass transit, could create, and in the cases of Covid- 19, civil unrest in Kazakhstan in January 2022, and the Russia- Ukraine conflict, have created, and may continue to create, economic, governmental and financial disruptions, and could lead to operational difficulties (including shutdowns of our offices, quarantine, shelter in place and travel limitations) that could impair our ability to operate our business. The Covid- 19 has pandemic impacted and could continue to impact the global economy, global financial markets and our business, financial condition, and results of operations. The Covid- 19 has created financial disruption and impacted the economies of every country in which we operate. Although financial markets have rebounded from the significant declines experienced during the early stages of the Covid- 19 outbreak, signs of underlying economic weakness persist, including elevated levels of market volatility, high unemployment, lack of consumer confidence, depressed levels of business activity in certain sectors, and increased cyber security, information security and operational risks resulting from expansion of remote work. While the health and safety measures initially implemented to address the spread of the disease impacted our business, we are now operating without Covid- 19 related restrictions.** We ~~have experienced recent rapid~~ **believe that the interventions from banks and governments in response to the Covid- 19 and the increase in the amount of time people spent at home during the pandemic led to an increase in the opening of investment accounts and investing in securities worldwide. The increased levels of customer activity combined with greater market volatility led to significant** growth in our ~~business over a short period. Our number of total~~ customer accounts ~~increased from approximately 140~~ , ~~000 as of~~ **trading volume, fee and commission income, gains in our proprietary trading and net income during the fiscal year ended** March 31, ~~2020~~ **2022** ~~to approximately 410, 000 as of~~ **and 2021. During the fiscal year ended** March 31, ~~2022~~ **2023** ~~. Our total number of employees increased from 1~~ , **our operations remained largely unaffected** ~~493 employees as of March 31, 2020 to 3, 421 employees as of March 31, 2022. Our total assets increased~~ by **Covid- 19** ~~544 % to US $ 2. 9 billion as of March 31~~ , ~~2022 from US $ 453~~ **resulting in no significant impact on our financial performance** . ~~5 million as~~ **Given the geopolitical and other impacts** of ~~March 31~~ **the Russia- Ukraine conflict** , ~~2020. In addition,~~ we **cannot discern the** ~~have made a number of~~ recent **effects** ~~acquisitions, including the acquisition~~ of ~~JSC Investment Company Zerich Capital (" Zerich") in July 2020, Freedom Bank KZ and PrimeEx in December 2020, and Freedom Life and Freedom Insurance in May 2022. We are currently in process of acquiring three~~ -- **the relative return** ~~additional Kazakhstan companies with technologies we plan~~ to **pre** ~~integrate into our fintech platform in Kazakhstan, including an online payment processing platform, an online ticketing service and a web~~ - **Covid- 19 operations on our to** ~~based PCI reader. Acquisitions can divert time and attention of management and key employees from other~~ -- **the customer account** ~~tasks important to the success of our business. There can be no assurance that our management and key employees will successfully manage these additional responsibilities, particularly at the current time, against the backdrop of the divestiture of our Russian subsidiaries. Similarly, there can be no assurance that we will be able to properly manage our~~ growth ~~or achieve positive returns on investments that we make in the development of our business. As we grow~~ , ~~our business requires the effective expansion and maintenance of our financial, IT and information management control systems, the continued training~~ **trading volume** ~~of our personnel~~ , **commission** ~~continued efforts to maintain or enhance the quality of our customer service operations~~ and **fee income** ~~the recruitment of additional employees. Should we fail to properly manage our growth, such failure could have a material adverse effect on our business~~ and ~~prospects~~ **net income** . **If Covid** ~~Acquisitions have been, and continue to be, a significant component of our growth strategy. However, there can be no assurance that we will be able to continue to grow our business through acquisitions as we have done historically, that businesses acquired will perform in accordance with our expectations or that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove to be correct. For example, we recently agreed to mutually terminate our acquisition of a U. S.~~ - **19 or another highly infectious or contagious disease** ~~based institutional equity research, sales and trading firm due to business and market conditions arising from recent international geopolitical conditions. However, we will continue~~ **continues** to **spread** ~~analyze and evaluate the acquisition of strategic businesses or product lines with the potential to strengthen our industry position~~ , **if the response to contain it** ~~expand our customer base or enhance our existing service offerings. There~~ is ~~no assurance that we will identify or successfully complete transactions with suitable acquisition candidates in the future, nor is there assurance that completed acquisitions will be successful~~ **unsuccessful** ~~. In addition~~ , **or if** there are ~~substantial risks associated with acquisitions and expansion into new~~ **adverse changes in political conditions or social unrest as a result of the response, we may experience adverse effects on our** business ~~areas~~ , **financial condition** ~~including risks that (i) our unfamiliarity with new lines of business may adversely affect the success of such acquisitions~~ , **liquidity** ~~(ii) revenue from such activities might not be sufficient to offset the development~~ , regulatory and other implementation costs, (...... increase our expenses and adversely affect our results of operations ~~. