

Risk Factors Comparison 2024-06-14 to 2023-08-04 Form: 10-K

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

The following is a summary 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-..... 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. • 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 complete~~ or integrate acquisition targets successfully. • We **have engaged in related party transactions and arrangements** ~~rely on our relationship with FST Belize for a significant percentage of our revenue~~, which exposes us to a number of risks. • Competition in the markets in which we operate may result in a decrease in our market share and / or profitability. • **We plan to incur losses in our new telecommunications and media businesses. • We may be unable to implement our digital fintech ecosystem strategy successfully.** • We could suffer significant losses from credit exposure. • **Our revenues are concentrated in certain customers and products, which may materially adversely affect our business, results of operations, financial condition and cash flows. • Risks related to our business relationships with third- party broker- dealers, clearing firms and market makers could result in reduced profitability, increased compliance costs, regulatory violations and negative publicity. • We are subject to potential losses as a result of our clearing and execution activities. • A breakdown or interruption in our operational systems or processes may adversely affect our reputation, customers, clients, business activities, operational outcomes, and financial stability. • Our** ability to meet our obligations, and the cost of funds to do so, depend on our ability to access identified sources of liquidity at a reasonable cost. • We may need to raise additional capital, and we cannot be sure that additional financing will be available or available on attractive terms. • ~~Reduction~~ **Reductions** 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 may suffer significant loss from changes in the KASE' s requirements related to the discount coefficients on the securities in securities repurchase transactions. • Our **risk management framework may not be effective in mitigating risks and / or losses to us. • Our** modeling and assumptions used in assessing risks in our insurance business may differ materially from actual results. • In our insurance business, we may not be able to obtain reinsurance at required levels or prices, or otherwise collect on reinsurance, which could increase our exposure or limit our ability to write new policies. • We are dependent on our 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. • **Possible future pandemics may** ~~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~~ **and cash flows. • Our financial results depend on interest rate volatility. • We are exposed to foreign currency fluctuation risks. • Damage to our reputation could harm our business**. **Risks Related to Information Technology the Global Political, Regulatory and Cyber Security Economic Environment**: • Our ~~brokerage business and operations may be materially adversely affected by the ongoing Russia- Ukraine conflict. • Sanctions imposed by Ukraine on our Chief Executive Officer and our former Ukrainian subsidiary could have a material adverse effect on us. • Non- compliance with U. S., EU,UK,Russian or other sanctions programs could adversely impact our company~~. **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 unrest. • **Economic Risks Related to Legal and political instability in Russia Regulatory Matters:** • We are subject to extensive regulation, and the failure to comply with laws and regulations could subject us **have an adverse effect on our business** financial **liability** services, and banking 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 ~~in on~~ **in on** 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 **and cash flows**. • The countries in which we operate have changing regulatory regimes, regulatory policies, and interpretations. • Our measures to prevent money laundering, ~~and~~ **and** 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 Information Technology and Cybersecurity:** • Our 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 **or compromise** of third- party systems ~~and operations~~ **or security** on which we rely could adversely affect our business **and expose us to data breaches and cyber attacks**. • To remain competitive, we must keep pace with rapid technological change. **Risks Related to Our Operations in..... have an adverse effect on our business**. **Taxation Risks Related to Our International Operations:** • Global anti- offshore measures could adversely impact our business. • Frequent tax law changes in

the regions where we conduct operations could adversely affect our business and the value of our investments. • Kazakhstan transfer pricing legislation may require pricing adjustments and impose additional tax liabilities. • 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: • As a diversified holding company with few operations of its own, FRHC is reliant on the operations of our subsidiaries to fund its 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 have identified material weaknesses in our internal control over financial reporting in the past, and we may identify material weaknesses in the future or otherwise fail to establish and maintain effective internal control over financial reporting, which could have a material adverse effect on our business and stock price. 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 business and operations may be materially..... of operations and cash flows. Risk Risks Related to our Business and Operations Our legacy brokerage operations were merged into our holding company, which is a Nevada- incorporated 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 (after presenting our former Russian subsidiaries as discontinued operations) was \$ 114,689.5 million for the fiscal year ended March 31, 2020-2022, \$ 346,795.9 million for the fiscal year ended March 31, 2021-2023, and \$ 689,1,635.8 million for the fiscal year ended March 31, 2022-2024 and \$ 795.7 million for the fiscal year ended March 31, 2023-. Although this we have sustained 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. In addition, our results have been positively affected by net gains on trading securities, primarily driven by increases in market prices of Kazakhstan sovereign and quasi- sovereign debt securities held in our proprietary portfolio. 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 have experienced recent rapid growth in our business over a short period. Our number of total retail brokerage customer accounts increased from approximately 170,250,000 as of March 31, 2021-2022 to approximately 370,530,000 as of March 31, 2023-2024. Our total number of employees increased from 2-3, 546,421 employees as of March 31, 2021-2022 to 3-6, 689,197 employees as of March 31, 2023-2024. Our total assets increased by 119,157% to \$ 8.1 billion as of March 31, 2023 from \$ 2.3 billion as of March 31, 2021-2024 from \$ 3.2 billion as of March 31, 2022. In addition, we have made a number of recent significant acquisitions, including the acquisitions of Freedom Bank KZ and PrimeEx in December 2020, and Freedom Life and Freedom Insurance in May 2022. In February For the fiscal year ended March 31, 2023-2024, we have also made several acquisitions, including the acquisitions of Aviata LLP signed an agreement to acquire Maxim Group LLC and its registered investment advisory affiliate Maxim Financial Advisors LLC (together "Aviata Maxim Group"). Completion of the Maxim Group transaction is subject to certain conditions and the receipt of required regulatory approvals Internet- Tourism LLP ("Internet Tourism") in April 2023, Arbuz in May 2023, and ReKassa in July 2023. We also expect In addition, in November 2023, our Board of Directors approved a plan to expand our business by entering the telecommunications market in Kazakhstan through our Freedom Telecom subsidiary, pursuant to our strategy to build a digital fintech ecosystem. See "Products and Services- Digital Fintech Ecosystem and Product Expansion" in "Business" in Part I Item 1 of this annual report. Also in furtherance of our strategy to build a digital fintech ecosystem, on January 25, 2024, Freedom Telecom established a subsidiary, Freedom Media, for other the significant acquisitions purposes of providing media content to customers in Kazakhstan the future. There is can be no guarantee assurance that we will be able to achieve a positive return on the investment we make in the general expansion of our business. Moreover, our overall growth has required and will continue to require significant allocation of capital and management resources, further development of our financial, internal controls and information technology systems, continued upgrading and streamlining of our risk management systems and additional training and recruitment of management and other key personnel. At the same time, we must maintain a consistent level of client services and current operations to avoid loss of business or damage to our reputation. If we fail to adequately manage growth, such failure may have a material adverse effect on our business, results of operations, financial condition and cash flows. We anticipate that acquisitions will continue to play a key role in our growth strategy, but we may be unable to identify, acquire, complete or integrate acquisition targets successfully. 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 have reached a definitive agreement to acquire Maxim Group for a combination of cash and common stock. Including deferred payments and retention bonuses, the total consideration for the acquisition will be approximately \$ 400 million. The combined entity will provide a broad suite of product offerings to meet the needs of our diverse global client base.

