

News Release

Embargoed until 1200 ALMT / 0700 UTC 5 November 2024

FREEDOM HOLDING CORP. KAZAKHSTAN SERVICES PMI®

Fresh contraction in Kazakh services activity in October

Demand trends deteriorate...

...leading to fresh contraction in activity

Cost pressures all but evaporate

Kazakh service sector business activity fell into contraction as demand trends deteriorated at the start of the final quarter.

The latest PMI® data by Freedom Holding Corp. and S&P Global signalled varied trends. The sector faced demand-side challenges as a decline in new business at Kazakh service providers was noted in October. The downturn in turn fed through to a renewed deterioration in activity.

However, employment was raised for a second month running, albeit with the rate of growth slowing on the month. Additionally, price pressures also softened on the month, with easing cost burdens allowing businesses to raise their service charges at a weaker pace.

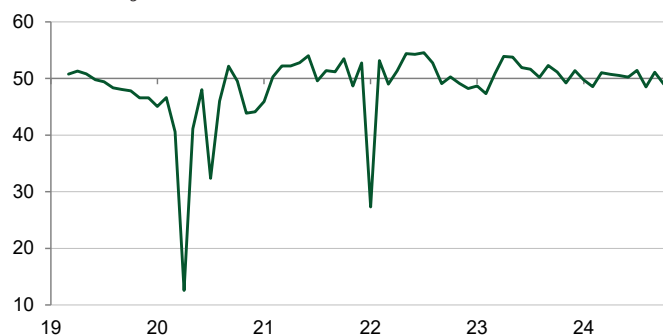
The headline figure is the Business Activity Index. This is calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The index varies between 0 and 100, with a reading above 50 indicating an increase and below 50 a decrease. The index is adjusted for seasonal variation.

After recording a modest expansion in the month prior, Kazakh service sector activity recorded a renewed contraction, as the headline index fell to 49.0 in October from 51.1 in September. The index has now printed below the neutral 50.0 mark in two of the last three survey periods.

Underscoring the decline in business activity among Kazakh services firms was a fresh, albeit slight, deterioration in demand trends. New business received at service providers fell in October, thereby reversing a month of solid expansion observed in September. Surveyed respondents frequently pointed to growing competition and decreased customer activity as the key drivers of the downturn.

Falling business requirements caused a slowdown in job creation in October, resulting in only a modest increase in workforce numbers. However, with two consecutive monthly expansions under its belt, employment remains a positive

Freedom Holding Corp. Kazakhstan Services PMI Business Activity Index, sa, >50 = growth m/m



Data compiled 10-28 October 2024.

Sources: Freedom Holding Corp. S&P Global PMI. ©2024 S&P Global.

Comment

Yerlan Abdikarimov, Director of Financial Analysis Department at Freedom Finance Global PLC (100% subsidiary of the Freedom Holding Corp.):

"In October, activity in Kazakhstan's service sector declined again, driven by a reduction in new orders amidst high competition and declining customer activity. Nevertheless, the sector demonstrated expansion in the labour market, recording employment growth for the second consecutive month, albeit at a somewhat slower pace that lagged industrial enterprises. The continued easing of cost inflation pressures led to a restraint on the rate of price growth among service providers, reaching its lowest level in the past four years. Despite these challenges, market participants remain optimistic about the future, expecting new contracts and investment opportunities to boost activity in the next twelve months."

feature of Kazakhstan's service sector at present.

Also on a positive note, inflationary pressures further eased in October. Cost pressures nearly disappeared in the latest survey period. Excluding the outright fall in costs recorded in July 2020, the rate of input price inflation was the joint-weakest since the survey began in March 2019, equal with that seen in June 2019. Where prices continued to rise, firms often attributed this to higher costs for utilities.

Subsiding cost pressures resulted in a weaker uptick in charges. In fact, Kazakh service providers raised their service prices only slightly and at the weakest pace in 46 months.

Finally, firms became slightly more optimistic about a rise in business activity over the coming year, with confidence levels approaching the long-term average. This positive outlook stemmed from expectations of securing new contracts, plans for marketing and investment, and efforts to seek new tenders.