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits~~ and **cash flows** ~~/ or synergies of any such acquisition or investment~~ . Our ~~broker~~ **brokerage** ~~- dealer~~ , financial services and banking businesses are highly dependent on processing, on a daily basis, a large number of communications and increasingly complex transactions across diverse markets, in various languages. These communications and transactions are accomplished primarily through electronic information technology systems (" IT") that are comprised of a wide array of computer systems, software, server and network hardware, internet connectivity and underlying infrastructure that enable them to function. The financial, accounting, or other data processing systems we or the firms that clear transactions on behalf of our customers use may fail to operate properly, become disabled, or otherwise become unavailable, as a result of events that are wholly or partially beyond our control. ~~These events~~ **Events causing failures of our systems** may include a disruption of electrical, communications, internet or other infrastructure, or related services, or our inability to access or use one or more of our facilities, as a result of any number of occurrences, including, but not limited to, the outbreak of a pandemic such as ~~COVID~~ **Covid** - 19, social unrest such as occurred in Kazakhstan in January 2022, or armed conflict such as the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** . ~~The inability of~~ **For example, during** ~~these~~ -- **the** ~~systems~~ **transition** to ~~accommodate an increasing volume of~~ **the new calendar year 2023, Freedom Bank KZ experienced a technical failure in processing** transactions ~~could also constrain our ability~~ **on its MultiInvest cards, as a result of which it incurred losses of approximately $ 3 million. After the error was identified, measures were taken** to ~~expand our business operations~~ **rectify the issue and provide for timely synchronization of the balances going forward** . If any of these systems do not operate properly or are disabled or otherwise unavailable, or if there are other shortcomings or failures in our internal processes, personnel, or systems related to the electronic communications and functionality our operations depend on, we could suffer impairment to our liquidity, financial loss, a disruption of business, liability to customers, regulatory intervention, or reputational damage **. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our business operations** . In particular, our" Tradernet" electronic trading platform is proprietary technology that plays a key role in both our customers' use of our services and for other important aspects of our business. Errors, failures, delays, interruptions, disruptions, vulnerabilities, bugs, incompatibility, obsolescence, or similar issues with Tradernet, or the software or systems upon which Tradernet relies for its functionality, however caused, could result in business disruptions, financial loss, reputational damage, and other adverse impacts on our business. Our operations rely on the secure processing, storage, and transmission of confidential, personal, financial and other information in our computer systems and networks. In particular, our ability to operate our business, and specifically our ~~proprietary~~ electronic trading platform, Tradernet, depends on our ability to protect the computer systems, networks and databases that we operate and use from unauthorized intrusions of third parties, including cyber attacks. Our computer systems, software, and networks may be vulnerable to unauthorized access, computer viruses, spyware or other malicious code, and other evolving cyber security threats. The occurrence of one or more of these events could: (a) jeopardize confidential and other information processed by, stored in, and transmitted through our computer systems and networks or the computer systems and networks of our customers or other third parties with whom we conduct business; or (b) otherwise cause interruptions or malfunctions in our operations or the operations of our customers or third parties with whom we conduct business. In addition, new and expanding data privacy laws and regulations (such as the GDPR, as discussed above in this Item 1A ~~at~~ **under** " We operate in highly regulated industries") are, or soon will be, in effect in many of the jurisdictions where we conduct business. These pose increasingly complex compliance challenges, which may increase compliance costs, and compliance failures could result in significant fines, penalties and liability. We have previously ~~encountered~~ **experienced** cyber security incidents which breached our information systems, but these were contained by our response teams and generated negligible impacts. There is also a possibility that we are not currently aware of certain undisclosed vulnerabilities in our IT systems and other assets. There is an increased likelihood that escalation of tensions from the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** could result in cyber attacks that could either directly or indirectly impact our operations. Although our subsidiaries have implemented cyber security strategies for mitigating these risks, we cannot be sure that our network and information technology systems will not be subject