Completion of the transaction is subject to certain conditions and the receipt of required regulatory approvals and there can be no assurance that such conditions will be satisfied or regulatory approvals obtained. We will continue to analyze and evaluate the acquisition of strategic businesses or product lines with the potential to strengthen our industry position, 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. In addition, there are substantial risks associated with acquisitions and expansion into new business areas, including risks that (i) our unfamiliarity with new lines of business may adversely affect the success of such acquisitions, (ii) revenue from such activities might not be sufficient to offset the development, 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 results of operations. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits and / or synergies of any such acquisition or investment. **We have engaged in related party transactions and arrangements, in particular with companies controlled by our Chief Executive Officer Timur Turlov, and we expect to continue to do so from time to time going forward. For example, from the time of our established establishment through March 2024, we engaged in a significant volume of transactions with our FST Belize affiliate in July 2014. FST Belize was established 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 at the time, which imposed restrictions on foreign currency accounts, required mandatory securities custody in-country, and limited access to foreign securities, unless listed on local exchanges. When our legacy brokerage operations were merged into the Company beginning in November 2015, FST Belize remained outside of the Company's group. We have conducted, and continue to conduct, a significant amount of business with FST Belize through its omnibus accounts-account arrangement with our Freedom EU subsidiary and through omnibus accounts that Freedom EU holds with FST Belize. In fiscal 2024, 2023 and 2022 respectively, approximately 61-14 %, 60 % and 82 % of our fee and commission income was derived from transactions with FST Belize. As the majority of March 31 the order flow from FST Belize to Freedom EU represents transactions of customers of FST Belize, 2024, we had terminated our** which are executed by FST Belize through its omnibus **brokerage relationship** accounts with Freedom EU. The significant amount of business we conduct with FST Belize. **In addition to our transactions with FST Belize, we have also engaged in other related party transactions and arrangements. For example, we have continuing involvement with an affiliated company, microfinance organization Freedom Finance Credit, through the purchase and sale of right of claims of retail loans. Our entry into related party transactions and arrangements** subjects us to certain risks. In particular, related party transactions are generally regarded as increasing the risk of misstatements or omissions in financial reporting, the risk of transactions being done on other than arm's length terms due to the close ties between the parties involved and the risk of regulatory non-compliance. In particular, this arrangement subjects us to the risk of penalties and other enforcement actions under relevant AML / CTF laws that could result from breaches by FST Belize of those laws and regulations, economic sanctions and similar laws despite the fact that we have no direct control over the activities or policies of FST Belize. We estimate that, as of March 31, 2023, approximately 40 % of the brokerage customers of FST Belize were Russian persons. See "Non-compliance with U. S., EU, UK, Russian or other sanctions programs could adversely impact our company." and "Our measures to prevent money laundering, terrorist financing violations may not be completely effective." above. In addition, the large extent of our related party transactions with FST Belize could have an adverse our relationships with applicable regulators. While we intend to reduce the amount of transactions conducted under our omnibus brokerage arrangement with FST Belize over time and to ultimately eliminate such arrangement, and our fee and commission income from transactions with FST Belize has decreased in each of the past four financial quarters including the quarter ended March 31, 2023, there can be no assurance as to the extent or timing of our reducing or eliminating such transactions going forward. A failure by us to reduce the level of our related party transactions with FST Belize could have an adverse effect on our **relationships with applicable regulators** business, financial condition, results of operations, prospects and **cash flows on our reputation**. We face 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. Many of the firms with which we **currently compete, or will compete in the future,** are larger, provide additional and more diversified services and products, provide access to more international markets, and have greater technical, and financial resources. **In addition, as part of our strategy to enter the telecommunications and media markets in Kazakhstan, we will compete with various telecommunications operators and other participants in the telecommunications market and with various media providers, respectively. Our competition in the telecommunications area will relate to attracting and retaining customers as well as obtaining licenses and entering into partnerships.** If we fail to compete effectively with other retail brokerage and financial services firms **and participants in any of the markets in which we operate,** or **with** potential new entrants to the **such market markets,** this could have a material adverse effect on our business, results of operations, financial condition and cash flows. **Our recently established telecommunications subsidiary, Freedom Telecom, is currently expected to be loss-making for the first several years of its operations, based on assumptions included in our current financial model. Such losses, and increased debt service costs associated with funding the implementation of the strategic plan, will have an adverse effect on our consolidated net income in the relevant periods. Our strategy and budget for Freedom Telecom are currently being reassessed and are subject to revisions, which may be material. In addition, we currently project that our recently established Freedom Media**

subsidiary will incur losses in the calendar years from 2024 to 2026 with profitability forecasted to commence from the 2027 calendar year onwards, based on assumptions included in our financial model. A component of our business strategy is to build a digital fintech ecosystem through which our products and services can be provided to our customers. Our ability to execute this strategy could be affected by a number of factors, including but not limited to, the factors described in our annual report on Form 10-K for the fiscal year ended March 31, 2023. There are substantial risks associated with our efforts to build a digital fintech ecosystem, including risks that (i) our unfamiliarity with new lines of business may adversely affect the success of such actions, (ii) revenue from such activities might not be sufficient to offset the development, 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. If any such expansions into new product markets are not successful, there could be a material adverse effect on our business and results of operations. In particular, we can give no assurance as to our future ability to successfully implement our telecommunications strategy in Kazakhstan in a timely fashion or on profitable terms. Our ability to do so will depend on, among other things, our ability to construct a backbone network, obtain frequency licenses or enter into partnerships with incumbent operators and acquire smaller companies in the sector. Our ability to accomplish our goals in this business area on schedule and within budget, achieve our revenue targets or realize acceptable returns, is subject to a number of risks as a result of factors over which we have no control, including the need for regulatory approvals, the availability of equipment and labor, equipment breakdowns or accidents, adverse weather conditions, social unrest, unforeseen or uncontrollable cost increases and other risks associated with the deployment of new telecommunications infrastructure. We can give no assurance as to the commercial viability of our planned backbone network or our ability to overcome any obstacles we may encounter during their construction or to complete them, or as to our ability to finance our capital expenditures in connection with their establishment. Our ability to operate our telecommunications business, once established, successfully and profitability will also depend on a number of factors, many of which are beyond our control. Similarly, we can give no assurance as to our future ability to establish a media business in Kazakhstan in a timely fashion or on profitable terms. Given the various risks to which we are exposed and the uncertainties inherent in the relevant business areas, we cannot guarantee the successful execution of our digital fintech ecosystem strategy. Additionally, the implementation of this strategy may put operational strain on our business and consume management time and focus to the detriment of our existing business operations. If we do not meet our strategic objectives or achieve the results initially expected, we may be unable to recover our investments, which may have a material adverse effect on our business, financial condition and results of operations. Furthermore, the cost of certain online and technology investments, including any operating losses incurred, could adversely impact our financial performance in the short term and failure to realize the benefits of these investments may adversely impact our financial performance over the longer term. We are exposed to credit risk through our products and assets, primarily such as loans issued, marginal lending, derivatives, debt securities, reverse repurchase agreements, and trading account assets. A decline in the financial condition of our borrowers, brokerage clients, counterparties, or the assets securing these products could negatively impact our financial standing, operational performance and cash flows. Our loan portfolio may be impacted by global, regional and local macroeconomic and market dynamics, including prolonged weakness in GDP, reductions in consumer spending, decreases in property values or market corrections, growing levels of consumer debt, rising or high unemployment rates, changes in foreign exchange or interest rates, widespread health crises or pandemics, severe weather conditions, and the effects of climate change. Economic or market stresses generally have negative effect on the business landscape and financial markets. Decreases in property values or market adjustments may increase the likelihood of borrowers or counterparties failing to meet their obligations to us, potentially leading to an increase in credit losses. The main share of our customer loan portfolio is represented by digital mortgage loans issued within the framework of state support programs, funded from institutions and individuals through the brokerage services we offer funds of quasi state organizations. We incur participate in the government mortgage program in which the Kazakhstan government provides funding in the amount of approved mortgages and buys out the mortgages after disbursement with a recourse to the bank in case of default by a borrower. We mitigate our credit risk exposure in a number of ways in this case by our security interest in the financed real estate property. As such, significant rate of mortgage defaults in Kazakhstan could adversely affect our banking operations and the ultimate success of our digital mortgage product. We reserve for potential credit losses in the future by recording a provision for credit losses through our earnings. This includes the allowance for credit losses based on management's estimates of current expected credit losses over the life of the respective credit exposures. These estimates areas-- are based on a review of past events, including margin lending current conditions, and reasonable forecasts of future economic situations that might influence the recoverability of our loans. Our approach to determining these allowances involves both quantitative methods and a qualitative framework. Within this framework, management uses its judgment to evaluate internal and external risk factors. However, such judgments are inherently subject to the risk of misjudging these factors or misestimating their effects. We cannot guarantee that charge-offs related to our credit exposures will not happen in the future. Market and economic changes could lead to higher default and delinquency rates, adversely affecting our loan portfolio's quality and potentially resulting in higher charge-offs. While our estimates account for current conditions and anticipated changes during the portfolio's lifetime, actual outcomes could be worse than expected, significantly impacting our financial results, condition and cash flows. We extend margin loans to our brokerage customers. As of March 31, 2023-2024, we had margin lending receivables in the amount of approximately \$ 1.7 billion and \$ 376.3 million as of March 31, 2023. 