FREEDOM HOLDING CORP. **KAZAKHSTAN COMPOSITE PMI**

Private sector activity slips into contraction

The Kazakhstan Composite PMI Output Index fell to 49.6 in October from 51.8 in September to record the first fall in private sector activity since February. While the contraction was solely driven by the service sector, manufacturers noted a softer rise in output during the latest survey period.

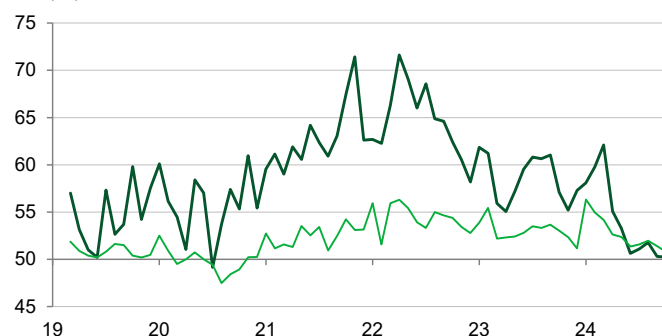
Demand trends also showed signs of cooling, with new business rising only fractionally and at the weakest pace in the current eight-month period of growth.

However, employment was a bright spot for the private sector. The rate of job creation was modest, but eased to a three-month low. However, trends diverged by sector, with manufacturing employment rising at a quicker pace while service providers recorded a slower increase.

Price pressures ebbed during the latest survey period, with softer upticks noted across both the sectors.

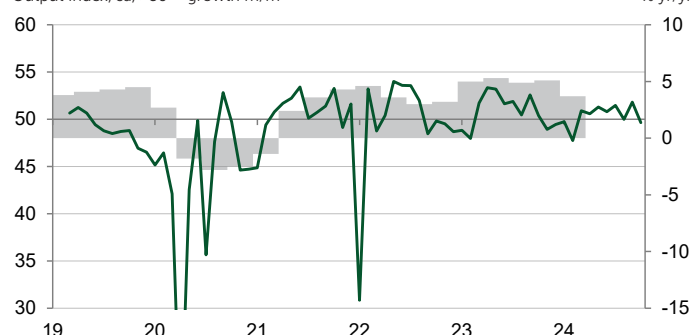
Looking ahead, sentiment for the year ahead outlook brightened in October, with both sectors expressing greater confidence.

■ PMI Input Prices ■ PMI Prices Charged
Index, sa, >50 = inflation m/m



Sources: Freedom Holding Corp., S&P Global PMI. ©2024 S&P Global.

■ Kazakhstan Composite PMI ■ Gross Domestic Product (GDP)
Output Index, sa, >50 = growth m/m % yr/yr



Sources: Freedom Holding Corp., S&P Global PMI. ©2024 S&P Global.

Contact

Yerlan Abdikarimov
Financial Analysis
Department Director
Freedom Finance Global PLC
Yerlan.abdikarimov@ffin.kz
Freedom Holding Corp.

Public Relations Department,
Freedom Finance Global PLC
pr@ffin.kz
Freedom Holding Corp.

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 (0) 1344 327 213
maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Methodology

The Freedom Holding Corp. Kazakhstan Services PMI[®] is compiled by S&P Global from responses to questionnaires sent to a panel of around 250 service sector companies.

The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2019.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series..

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Freedom Holding Corp.

Freedom Holding Corp. is a diversified company. It provides financial services and brokerage services securities trading, investment research and consulting, investment banking and underwriting services, mortgages, insurance, telecommunications, online sales of airline tickets and event tickets, offer online supermarket services and many others.

The Holding, including subsidiaries, employs more than 6.8 thousand people.

The headquarter of Freedom Holding Corp. is in Almaty (Kazakhstan) with supporting administrative offices and subsidiaries locations in 22 countries including Kazakhstan, the United States of America, Cyprus, Poland, Spain, Uzbekistan, Azerbaijan and others.

Freedom Holding Corp.'s common stocks are registered with the U.S. Securities and Exchange Commission and trades under the ticker symbol FRHC on the Nasdaq Capital Market.

www.freedomholdingcorp.com

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

PMI by S&P Global

Purchasing Managers' Index™ (PMI[®]) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI[®] are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.