to such issues, or, if they are, that we will be able to maintain the integrity of our customers' and employees' data or that malware or other technical or operational issues will not disrupt our network or systems and cause significant harm to our operations. If our services are affected by attacks or malware and this degrades our services, our products and services may be perceived as being vulnerable to cyber risk and the integrity of our data protection systems may be questioned. As a result, users and customers may curtail or stop using our products and services, and we might incur reputational damage, litigation exposure, regulatory fines, penalties, reimbursement or other compensatory costs. As of the date of this report, most of our employees have returned to working on site rather than remotely, which we believe lessens the overall IT risks associated with widespread remote work. However, possible outbreaks or other events occur in the future, we may again be required to move a significant portion of our workforce to working remotely. We continue use risk management and contingency plans and other precautions designed to address the heightened risk of cyber security breaches resulting from a significant remote work force. However, we cannot assure that such measures will continue to adequately protect our business in the event of future transitions of our workforce to remote working, as remote working environments may be less secure and more susceptible to cyber security threats. We do not maintain insurance policies to mitigate these risks because such insurance may not be available or may be more expensive than the perceived benefit. Further, any insurance that we may purchase to mitigate certain risks may not cover all losses. The infrastructure upon which our operations and IT systems depend, including electrical communications and internet, and transportation and other services, are vulnerable to damage or disruptions from events outside our control, including natural disasters, military conflicts, power, telecommunications and internet unavailability or outages, terrorist acts, riots, government shutdown orders, changes in government regulation, equipment or system failures or an inability to access or operate such equipment or systems, human error or intentional wrongdoings, cyber- attacks or any other types of information technology security threats. In addition, as we operate in emerging markets which may have an increased threat of terrorism, military conflict, social unrest or governmental interference with infrastructure, which could result in property damage, business interruption and damage to our brand or reputation. The local authorities may order our subsidiaries to temporarily shut down their entire ~~network~~ **networks** or part or all of our networks may be shut down due to actions relating to military conflicts, social unrest or a nationwide strike. For example, during the social unrest in Kazakhstan **that occurred** in January 2022, the Kazakhstan government temporarily shut down access to the internet ~~with~~ **in the country, which** resulted in severance of internal communications within our Kazakhstan subsidiaries ~~and potentially put us at a greater security risk. At this time, however, we are unaware of any security breaches resulting from such events~~ . Because we have employees in a number of

~~cities~~ **locations** in ~~Russia,~~ Kazakhstan, Ukraine, Uzbekistan, Kyrgyzstan, Azerbaijan, Germany, Spain, Greece, France ~~.~~ **,** the UAE, the UK, the U. S. and Cyprus, all of whom need to work and communicate as an integrated team, the functionality of the infrastructure affects our ability to conduct business. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our customers may suffer. While we have contingency plans in place to address such issues, these plans may not always be deployed successfully or be sufficiently adequate to fully offset the impacts of such disruptions. We do not maintain insurance policies to mitigate these risks because such insurance may not be available or may be more expensive than the perceived benefit. Further, any insurance that we may purchase to mitigate certain risks may not cover all losses. In addition, the computers and data centers that process **our** trades and payments are located in the same locale. If a catastrophic event were to occur at ~~that~~ **such a** locale it may result in permanent data loss. More generally, substantial property and equipment loss, and disruption in operations as well as any defects in our systems or those of third parties or other difficulties could expose us to liability and materially adversely impact our business, financial condition and results of operations. In addition, any outage or disruptive efforts could adversely impact our reputation and other aspects of our business. We rely on certain third- party computer systems or third- party service providers, including clearing systems, other broker- dealers, exchange systems, banking systems, internet service, co- location facilities, communications facilities and other facilities. Any interruption in these third- party services, or deterioration in their performance, could be disruptive to our business. If our arrangement with any third- party is terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms. This could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and cash flows** . In particular, funds invested by our customers in securities of U. S. companies are transmitted by us to U. S. registered securities broker- dealer and clearing firms. Funds from the sale of securities are transmitted from such U. S. registered securities broker- dealer and clearing firms back to us through international banking electronic transfers, which can experience clerical and administrative mistakes, be subject to technical interruption, be delayed, or otherwise fail to work as planned. We do not have any control over these funds transfers. Failures or substantial delays in funds transfers could impair our customer relationships. Damage to or the loss of our relationships with these U. S. registered securities broker- dealer and clearing firms could also impair our ability to continue to offer such services to our customers which could have a material adverse impact on our business, results of operations ~~and~~ **,** financial condition **and cash flows** . See" ~~Risk Factors – Risks Related to Our Securities and Banking Business Activities –~~ We are dependent upon our relationships with third party U. S.