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-increase** 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. **In addition, Our clearing operations also require a commitment of our capital and, we have exposure to credit-despite safeguards implemented through both manual and automated controls, involve risk-risks from-of losses due to the potential failure of our customers our- or counterparties to perform digital mortgage program in Kazakhstan. Although we take part in a government mortgage program whereby the their obligations under Kazakhstan government funds the these transactions If our customers default on amount of approved mortgages, we service the their mortgages and obligations, including failing to pay for securities purchased, deliver securities sold, we remain financially liable for mortgage-in-such obligations, and although the these obligations event of default, but we are protected by our security interest collateralized, we are subject to market risk in the liquidation of customer collateral to satisfy the those obligations real property. As While we have established systems and processes designed to manage risks related to our clearing and execution services, we face a risk that such , significant mortgage defaults in Kazakhstan systems and processes might be inadequate. Any liability arising from clearing and margin operations could have an adversely-- adverse affect-effect on our banking business, financial condition, results of operations and cash flows the ultimate success of our digital mortgage product. We also Furthermore, we 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. .We provide dependent on the continuation or our brokerage customers increase of our revenues from these particular sources. There can be no assurance that our business, results of operations and financial condition will not be adversely affected by changes to, or the termination of, our relationships with , access to the U.S.stock market markets ,and maker institutions with whom we conduct a substantial amount of business or adverse developments with regard to the debt securities from which we have derived a substantial amount of trading income. A significant amount of our brokerage business relates to trading in U.S.- listed securities by our brokerage customers. Our PrimeEx subsidiary in the United States is not a licensed clearing firm. We When executing trades directly in the U.S.market, 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 purchase transactions, we transmit the funds invested by our customers to the relevant U.S.- registered securities broker- dealer and clearing firms, which execute the 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 and 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 ratings or market- wide phenomena such as market dislocation and major disasters. We fund ourselves principally by issuing long- term debt instruments, from deposits at our bank subsidiary, by issuing hybrid financial instruments , by entering into repurchase agreements and from cash flow from operations. The proportion of our funding represented by customer deposits has been increasing, and we intend to- for this proportion to continue to increase going forward as part of our funding strategy. We obtain deposits directly from retail and commercial customers and through brokerage firms that offer 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, 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~~ - **Kazakh** 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 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 to 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 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, either of which could reduce our profitability, particularly in our businesses that involve investing, lending and market making. 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, 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 borrowings, and we cannot be certain that such additional financing would be available on terms acceptable to us or at all. The sale of additional equity securities could result in dilution to our stockholders, and 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 On August 24, 2023, S & P Global Ratings placed the ratings of Freedom Holding Corp., Freedom KZ, Freedom Europe, Freedom Global and Freedom Bank KZ on CreditWatch with negative implications. Reasons provided by S & P Global Ratings for the CreditWatch designation included the risk that certain disclosures in our the Company's annual report and recently published allegations by a third party could lead to a loss of critical counterparties and potentially weaken the Company's franchise. On October 31, 2023, S & P Global Ratings removed the ratings of FRHC and its core subsidiaries from CreditWatch on the basis that the immediate fallout from the allegations published by a third party was relatively contained, and it affirmed the long- term credit rating of Freedom Holding Corp. at the " B-" level and long- term and short- term credit ratings of Freedom Finance JSC, Freedom Finance Europe Ltd., Freedom Finance Global PLC and an increase in our credit spreads could adversely Freedom Finance Kazakhstan Bank JSC at the " B / B" level. The ratings of Freedom KZ and Freedom Bank KZ on the national scale were confirmed at the level of " kzBB ", and S & P Global Ratings revised the outlook on Freedom Holding Corp. and its core subsidiaries to negative. A negative outlook means that the rating agency may revise the rating to a lower level during its next rating action, which may negatively affect our business, cost of funding and access to liquidity and cost of funding. As Freedom Life has a result of the Russia-Ukraine conflict, the long- term issuer credit and financial strength rating of " BB" (negative outlook) and a rating on the Kazakhstan national scale of " kZA ", and Freedom Insurance has a " B " rating (positive outlook) and " kzBBB " Kazakhstan national scale rating, in each case from Standard & Poor's. These ratings issued were affirmed by Standard & Poor's on December 8 of each of Freedom KZ, Freedom Bank KZ, Freedom Global and Freedom EU were lowered from " B" (stable outlook) to " B-" (with negative implications). 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 ratings issued by Standard & Poor's of each of Freedom KZ, Freedom Bank KZ, Freedom Global and Freedom EU were upgraded from " B-" to " B" with 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. 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 ratings may adversely affect both our ability to obtain long- term funding and our credit 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 Freedom Holding Corp.** 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 Freedom Holding Corp.** 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, ~~2023~~ **2024** , our assets included \$ ~~2.3~~ **4.7** billion of trading securities, approximately ~~52.30~~ **61** % of which consisted of corporate debt securities and approximately ~~42.65~~ **73** % 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 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, natural disasters or the outbreak of a pandemic 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 . We provide our brokerage customers with..... 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, 2023-2024, \$ 1-2. 5-8 billion, or 63-75 %, 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. **Our risk management framework is designed to identify, assess, and mitigate risks across our operations, including credit, market, liquidity, operational, IT, cybersecurity, legal, regulatory, reputational and ESG risks. We cannot guarantee that our risk management framework will always be effective, as unforeseen circumstances or misjudgments could arise. If our framework fails to address a particular risk effectively, we could face losses that would negatively impact our business, financial position, and prospects. Regulatory bodies in the jurisdictions where we operate might also impose adverse consequences.** We use modeling and forecasts to estimate exposures, loss trends and other risks, and to assist us in decision- making related to underwriting, pricing, capital allocation, and other issues associated with our insurance- businesses. Our models and forecasts are subject to various unverifiable assumptions, uncertainties, model design errors, complexities and inherent limitations, including those arising from the use of historical internal, industry, and unverified, third- party- provided data and assumptions. If, based upon these models, forecasts or other factors, we misprice our products or fail to correctly estimate the associated risks, our business, results of operations, financial condition and cash flows may be materially adversely affected. We also establish and monitor underwriting guidelines and an approval process for assessing and addressing risks and their limits; however, we cannot assure that the assumptions our guidelines and limits are based on, or the analysis of those assumptions, are correct or will accurately reflect future results. As a result, we cannot assure that these guidelines and approval process will be effective in mitigating our underwriting risks. The availability and cost of reinsurance are dependent on market conditions beyond our control. As a result, reinsurance may not be continuously available to us to the extent and on the terms we require to write new business. If we cannot obtain reinsurance or purchase reinsurance at acceptable prices, we would have to either accept an increase in our exposure, or reduce our insurance exposure by limiting writing new policies that we think necessitate reinsurance protections, either of which could have a materially adverse effect on our insurance businesses. Further, our reinsurance programs have counterparty risk that may result in uncollectible claims. Collectability from reinsurers is subject to factors such as whether reinsurers have the financial capacity to make payments, whether insured losses meet the conditions of the reinsurance contract, and whether the reinsurer otherwise disputes coverage. Our inability to recover from reinsurers, for any reason, could have a material effect on our results of operations, financial condition , cash flows and business prospects. 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, 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. 