

1 October 2024

FREEDOM HOLDING CORP. KAZAKHSTAN MANUFACTURING PMI®

Fastest rise in output for 18 months

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About the report

The Freedom Holding Corp. Kazakhstan Manufacturing PMI[®] provides a timely snapshot of manufacturing performance. The report tracks monthly changes in output, demand, employment, prices and supply chains, compiled from survey responses from a representative panel of local manufacturers.

KEY FINDINGS

September 2024

Solid increases in output, new orders and employment

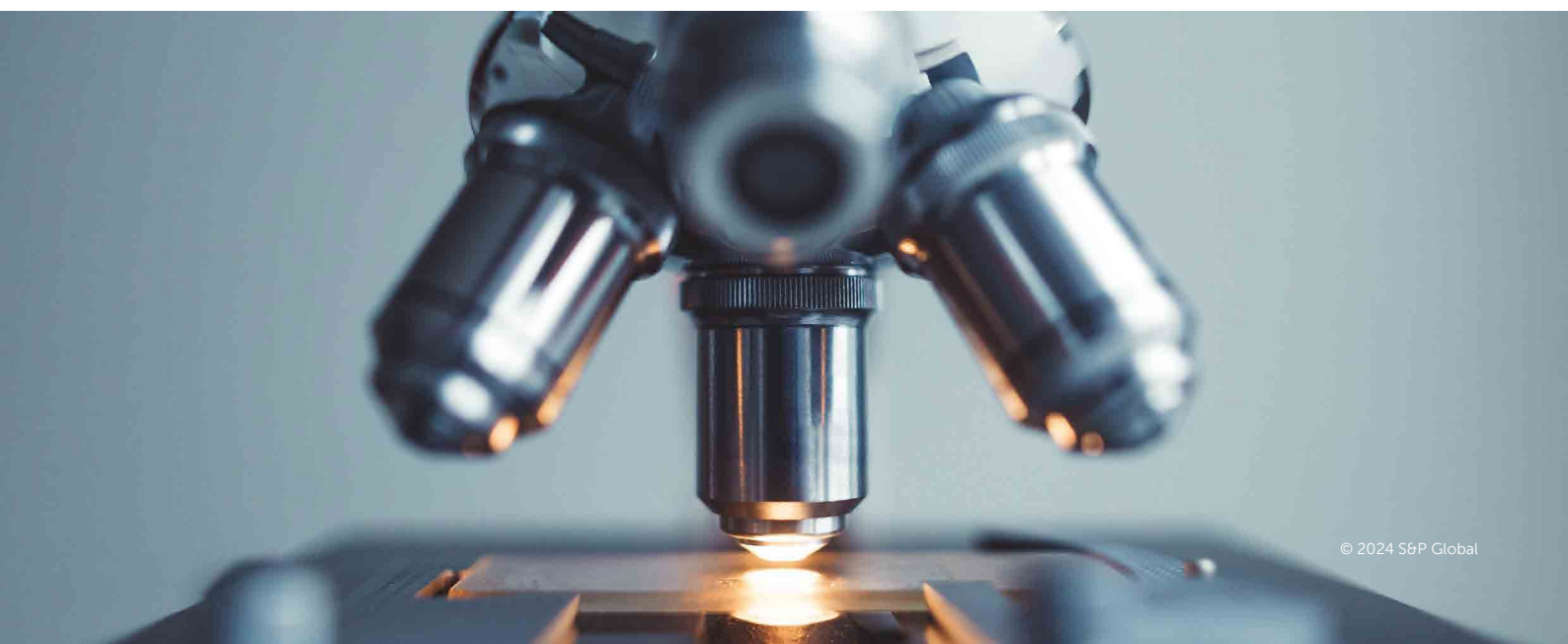
Inflationary pressures tick lower

Business sentiment continues to wane

The PMI provides a snapshot of manufacturing performance. It is a weighted average of five sub-indices tracking reported monthly changes in new orders, output, employment, suppliers' delivery times and stocks of purchases. Each sub-index varies between 0 and 100, and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The indices are seasonally adjusted. For more information on the PMI survey methodology, click [here](#).