- registered securities broker- dealer and clearing firms to receive and transmit securities and funds internationally." **above.** Our success also depends on the continued availability, development and maintenance of the internet infrastructure globally and particularly in the countries in which we operate. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet services. Any disruption in network access provided by third parties or any failure by them to handle current or higher future volumes of use may significantly harm our business. We have experienced and expect to continue to experience interruptions and delays in service from time to time. Furthermore, we depend on hardware and software suppliers for prompt delivery, installation and service of servers and other equipment to deliver our services. In connection with the Russia ~~/~~ **-** Ukraine ~~Conflict~~ **conflict** , the Russian authorities have placed increased restrictions on access to the internet, including limiting global internet connections for Russian users, restricting access to certain internet sites and imposing regulations governing various information technology service providers. These restrictions increase the risks that we will not be able to adequately or timely communicate with customers **who are** ~~and vendors in Russia~~ **Russian person** in order to provide our services, and could result in the loss of such business. The global securities industry is characterized by rapidly changing technology, shifting industry standards and evolving trading systems, practices and techniques. Our customers' needs and demands fluctuate with these changes. We are focused on anticipating and developing technologies to meet the constantly changing demands of the market through ongoing enhancement of our products, services and platforms. If our platforms and systems do not operate properly, are slow to market, provide customers with a poor user experience, or are non- competitive with the offering of our competitors, we could experience a loss in business that could reduce our earnings or cause a loss of revenue. In particular, our" Tradernet" electronic trading platform is proprietary technology that has taken substantial resources and time to build and requires continued development to remain competitive with other trading platforms. Adoption or development of superior platforms or technologies by our competitors may require us to devote substantial resources to the further development of Tradernet, or other platforms, to remain competitive. Our future success will depend in part on our ability to develop, adapt or acquire up- to- date technology that meets ever evolving industry standards. We may not always be correct or timely in our assessment of how technological changes may impact our business. If we are unable to develop, adapt to, access or acquire technology that meets or exceeds industry standards on a timely and cost- effective basis, which could materially and adversely impact our business, financial condition and results of operations. For ~~instance~~ **example** , in Kazakhstan we have developed an online- based platform that integrates Kazakhstan government databases with our services, making our service offerings faster and more convenient than services without ~~this~~ **such** integration. We do not control ~~these~~ -- **the relevant** government databases and cannot guarantee that we will always have access to ~~these~~ **such** databases or proper functionality with ~~these~~ **such** databases. For us to expand this ~~sort~~ **type** of integrated product outside of Kazakhstan, we ~~are also~~ **would be** reliant on similar databases being available and able to integrate with our systems in the jurisdictions to which we expand, the availability of which will likely vary greatly ~~between~~ **among** jurisdictions. Furthermore, many of our competitors are larger, more experienced and have greater resources to devote to the development of new technologies and services. If we are unable to keep pace with their development efforts our customers may find our platforms and services less compelling, which could lead to customer losses or a reduction in the revenue we generate from our product and service offerings. **annual evaluation of** the nominating and corporate governance committee and compensation committee be performed.We currently utilize an exemption to allow Timur Turlov to sit on our nominating and corporate governance **committee and our risk** committee.The charters for each of our board committees provides for annual performance evaluations.Currently we have a majority of independent directors on our board of directors.Our status as a controlled company and resulting available exemptions from corporate governance standards could make our common stock less attractive to some investors or otherwise harm our stock price.Timur Turlov,our chief executive officer and chairman of our board,beneficially owns 71. ~~1~~**2** % of our outstanding common stock.He currently has voting control of FRHC and can control the outcome of matters submitted to stockholders for approval.In addition, **Timur** ~~Mr.