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-cybersecurity, information security and operational risks resulting from expansion of remote work. While We believe that the health interventions from banks and governments in response safety measures initially implemented to address the spread of the disease impacted our business, we are now operating without Covid- 19 pandemic related restrictions. We 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 customer accounts, trading volume, fee and commission income, gains in our proprietary trading and net income during the fiscal year ended March 31, 2022 and 2021. These effects are During the fiscal year ended March 31, 2023, our operations remained largely unaffected by Covid- 19, resulting in no longer applicable following significant impact on our financial performance. Given the geopolitical and other impacts of the Russia- Ukraine conflict, we cannot discern the recent effects of the relative return to pre- Covid- 19 operations- operating conditions on our to the customer account growth, trading volume, commission and fee income and net income. If Covid- 19 or another highly infectious or contagious disease continues to spread, if the response to contain it is unsuccessful, or if there are adverse changes in political conditions or social unrest as a result of the response, we may could experience adverse effects on our business, financial condition, liquidity, Our business interest rates or where market conditions or the competitive environment induces us to raise our interest rates or replace deposits with higher cost funding sources without offsetting increases in yields on interest- earning assets. To reduce the negative impact of sanctions and operations may be materially adversely affected by other- the ongoing actions related to the Russia- Ukraine conflict. We have historically had significant operations in Russia. In view of the critical challenges for our business and operations 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 an agreement to divest our Russian subsidiaries, and the divestiture of these subsidiaries was approved by the Central Bank of the Russian Federation on February the Kazakhstan economy, the NBK raised the base rate from 10, 2023, and .25% to 16.75% per annum. The base rate was completed increased to produce an increase in deposit rates to levels needed to compensate for increased depreciation and inflation risks. This was needed to support financial and price stability and protect the savings of Kazakhstan citizens from depreciation. Russia similarly raised interest rates during this period. The rate increases contributed to a significant net loss on February 27 our trading securities, 2023 largely due to the revaluation of our bond positions. Notwithstanding Despite the fact that since we have completed then- the divestiture of our Russian subsidiaries the NBK decreased the base rate to 14.75% per annum, there always remains a possibility can be no assurance that such divestiture will achieve its intended effects. In particular, we expect that the divestiture of further interest rate hikes our Russian subsidiaries will reduce our exposure to the current challenging geopolitical circumstances and will enable us to accelerate growth in the other future which 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 negative a material adverse effects- effect on our results of operations earnings. Because our business is conducted in multiple countries- future periods. In addition, we face exposure to movements in foreign currency exchange rates. This exposure may change over time as business practices evolve and can have a material impact on our financial statements. Our functional currency is the U.S. dollar. The functional currencies of our subsidiaries include the Kazakhstan tenge, the Euro, the Ukrainian hryvnia, the Uzbekistan sum, the Kyrgyzstan som, the Azerbaijan manat, the Armenian dram, the British pound sterling and the United Arab Emirates dirham. For financial reporting purposes, those currencies are translated into U.S. dollars as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. As the value of the functional currencies of our subsidiaries weakens against the U.S. dollar, we may realize losses arising as a result of translating such foreign currencies to U.S. dollars. Conversely, as the value of the U.S. dollar weakens against the functional currencies of our subsidiaries, we may realize gains arising as a result of currency translation. Fluctuations in currency exchange rates have had, and will continue to provide brokerage services to have, an impact on our results of operations. For example, the countrywide unrest in Kazakhstan in January 2022 and again

following the onset of the Russia-Ukraine conflict the government of Kazakhstan imposed rules that included strict restrictions on currency operations between residents and non-residents. Such rules may be imposed when the applicable regulator believes there exists a serious threat to the stability of payment balances, the foreign currency market or economic security and can have a significant impact on currency rate fluctuation. Maintaining our reputation is critical to attracting and maintaining customers, investors, and employees. If we fail to address, or appear to fail to address, issues that may give rise to reputational risk, we could significantly harm our business. These issues may include, but are not limited to, any of the risks discussed in this Item 1A, including but not limited to legal and regulatory requirements and actions, measures to prevent money laundering, terrorist financing and sanctions violations and management of risks in relation to related party transactions and arrangements. Adverse developments could impair our reputation and materially adversely affect our business, financial condition, results of operations and cash flows. Historically, a number large portion of former clients of our brokerage business was attributable to securities trading by individuals and qualifying institutions in Russia. Although we divested our Russian subsidiaries in February 2023, through and we are actively seeking to decrease the their accounts at amount of our clients located in Russia, the brokerage and banking customers of our non-US subsidiaries continue to include non-sanctioned Russian persons 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 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 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 FST Belize. Although neither FRHC nor any of its group companies is the subject of any sanctions imposed by the United States, the European Union or the United Kingdom, and we have divested our Russian subsidiaries, we continue to generate a significant amount of fee and commission income from trading activity engaged in by Russian persons (including former clients of our former Russian subsidiaries) who are not subject to any sanctions prohibitions or the other effects of legal restrictions through their accounts at our non-Russian subsidiaries, including indirectly through their accounts at FST Belize. The 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 Russian persons. Should there be a large scale expansion of Russia-related sanctions to make them applicable to private sector financial institutions in Russia or to Russia's banking system generally, this could adversely impact negatively affect the Russian economy and investment climate and cause deterioration of the Russian financial markets. In addition, there is a risk that new international sanctions and new countersanctions measures may curtail the ability of our Russian brokerage customers to trade through non-Russian accounts our or business 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 business ties with Russia, we are exposed to the risk that secondary sanctions could be imposed on participants in the financial sector in Kazakhstan. If investment spending by There is a similar risk that existing international sanctions and countersanctions measures that limit the ability of Russian persons to engage through non-Russian trading accounts declines for any reason, this could result in securities activities a material reduction in certain securities our revenues. The Russia-Ukraine conflict has also had, and may be expanded continue to have, adverse effects on our results of operations related to proprietary trading. For example, during fiscal 2023 we sold 7,500,000 shares in a manner the SPB Exchange that curtails 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 and its geopolitical consequences. Although neither FRHC nor any of its group companies is the subject of any sanctions imposed by the United States, the European Union our or ability 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 restrict our ability to continue to provide brokerage services to such customers through our non-Russian subsidiaries persons. Sanctions The effects of the Russia-Ukraine conflict could also limit our ability to, or make it difficult for us to, enter into agreements with certain counterparties, who may refuse to work with us due to our significant Russian customer base. Should there be an expansion of Russia-related sanctions, this could significantly increase the foregoing risks to our business. The materialization impact of any of such expansion would depend on the foregoing factors nature of such sanctions. Examples of additional sanctions measures that could affect our business include: • expanding the scope of sanctioned activities or transactions; • designating parties with whom we have a material adverse effect on our or may have significant business relationships as "specially designated nationals" or "blocked" parties, financial condition meaning that all dealings with them by the U.S., EU results of operations and stock price/ or UK 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 former-Ukrainian subsidiary Freedom UA (which has been deconsolidated from our financial statements starting from the first quarter of fiscal 2024 due to the uncertainty of our ability to control it) and our two former-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 ~~former~~ 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 ~~former~~ 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 ~~former~~ Ukrainian subsidiary is not material in the context of our overall group, the inclusion of Mr. Turlov and our ~~former~~ 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, because we have a significant number of Ukrainian brokerage customers that are 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-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 could adversely impact our company.** We are committed to compliance with all applicable economic sanctions, including those related to the Russia-Ukraine 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, including companies organized under the laws of the United States and their overseas branches, ~~(such sanctions applicable to U.S. persons are generally referred to as "primary" sanctions)~~ but do not apply to non-U.S. subsidiaries of U.S. persons ~~unless the relevant transactions have a nexus with the United States.~~ U.S. economic sanctions also include "secondary" sanctions that make certain activities of non-U.S. ~~persons~~ **companies** sanctionable under U.S. statutes such as the Countering America's Adversaries Through Sanctions Act (CAATSA) ~~or the U.S. President's executive orders.~~ These sanctions are administered by OFAC and / or the U.S. Department of State. We require all of our group companies to fully comply with all U.S. primary sanctions that are applicable to them and / or to transactions ~~with a U.S. nexus~~ in which they are involved **and**. ~~In addition, where sanctions do not apply to particular transactions or activities due to a lack of a nexus to the jurisdiction that imposed the relevant sanctions, our subsidiaries aim to refrain from participation in any conduct that could create exposure to is sanctionable under U.S.~~ secondary sanctions, ~~taking into account potential conflicting law issues given that certain of these subsidiaries operate in highly-regulated industries in which a disregard of local law requirements results in regulatory and litigation risk.~~ Because Freedom Holding Corp. is a U.S.-domiciled holding company that operates through its subsidiaries, we are obliged to comply with Ukraine-Russia conflict-related sanctions imposed by the United 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 Freedom Holding Corp. facilitated activities of its subsidiaries that are prohibited under U.S. sanctions, Freedom Holding 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**. ~~While based on the procedures we cannot provide assurance~~ ~~have performed we believe~~ that the beneficial owners who are the beneficiaries of trades being carried out through such omnibus accounts are not sanctioned persons, ~~because we do not have such direct access we cannot provide assurance that this is the case.~~ 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** sanctions programs could be established, or **indirect** secondary sanctions could be imposed, by the U.S. or other jurisdictions without warning in relation to the Russia-Ukraine 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. **In addition, certain transactions that may be prohibited by economic sanctions regulations of 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.** 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 continued compliance. However, we cannot assure that we can remain in compliance with all sanctions and countersanctions. **Generally, investments in emerging markets are only suitable for sophisticated investors. During fiscal 2023 our subsidiaries Freedom Bank KZ and Freedom Global provided brokerage services to certain individuals and entities** who fully appreciate the significance of the risks involved. Investors in emerging markets should be aware that these markets are subject to **sanctions imposed by OFAC** greater risk than more mature markets, **the European Union** including in some cases significant political, economic and legal risks, including: • difficulties in enforcing legal rights; • corruption in certain countries; • economic volatility and sustained economic downturns; • restrictive changes in securities brokerage, financial services and banking laws; • differing and sometimes conflicting legal and regulatory regimes; •

unpredictable, uncertain and potentially adverse changes to tax regimes;• difficulties in developing, staffing, and simultaneously managing a number of international operations;• risks related to government regulation;• uncertain protection and enforcement of our intellectual property rights;• uncertain and changing judicial and regulatory environments and requirements;• currency exchange rate fluctuations and currency exchange controls;• procuring adequate insurance; and • political or social unrest, including domestic protests such as the European Union or the United Kingdom, as applicable occurred in Kazakhstan in January 2022 and international conflicts, such as the Russia-Ukraine conflict. As 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 Kazakhstan are subject to rapid change and that the information set out herein may become outdated relatively quickly. Moreover, financial, political or social turmoil in any emerging market country can disrupt the local securities markets. Shocks and fluctuations to the global economy may adversely impact Kazakhstan and the other emerging market countries in which we operate. We estimate that, for fiscal 2024, approximately 89 % of our total revenue and most of our total net income was attributable to our operations in Kazakhstan, and as of March 31, 2024 2023, our customer liabilities relating to these individuals and entities in aggregate were \$ 17.8 million, representing approximately 81-0.92 % of our total customer liabilities assets were attributable to our operations in Kazakhstan. The economic resilience of Kazakhstan has been tested by global financial shifts and political events, impacting its growth trajectory. Particularly, the Covid-19 pandemic led to a significant downturn in 2020 2023, exacerbated by a sharp decline in oil prices. Although the aggregate fee and commission income relating to transactions with these individuals and entities in aggregate was a subsequent recovery approximately \$ 34,000 the economy's growth rates have been inconsistent, influenced by external challenges representing approximately 0.01 % of our total fee and commission income for such as reduced oil production and supply chain disruptions, partly from the ongoing Russia-Ukraine conflict. Kazakhstan's heavy reliance on its oil and gas sector, despite diversification efforts, underscores the economy's vulnerability. CPC is the main oil export route (at least two thirds of total oil exports), which runs from fields in the west of the country to a terminal near the Russian port of Novorossiysk. Even though Kazakhstan is undertaking efforts to diversify its oil export routes through the Transcaspian International Transport Route (TITR), the CPC will continue to play a major role in the transportation of Kazakhstan's oil. The Russia-Ukraine conflict may cause damages to the Russian port that can lead to a decrease of oil exports for Kazakhstan. Changes in both the global and domestic environment have resulted in, among other things, lower liquidity levels across the banking sector, tighter credit conditions for Kazakhstan companies generally and fluctuating global demand for, and instability in, the price of crude oil and other commodities and downward pressure on the tenge. For example, the tenge depreciated significantly relative to the U.S. dollar in 2018 mainly due to significant deterioration of external factors, such as depreciation of the Russian ruble and the decrease in crude oil prices (starting from October 2018) due to increased oil reserves and oil production by principal exporters. The tenge depreciated relative to the U.S. dollar by 10.4 % in 2020 primarily due to a sharp fall in oil prices caused by the Covid-19 pandemic. As a result of the onset of the Russia-Ukraine conflict, the tenge depreciated by 8.0 % relative to the U.S. dollar during the quarter ended March 31, 2022. However, during fiscal year 2024 the value of the tenge largely stabilized and appreciated by approximately 4 % against the U.S. dollar. Kazakhstan and other countries remain vulnerable to external shocks and the economic performance of their trading partners. A significant decline in economic growth in the EU or in any of a country's other major trading partners, including Russia (whether or not resulting from international sanctions), could have a material adverse effect on such country's balance of trade and adversely affect its economic growth. Weaknesses in the global economy, or a future external economic crisis, may have a negative effect on economies or investors' confidence in the markets where we operate. Such developments could have a material adverse effect on our business, financial condition, results of operations and cash flows. The countrywide unrest in Kazakhstan that occurred in January 2022 resulted in major interruptions to Kazakhstan's financial market. As a result of shutdowns (or restrictions on access to) the internet and the state of emergency declared by the president of Kazakhstan, our Kazakhstan subsidiaries, along with other financial institutions in Kazakhstan, were unable to conduct operations or operated with limited functionality during the unrest. We are currently exploring the possibility of obtaining alternative ways to access the internet in the case of such emergency situations and to eliminate or mitigate the consequences of losing access to the internet. This event also resulted in significant changes to the Kazakhstan government and reshuffling of government officials, which could in turn result in future impacts to the financial markets in Kazakhstan, including possible amendments to legislation that may limit or make it more difficult or expensive to conduct our operations or make our services less attractive to our customers. Our business is subject to extensive government regulation, licensing and oversight in multiple jurisdictions. Laws, regulations and rules or other obligations to which we are subject include but are not limited to those concerning securities brokerage, retail and commercial banking, insurance services, payment services, securities trading, investment underwriting and market-making banking, granting of credit, deposit taking, margin lending, foreign currency exchange, data protection and privacy, cross-border and domestic money transmission, cyber cybersecurity security, fraud detection, antitrust and competition, consumer protection, U.S. and non-U.S. sanctions regimes, anti-money laundering and counter-terrorist financing. See "Non-compliance with U.S., EU, UK, Russian or other sanctions programs could adversely impact our company." above and "Our measures to 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 with many of the regulations applicable to us involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. Many of the requirements imposed by these regulations are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. New regulations may result in enhanced standards of duty on our subsidiaries 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 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 NBK~~, 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 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 to matters of prudential, conduct- of- business, anti- money laundering and combatting financing of terrorism. In connection with the settlement agreement, Freedom Global was required to pay monetary penalties and carry out a remediation plan. In addition, on** 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 ~~developed and implemented~~ **was required to carry out a remediation plan, the completion of which was confirmed on April 10, 2024.** 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 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, 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 could have a material adverse effect on our business 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, **Ukraine**, Kyrgyzstan, Uzbekistan, Azerbaijan, Armenia, ~~Turkey~~, the EU, the UAE, the U.S., Germany, and Cyprus including representative offices of our Cyprus broker in ~~Austria, Bulgaria, Greece, France, and Spain, Italy, Poland and Netherlands~~. Enforcement officials generally interpret anti-corruption laws to prohibit, among other things, improper payments to government officials such as those of the ARDFM, ~~the NBK, AFSA, CySEC, FINRA, the Federal Financial Supervisory Authority of Germany ("BaFIN")~~, ~~the Center National Agency for Prospective Projects (NAPP) in~~ **Coordination and Development of Securities Market of the Republic of** Uzbekistan and the National Commission on Securities and Stock Market of Ukraine, 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, result of operations and cash flows. As a condition to maintaining our licenses to conduct brokerage, ~~insurance~~ 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, results of operations, and cash flows. 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 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 measures to prevent money laundering and terrorist financing violations may not be completely effective. Notwithstanding the anti-money-laundering (“AML”) regulations that are in place in Kazakhstan, the EU, the U.S. and other jurisdictions in which we operate, we are subject to the risk that our subsidiaries that are financial institutions could be used as vehicles for money laundering. Minimum standards and duties according to the anti-money laundering legislation in 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 our omnibus brokerage arrangement with FST Belize, penalties and other enforcement actions could be brought against us under relevant AML / CTF laws due to breaches by 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. Our subsidiary Freedom EU has a Cross Border Correspondent Relationship Agreement with FST Belize wherein FST Belize has agreed to comply with 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 request. We do not have direct access to FST Belize's customer check systems. In accordance with the Cross-Border Correspondent Relationship Agreement, Freedom EU conducts random checks on a regular basis of trades received from FST Belize 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 utilizes a third party provider platform to onboard and confirm liveness, facematch and AML / sanctions screening on an ongoing basis. 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 such institutional clients' underlying customers or 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 in 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 could have a material adverse effect on our business, results of operations, financial condition and cash flows. Many aspects of our business involve substantial risks of liability. In our underwriting business, we are exposed to substantial liability under U.S. federal, state and non-U.S. securities laws, other U.S. federal and state and non-U.S. laws, and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for material misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. Our underwriting activities will usually involve offerings of the securities of smaller companies, which often involve a higher degree of risk and are more volatile than the securities of more established companies. In comparison with more established companies, smaller companies are also more likely to be the subject of securities class actions, to carry directors and officers liability insurance policies with lower limits or not at all, and to become insolvent. In addition, in market downturns, claims tend to increase. Each of these factors increases the likelihood that an underwriter may be required to contribute to an adverse judgment or settlement of a securities lawsuit. We may be subject to legal claims from our customers and counterparties, employment-related claims and other claims. We could experience negative publicity and reputational damage as a result of lawsuits or claims, in addition to potential significant costs incurred to defend ourselves or settle claims and judgments. Any of the foregoing could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Risk results of operations and cash flows. Our brokerage, 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. 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-19, social unrest such as occurred in Kazakhstan in January 2022, or armed conflict such as the Russia-Ukraine conflict. For example, during the transition to from the new calendar year 2022 to the calendar year 2023, Freedom Bank KZ experienced a technical failure in processing transactions 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 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.