~~ Turlov has the ability to control our management and affairs as a result of his position as our chief executive officer,chairman of our board and his ability to control the election of our directors. ~~Mr.Turlov also has interests in other companies,certain of which,in particular FST Belize,conduct significant amounts of business with our company.Such related party transactions give rise to a risk of the conclusion of transactions on terms less favorable than could be obtained in arm' s - length transactions.The interests of Mr.Turlov could conflict with those of the stockholders.Any such conflict could have a material adverse effect on our business,financial condition,cash flows,results of operations and prospects.Mr.Turlov is prohibited from membership on the audit committee of our board under the terms of such committee' s charter.~~ As majority shareholder, **Timur** ~~Mr.~~ Turlov owes fiduciary duties to minority shareholders under Nevada law. **Timur** ~~Mr.~~ Turlov also owes fiduciary duties to the Company as a board member and officer.However,Nevada corporate law can be viewed as more protective of officers and directors than the corporate laws of other U.S.state jurisdictions,and ~~it~~ therefore may not provide the same level of redress as other U.S.state corporate laws **.Timur Turlov is prohibited from membership on the audit committee and the compensation committee of our board under the terms of their respective committee charters** .Certain of our directors,substantially all of our officers,and our controlling shareholder reside outside the U.S.,and a substantial portion of our assets are located outside the U.S.in jurisdictions that are not parties to treaties or other agreements with the U.S.for the mutual enforcement of U.S.court judgments.As a result,it may be difficult or impossible for investors to enforce against us or such persons judgments of U.S.courts.For example,the Civil Procedure Code of Kazakhstan,which became effective on January 1,2016,provides that Kazakhstan courts should recognize and enforce foreign court judgments only if provided for by Kazakhstan law or an international treaty to which Kazakhstan is a party (based on reciprocity).Kazakhstan is not a party to any multilateral or bilateral treaties with the ~~U.S.or the~~ UK **or the U.S.** (or most other western jurisdictions) for the mutual enforcement of court judgments,and,accordingly,there is a risk that a judgment obtained from a court in **England or** New York ~~or England~~ would not be enforceable **in Kazakhstan courts.Each of Kazakhstan,the UK and the U.S.are,however,parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards (the" Convention"),and,accordingly,an arbitral award under the Convention should generally be recognized and enforceable in Kazakhstan provided the conditions to enforcement set out in the Convention and applicable Kazakhstan laws are met.The Civil Procedure Code of Kazakhstan establishes the procedure for the enforcement of foreign arbitral awards** The market price of our common stock may fluctuate significantly. Among the factors that could affect our stock price are: • the Russia ~~/~~**-** Ukraine ~~Conflict~~ **conflict** and related sanctions **and their direct and indirect effects** ; • geopolitical and civil unrest in any of the markets in which we operate **; • planned or completed acquisitions or disposals** ; • pandemic and epidemic disease; • **investigations, lawsuits, enforcement actions, and other claims by third parties** ~~our~~ - **or governmental authorities** ~~planned disposition of our Russian subsidiaries~~ ; • new regulatory pronouncements and changes in regulatory guidelines; • actual or anticipated fluctuations in our quarterly operating results; • changes in market valuations or earnings of similar companies; • any future sales of our common stock or other securities; • material breaches of ~~our regulatory~~ **regulations** ~~compliance~~ by our employees; • changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts ~~; • investigations, lawsuits, enforcement actions, and other claims by third parties or governmental authorities~~ ; • domestic and international economic factors unrelated to our performance; • announcements by us of significant impairment charges; • investor perception of us and our industry; • announcements by us or our competitors of significant contracts, acquisitions, dispositions or strategic partnerships; and • speculation in the press or investment community. Stock markets can experience extreme volatility unrelated to the operating performance of any particular company. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company' s securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management' s attention and resources, which could materially and adversely affect our business, financial condition, and results of operations. Our Articles of Incorporation authorize our board of directors to fix the relative rights and preferences of our 20, 000, 000 shares of authorized preferred stock, without approval from our stockholders. This could affect the rights of our common stockholders regarding, among other things, voting, distributions, dividends and liquidation. We could also use the preferred stock to deter or delay a change in control of the Company that may be opposed by our management, even if the transaction might be favorable to our common stockholders. If, in the future, we issue debt or equity securities that rank senior to our common stock, it is possible that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk that future offerings might reduce the market price of our common stock and dilute the value of their