Other businesses we currently operate, or that we will establish in the future pursuant to our digital fintech ecosystem strategy, including our planned telecommunications and media businesses, will also be highly dependent on the proper functioning of IT systems and related technology. If any of our 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.

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 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 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 experienced ~~cyber security~~ **cybersecurity** 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 could result in cyber attacks that could either directly or indirectly impact our operations. Although our subsidiaries have implemented ~~cyber security~~ **cybersecurity** 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~~ **cybersecurity** 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 **IT and cybersecurity threats. 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** 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 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 in the country, which resulted in severance of internal communications within our Kazakhstan subsidiaries. Because we have employees in a number of locations in Kazakhstan, ~~Ukraine~~, Uzbekistan, Kyrgyzstan, **Turkey**, Azerbaijan, Germany, Spain, Greece, France, **Poland, Bulgaria, Austria, Italy, Netherlands, Belgium, Armenia**, 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~~. 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..... 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 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 **and cash flows**. 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, 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, financial condition and cash flows. See "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. **Use of third party systems and vendors creates additional potential vulnerabilities. These third- parties may have placed increased restrictions weaker cybersecurity practices than our own . A cyberattack access to the internet, data breach, including limiting global internet connections for- or Russian-users system failure originating within a third- party system could disrupt our operations . compromise sensitive data, or damage our reputation governing various information technology service providers . These restrictions increase the** **Despite measures to manage third- party risks that we will not be able to adequately or timely communicate with customers who are Russian person in order to provide our services, and could result in we cannot fully eliminate the these exposures 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 **and cash flows**. For 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 such integration. We do not control the relevant government databases and cannot guarantee that we will always have access to such databases or proper functionality with such databases. For us to expand this type of integrated product outside of Kazakhstan, we 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 among jurisdictions. **Other businesses we currently operate, or that we will establish in the future pursuant to our digital fintech ecosystem strategy, including our planned telecommunications and media businesses, are also subject to rapid technological change.** 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 . Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved. Investors in emerging markets should be aware that these markets are subject to greater risk than more mature markets, including in some cases significant political, economic and legal risks, including: • difficulties in enforcing legal rights; • corruption in certain countries; • economic volatility and sustained economic downturns; • restrictive changes in securities brokerage, financial services and banking laws; • differing and sometimes conflicting legal and regulatory regimes; • unpredictable, uncertain and potentially adverse changes to tax regimes; • difficulties in developing, staffing, and simultaneously managing a number of international operations; • risks related to government regulation; • uncertain protection and enforcement of our intellectual property rights; • uncertain and changing judicial and regulatory environments and requirements; • currency exchange rate fluctuations and currency exchange controls; • procuring adequate insurance; and • political or social unrest, including domestic protests such as occurred in Kazakhstan in January 2022 and international conflicts, such as the Russia- Ukraine conflict. 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 Kazakhstan are subject to rapid change and that the information set out herein may become outdated relatively quickly. Moreover, financial, political or social turmoil in any emerging market country can disrupt the local securities markets. Because our business is conducted in multiple countries, we face exposure to movements in foreign currency exchange rates. This exposure may change over time as business practices evolve and can have a material impact on our financial statements. Our functional currency is the U. S. dollar. The functional currencies of our subsidiaries include the Kazakhstan tenge, the euro, the Ukrainian hryvnia, the Uzbekistan som, the Kyrgyzstan som, the Azerbaijan manat, the Armenian dram, the British pound sterling and the United Arab Emirates dirham. For financial reporting purposes, those currencies are translated into U. S. dollars as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. As the value of the functional currencies of our subsidiaries weakens against the U. S. dollar, we may realize losses arising as a result of translating such foreign currencies to U. S. dollars. Conversely, as the value of the U. S. dollar weakens against the functional currencies of our subsidiaries, we may realize gains arising as a result of currency translation. Fluctuations in currency exchange rates have had, and will continue to have, an impact on our results of operations. For example, the countrywide unrest in Kazakhstan in January 2022 and again following the onset of the Russia- Ukraine conflict the government of Kazakhstan imposed rules that included strict restrictions on currency

operations between residents and non-residents. Such rules may be imposed when the applicable regulator believes there exists a serious threat to the stability 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 related to Russia-Ukraine conflict. However, Kazakhstan and Russia have since been able to strengthen the tenge and Russian ruble, respectively, with capital controls and higher interest rates, bringing them closer to pre-conflict levels. These fluctuations in our operating currencies resulted in losses on foreign exchange operations during the fourth quarter of our 2022 fiscal year and subsequent improvement in the first quarter of 2023 fiscal year as those currencies recovered. We cannot assure you 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 interest rates can impact our earnings. Declines in interest rates can have a detrimental effect on the interest we earn. A rise in interest rates could negatively impact us if we hold securities that have an inverse relationship with interest rates or where market conditions or the competitive environment induces us to raise our interest rates or replace deposits with higher cost funding sources without offsetting increases in yields on interest-earning assets. To reduce the negative impact of sanctions and other actions related to the Russia-Ukraine conflict on the Kazakhstan economy, the NBK raised the base rate from 10.25% to 16.75% per annum. The base rate was increased to produce a rise in deposit rates to levels needed to compensate for increased depreciation and inflation risks. This was needed to support financial and price stability and protect the savings of Kazakhstan citizens from depreciation. Russia similarly raised interest rates during this period. The rate increases contributed to a significant net loss on our trading securities, largely due to the revaluation of our bond positions. Further interest rate hikes in the future could have similar negative effects. Shocks and fluctuations to the global economy may adversely impact Kazakhstan and the other countries in which we operate. For example, a substantial amount of our operations are conducted in Kazakhstan. We estimate that, for fiscal 2023, approximately 68% of our total revenue and approximately 79% of our total net income was attributable to our operations in Kazakhstan, and as of March 31, 2023, approximately 84% of our total assets were attributable to our operations in Kazakhstan. Kazakhstan's economy and finances have been adversely affected by global financial developments and political changes. Real GDP growth decreased from 4.2% in 2014 to 1.2% in 2015 and 1.1% in 2016 before increasing to 4.1% in 2017, 4.1% in 2018, and 4.5% in 2019. GDP then contracted by 2.5% in 2020 due to the direct and indirect impact of the Covid-19 pandemic, including the sharp decline in oil prices following the outbreak of the pandemic. In 2021, GDP growth was 4.3%. In 2022, GDP growth decreased to 3.2% in part due to the decreased oil production and supply-chain disruptions caused by the Russia-Ukraine conflict. The decrease in the GDP growth rate from 2014 to 2016 was principally attributable to a decrease in global demand for oil and gas and the resulting decrease in oil production and a fall in oil prices. While in recent years Kazakhstan has sought to diversify its economy and, in particular, to increase exports of manufacturing products, Kazakhstan continues to remain heavily reliant on the oil and gas industry and on hydrocarbon exports. Changes in both the global and domestic environment have resulted in, among other things, lower liquidity levels across the banking sector, tighter credit conditions for Kazakhstan companies generally and fluctuating global demand for, and instability in, the price of crude oil and other commodities and downward pressure on the tenge. For example, the tenge depreciated significantly relative to the U.S. dollar in 2018 mainly due to significant deterioration of external factors, such as depreciation of the Russian ruble and the decrease in crude oil prices (starting from October 2018) due to increased oil reserves and oil production by principal exporters. The tenge depreciated relative to the U.S. dollar by 10.4% in 2020 primarily due to a sharp fall in oil prices caused by the Covid-19 pandemic. As a result of the onset of the Russia-Ukraine conflict, the tenge depreciated by 8.0% relative to the U.S. dollar during the quarter ended March 31, 2022. However, during fiscal 2023 the value of the tenge largely stabilized and appreciated by 3.1% against the U.S. dollar. Kazakhstan and other countries remain vulnerable to external shocks and the economic performance of their trading partners. A significant decline in economic growth in the EU or in any of a country's other major trading partners, including Russia (whether or not resulting from international sanctions), could have a material adverse effect on such country's balance of trade and adversely affect its economic growth. Weaknesses in the global economy, or a future external economic crisis, may have a negative effect on economies or investors' confidence in the markets where we operate. Such developments could have a material adverse effect on our business, financial condition, cash flows and results of operations. The countrywide unrest in Kazakhstan that occurred in January 2022 resulted in major interruptions to Kazakhstan's financial market. As a result of shutdowns (or restrictions on access to) the internet and the state of emergency declared by the president of Kazakhstan, our Kazakhstan subsidiaries, along with other financial institutions in Kazakhstan, were unable to conduct operations or operated with limited functionality during the unrest. We are currently exploring the possibility of obtaining alternative ways to access the internet in the case of such emergency situations and to eliminate or mitigate the consequences of losing access to the internet. This event also resulted in significant changes to the Kazakhstan government and reshuffling of government officials, which could in turn result in future impacts to the financial markets in Kazakhstan, including possible amendments to legislation that may limit or make it more difficult or expensive to conduct our operations or make our services less attractive to our customers. Although we have completed the divestiture of our Russian subsidiaries, we continue to do business with Russian persons, both directly and indirectly through our transactions with FST Belize. As a result, our business and results of operations may be significantly impacted by economic and political conditions in Russia. Over the last two decades, the Russian economy has experienced and may continue to experience at various times: • significant volatility in its GDP; • the impact of international sanctions; • high levels of inflation; • increases in, or high, interest rates; • sudden price declines in oil and other natural resources; • instability in the local currency market; • lack of reform in the banking sector and a weak banking system providing limited liquidity to Russian enterprises; • budget deficits; • the continued operation of loss-making enterprises due to the lack of effective bankruptcy proceedings; • capital flight; and • significant increases in poverty rates, unemployment and underemployment.

~~Beyond the risks associated with these economic conditions and the Russia-Ukraine conflict risks discussed in "Risks Related to the Russia-Ukraine Conflict" and elsewhere in this Item 1A, other notable risks related to the Russian political regime and our doing business with Russian persons include the risks of implementation of government policies targeted at specific individuals or companies, laws restricting foreign investment, Russian anti-money laundering legislation adversely impacting our transaction volumes and mandatory U. S. and EU sanctions screening being inhibited by Russian data privacy laws and constraints.~~ In 2013, the Organization for Economic Co- operation and Development (" OECD") and G20 countries accepted that existing international tax rules create opportunities for base erosion and profit shifting. Pursuing solutions to this problem, the OECD and G20 countries adopted a 15- point Action Plan to Base Erosion and Profit Shifting (" BEPS"). The BEPS package of measures represents a substantial revision of international tax rules. In light of the new measures, it is expected that profits will be reported where the economic activities that generate them are carried out and where value is created. The Convention on Mutual Administrative Assistance in Tax Matters developed by the Council of Europe and the OECD in 1988 and amended by Protocol in 2010 has now been signed by 141 jurisdictions (including Kazakhstan, **Armenia and Cyprus and Russia**). This convention requires competent authorities of jurisdictions- signatories to participate in the exchange of information that is foreseeably relevant for the administration or enforcement of their domestic laws concerning taxes. In ~~2016 Russia (and in 2018 Kazakhstan)~~ joined the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) (the" CRS"). The CRS calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. The foregoing developments regarding global information exchange could complicate our tax planning as well as related business decisions and could possibly expose us to significant fines and penalties and to enforcement measures, despite our best efforts at compliance, and could result in a greater than expected tax burden. On November 24, 2016, the OECD published the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the" MLI") which introduces new provisions to existing double tax treaties limiting the use of tax benefits provided thereby. As a minimum standard, the MLI implements a principal purposes test, under which treaty benefits are disallowed if one of the principal purposes of the transaction or the structure was to obtain a tax benefit. The MLI was ratified by Cyprus on January 22, 2020 ~~and~~, by Kazakhstan on February 20, 2020 **and by Armenia on September 25, 2023**. Application of the MLI could potentially limit tax benefits granted under the double tax treaties of Cyprus ~~and~~, Kazakhstan ~~. Frequent tax law changes in regions where we conduct operations could adversely affect our business and Armenia the value of investments.~~ We are subject to a broad range of taxes and other compulsory payments, including, but not limited to, income tax , VAT and social contributions. Tax laws have been in force for a short period relative to tax laws in more developed market economies, and the implementation of these tax laws is still unclear or inconsistent. The tax laws and regulations in our regions outside the U. S. are subject to frequent changes, varying and contradicting interpretations, and inconsistent and selective enforcement **. Currently the Government of the Republic of Kazakhstan is developing new Tax Code which can significantly affect our business.** The Transfer Pricing Law of the Republic of Kazakhstan, dated July 5, 2008, provides for three- level transfer pricing documentation, including a country- by- country report (CbCR). Under the mandatory filing requirements or CbCR in Kazakhstan, if ~~we a corporation reach reaches~~ the reporting threshold established for the group' s consolidated revenue (e. g. EUR 750 million) ~~we it~~ may be required to submit relevant CbCR reports. **The mentioned threshold was reached** ~~It continues to be unclear how the above measures will be applied by the tax authorities and courts. Notably, there is uncertainty about the types of income that should be included in the group' s consolidated revenue for FY2024, as such we are required to prepare and submit~~ CbCR **during FY2025** purposes. Similar requirements are imposed by other jurisdictions in which we do business, including but not limited to Cyprus, Ukraine, and Uzbekistan. Under Kazakhstan transfer pricing legislation, the burden of proving market prices, as well as keeping specific documentation, lies with the taxpayers. In certain circumstances, the local tax authorities may apply the transfer pricing rules and methods in cases where the rules are formally not applicable, claiming additional tax charges calculated using the transfer rules but based on other tax concepts (e. g., anti- avoidance rules, lack of economic justification of expenses, etc.). Our subsidiaries in Kazakhstan could become subject to transfer pricing tax audits by the Kazakhstan tax authorities in the foreseeable future. As a result of such audits, the tax authorities could challenge the level of prices applied by us under" controlled" transactions (including certain intercompany transactions) or challenge the methods used to prove prices applied by us, and as a result we may accrue additional tax liabilities. If additional taxes are assessed with respect to these matters, they could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Kazakhstan' s tax regime is subject to ongoing changes, resulting in uncertainties in the interpretation and application of its tax laws. For example, the Kazakhstan government has taken steps to promote investment in its financial markets, including providing a preferential tax regime within the AIFC established by the Constitutional Law of the Republic of Kazakhstan dated December 7, 2015" On the Astana International Financial Center" (the" AIFC Framework Law"). Among other tax benefits, there is an exemption from corporate income tax on commission income earned by an AIFC- registered member from rendering defined financial services in the AIFC. It is currently unclear whether an AIFC- registered member is eligible for the tax benefits if, for example, it renders services online through employees working outside the AIFC. As a result of these uncertainties, the availability of these new tax exemptions to us is currently unclear. Another tax risk we face is associated with" corporate tax residency" in Kazakhstan. Notably, when an entity is recognized as a Kazakhstan tax resident it is obligated to register with the Kazakhstan tax authorities, calculate and pay Kazakhstan income tax on its worldwide income and comply with other tax- related rules established for Kazakhstan entities. There is uncertainty as to how these residency criteria will be treated and applied by the Kazakhstan tax authorities to FRHC. There is also uncertainty regarding determination of the" beneficial owner" of income under Kazakhstan tax law, for purposes of double- tax treaties. In particular, to date, there are still no officially approved requirements for the documentation to be obtained from the recipient of income claiming beneficial owner status.. In case one of our non- Kazakhstan subsidiaries is not able to provide evidence that it is a beneficial owner of the income which it receives from one of our Kazakhstan subsidiaries,