stock holdings in the Company. We do not intend to pay dividends on our common stock for the foreseeable future and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock. We currently intend to use our future earnings to repay debt, to fund our growth, to develop our business, for working capital needs and for general corporate purposes. We are not likely to pay dividends on our common stock for the foreseeable future, and the success of an investment in our common stock will depend upon any future appreciation in the value of our common stock. There is no guarantee that our common stock will appreciate in value or even maintain its current value. Payments of dividends, if any, are at the sole discretion of our board of directors after taking into account various factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant. In addition, our operations are conducted almost entirely through our subsidiaries. As such, to the extent that we determine in the future to pay dividends on our common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of such dividends. Further, Nevada law imposes additional requirements that may restrict our ability to pay dividends to holders of our common stock. ~~We operate in highly regulated industries and are exposed to significant legal risks. We may be subject to legal claims from our customers and counterparties, as well as regulatory actions brought against us by the regulators and self- regulatory agencies that oversee and regulate the industries in which we operate. From time to time, we have been, and in the future may be subject to investigations, regulatory proceedings, fines and penalties brought by regulators. We may be subject to employment- related claims and disputes with taxing authorities and other claims. We are also subject to laws and regulations governing anti- corruption, anti- bribery, and economic sanctions. Violation of these or similar laws and regulations could result in significant monetary penalties, restrictions on our activities, loss of licenses, criminal charges, officer and director bans, and other adverse actions. We could experience negative publicity and reputational damage as a result of investigations, lawsuits, claims or regulatory actions, in addition to potential significant costs incurred to defend ourselves or settle claims, fines, penalties and judgments. This could have a material adverse impact on our business, financial condition and results of operations. Our business and operations could be seriously disrupted and our reputation could be harmed, by events or contributing factors that are wholly or partially beyond our control. The occurrence of such extraordinary events, including the emergence of pandemics or other widespread health emergency (or concerns over the possibility of such an emergency); persistent or recurring endemics; political discord and civil unrest; terrorist attacks; cyber attacks; war and armed conflict (including but not limited to the Conflict); extreme weather events or other natural disasters; failure of, or loss of access to, technology or operational systems, including any resulting loss of critical data; power, telecommunications or internet outages; or shutdowns of mass transit, could create, and in the case of COVID- 19, civil unrest in Kazakhstan in January 2022, and the Russia / Ukraine Conflict, have created, and may continue to create, economic, governmental and financial disruptions, and could lead to operational difficulties (including shutdowns of our offices, quarantine, shelter in place and travel limitations) that could impair our ability to operate our business. The COVID- 19 pandemic has created financial disruption and impacted the economies of every country in which we operate. Although financial markets have rebounded from the significant declines experienced during the early stages of the COVID- 19 outbreak signs of underlying economic weakness persist, including elevated levels of market volatility, high unemployment, lack of consumer confidence, depressed levels of business activity in certain sectors, and increased cyber security, information security and operational risks resulting from expansion of remote work. While the health and safety measures initially implemented to address the spread of the pandemic impacted our business, as of the date of this report, we are operating with few COVID- 19 related restrictions and the pandemic has become less severe such that we view it as a global endemic to be managed. However, the extent to which the COVID- 19 crisis impacts our results in any given period will depend on future developments, which are still uncertain and cannot be predicted. We believe that as a result of interventions by governments and central banks in response to the initial market declines related to the COVID- 19 pandemic interest in financial markets significantly increased in the markets where we operate. Since then, we have experienced unprecedented growth in customer accounts, trading volume, commission and fee income and net income. Given the geopolitical and other impacts of the Russia / Ukraine Conflict, we cannot discern the recent effects of COVID- 19, and our relative return to pre- COVID- 19 operations, on ourto the customer account growth, trading volume, commission and fee income and net income. The extent of the impact of COVID- 19 on our business, operational and financial performance going forward will continue to depend on certain developments, including the duration and severity of COVID- 19 variants going forward, measures implemented by governments to address further outbreaks, and the impact on our customers, employees, the financial markets, the global economy and the economies of the countries in which we operate, all of which remain uncertain at this time.~~