benefits under a double tax treaty will not be applicable, as a result of which the Kazakhstan subsidiary would be required to withhold taxes from such payment at the rate provided by the Tax Code of Kazakhstan without any reductions or exemptions from taxation in Kazakhstan. This could lead to additional tax liabilities for our companies. More generally, Kazakhstan tax legislation is subject to frequent changes, varying and potentially contradicting interpretations and inconsistencies. There can be no assurance that Kazakhstan tax legislation will be amended in the future in a manner that makes our tax planning more predictable. Further, the introduction of new taxes, amendments to current taxation rules, or new interpretations of existing tax law may have a substantial impact on the overall amount of our tax liabilities. As a result, there is no assurance that we will not be required to make substantially larger tax payments in the future, which may adversely affect our business, financial condition and results of operations and cash flows. Changes to laws or regulations, such as tax laws, could also have a disproportionate impact on our business or profitability, based on the way those laws or regulations are applied to us due to our corporate structure. For example, the current U. S. presidential administration has proposed tax policy ideas that if enacted would, among other things, increase the corporate tax rate and the U. S. tax rate on Global Intangible Low Taxed Income ("GILTI"). Because of certain tax advantages we realize in certain jurisdictions where we operate, the proposed changes in the GILTI tax rate by the current U. S. administration, which have not yet been adopted and may change significantly before being implemented, if at all, could result in significantly higher tax burdens on us in the U. S., which could offset some of the favorable tax advantages we realize in some of the jurisdictions where we conduct business. ~~As a diversified holding company with few operations of its own, FRHC is reliant on the operations of our subsidiaries to fund its holding company operations.~~ Our operations are conducted primarily through the subsidiaries of Freedom Holding Corp., and Freedom Holding Corp.'s ability to generate cash to fund its operations and expenses, to pay dividends or to meet debt service obligations is highly dependent on the earnings and the receipt of funds from our subsidiaries through dividends or intercompany loans. Deterioration in the financial condition, 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 limit or impair their ability to pay such distributions to Freedom Holding Corp. 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 Freedom Holding Corp.'s needs, there could be a material adverse effect on our business, financial condition, cash flows and results of operations. Timur Turlov controls a majority of the voting power of our outstanding common stock. Accordingly, we qualify as a "controlled company" within the meaning of Nasdaq corporate governance standards. Under Nasdaq rules, a company of which more than 50 % of the voting power is held by one individual is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements that: • a majority of its board of directors consist of independent directors; • its nominating and corporate governance committee and compensation committee be composed entirely of independent directors; • each committee have a written charter addressing such committee's purpose and responsibilities; and • an 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. The charters for each of our board committees provides provide 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 71.69. +9% 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, 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, have conduct conducted significant amounts of business with our company and have significantly contributed to our revenues. Such related party transactions give rise increase 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 other 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, Mr. Turlov owes fiduciary duties to minority shareholders under Nevada law. 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. 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 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 New York or England would not be enforceable in Kazakhstan courts. Each of Kazakhstan, the U. S. and the UK 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. We are required to comply with the SEC's rules implementing Section 302 of the Sarbanes- Oxley Act of 2002, as amended (the "Sarbanes- Oxley Act"), which requires

management to certify financial and other information in our quarterly and annual reports and to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act requires management to provide an annual ~~management~~ report on the effectiveness of internal control over financial reporting. Additionally, we are required to have our independent registered public accounting firm ~~provide an attestation~~ report on the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm needs to issue an adverse report if there is a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. ~~When evaluating~~ **In preparing our financial statements in connection with our Annual Report on Form 10-K for the year ended March 31, 2023, we previously identified material weaknesses in** our internal control over financial reporting ~~;~~ **we may identify material weaknesses that we may not be able to remediate prior to the date of our annual management** ~~Management identified~~ report. During fiscal 2023, the Audit Committee of our Board of Directors, after discussion with management, concluded that certain reports previously filed with the SEC included material misstatements. These reports have already been amended and filed with the SEC. In connection with such errors, we concluded that there is a material weakness due to **a** deficiency in one of the principles associated with the Control Environment component of the COSO framework, specifically relating to a lack of a sufficient complement of qualified technical accounting and financial reporting personnel to perform control activities in support of preparing the financial statements in accordance with U. S. GAAP. The Control Environment material weakness contributed to other material weaknesses, either individually or in the aggregate, related to the design of our controls over: **• (i) the application of U. S. GAAP to complex transactions ; • (ii) the classification of certain loans and deposits from banking institutions within the Consolidated Statements of Cash Flows ; • (iii) the classification of certain interest income from margin lending within the Consolidated Statements of Operations and Other Comprehensive Income ; • (iv) the classification of funds received under the Kazakhstan state program for financing of mortgage loans " 7- 20- 25 " within the Consolidated Statements of Cash Flows ; and • (v) the review and timely identification of misstatements in the notes to the Consolidation Financial Statements. While** As a result, we ~~determined that our disclosure controls and procedures were not effective for the previously filed reports as described above and our internal control over financial reporting was not effective for the previously filed Prior Financial Statements as described above. We have remediated~~ **commenced measures in response to the these** material weaknesses **as of March 31, 2024, we cannot assure you that these or other measures will prevent future material weaknesses from occurring. As part of our remediation of the material weakness** identified above ~~;~~ Management, with the oversight of the Audit Committee of the Board of Directors, has evaluated the material weaknesses described above and designed a remediation plan to enhance our internal control environment. To remediate the material weaknesses, we plan to (a) ~~provide~~ **provided** training on U. S. GAAP to employees responsible for preparing the Consolidated Financial Statements; (b) **implemented new or modified existing controls over the preparation of the financial statements and (c) hire-hired** qualified accounting professionals **additional employees and external consultants** with the appropriate level of **qualifications and** expertise in U. S. GAAP and **in ability to design** ~~designing~~ **maintain** ~~maintaining~~ and **improve** ~~improving~~ procedures and controls focused on the application of U. S. GAAP to complex transactions and preventing and detecting material misstatements in the presentation and disclosures of the Consolidated Financial Statement and (e) engage an external consulting firm to assist the Company in maintaining compliance with its U. S. GAAP reporting requirements. Until the material weaknesses are remediated, we will continue to perform additional analysis and other post-closing procedures to ensure that our consolidated financial statements are prepared in accordance with U. S. GAAP. The material weaknesses cannot be considered remediated until the newly designed control activities operate for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively. We can give no assurance that the measures we are taking and plan to take in the future will remediate the material weaknesses identified, or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure **Failure** to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our internal controls over financial reporting, in the future those controls may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements. Any failure to maintain effective internal control over financial reporting **by us going forward** could adversely impact our ability to report our financial position **and,** results of operations **and cash flows** on a timely and accurate basis. If our financial statements are inaccurate, investors may not have a complete understanding of our operations and we could face the risk of stockholder litigation. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities. Ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. The market price of our common stock may fluctuate significantly. Among the factors that could affect our stock price are: **• the Russia- Ukraine 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 or governmental authorities; • 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 regulations by our employees; • changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts; • domestic and international economic factors unrelated to our performance ; • pandemic and epidemic disease ; • 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 **and cash flows**. 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.