**Freedom Holding
Corp. Kazakhstan
Manufacturing PMI
September 2024**

52.3



FASTEST RISE IN OUTPUT FOR 18 MONTHS

Kazakhstan's manufacturing sector remained comfortably inside growth territory at the end of the third quarter.

Buoyant demand conditions supported further solid increases in new orders and production, the latter rising at the fastest pace since March 2023. In a bid to stay on top of workloads, firms took on extra staff and expanded purchasing activity.

On a less positive note, business confidence continued to wane and was the lowest since December 2021.

The Freedom Holding Corp. Kazakhstan Manufacturing PMI® (Purchasing Managers' Index™) posted 52.3 in September, down from August's survey peak of 53.3 but still comfortably above the 50.0 no-change mark and signalling a solid monthly improvement in the health of the manufacturing sector. Business conditions have now strengthened in seven consecutive months.

Manufacturing production rose solidly in September and at the fastest pace in a year-and-a-half as new contracts were signed during the month, boosting inflows of new orders.

New business increased for the eighth consecutive month, with the rate of expansion remaining solid despite easing from that seen in August. Firms reported improving customer demand and expansion into new markets.

Despite the sustained solid growth of new orders, manufacturers in Kazakhstan remained able to keep on top of workloads and actually reduced backlogs of work for the second month running in September.

The ability of firms to limit pressure on capacity was in large part due to sustained hiring, with a number of firms reportedly taking on extra staff on a full-time basis in September. Overall, employment increased for the seventh month running, albeit at a softer pace than the record posted in August.

Manufacturers also continued to increase their purchasing activity in response to higher output requirements, with the rate of expansion remaining solid. The use of purchased items directly to support production meant that stocks of purchases continued to fall. Stocks of finished goods were also down as finished items were shipped to customers to help meet sales needs. In fact, the drop in post-production inventories was the most pronounced in 2024 so far.

Manufacturers in Kazakhstan recorded a further rise in input costs during September amid increases in prices for raw materials and currency weakness. Although remaining rapid, the rate of inflation eased from the previous survey period and was below the series average.

A slower rise in output prices was also registered. While some firms increased charges in response to higher input costs, others offered discounts as part of efforts to secure new orders.

Meanwhile, suppliers' delivery times lengthened further as logistics issues continued to cause delays. The rate of deterioration in vendor performance was modest, however, and the least marked since May.

Despite sustained expansions in output and new orders, business confidence continued to wane, dropping for the



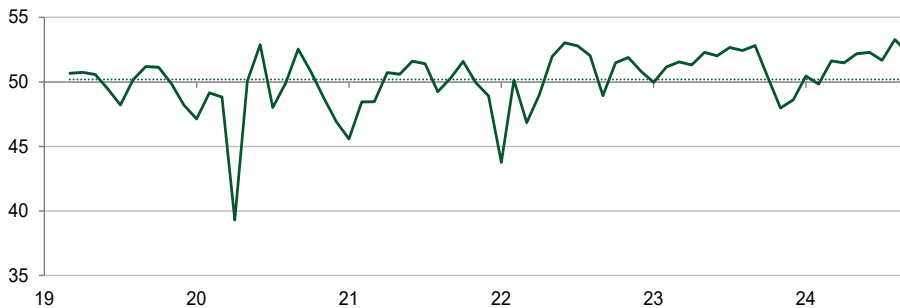
sixth consecutive month to the lowest since December 2021. Some 43% of respondents remained optimistic that output will rise over the coming year, however, reflecting expected improvements in new orders and business expansion plans.

COMMENT

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

"The overall condition of the manufacturing industry in September remains at a relatively high level, despite a slight decline compared to the record level reached in August. The increase in output volumes, which has been the highest in the past year and a half, is one of the key factors supporting the sector. Such an increase is associated with increased demand. Enterprises have begun processing the new orders they secured earlier, for which staffing was being recruited at a high rate in recent months. Such active dynamics led to the depletion in stocks of finished goods, which fell to their lowest level this year. As we can see, this did not seriously affected output prices and is unlikely to lead to a significant deterioration in the sector in the coming months."

Freedom Holding Corp. Kazakhstan Manufacturing PMI
Index, sa, >50 = improvement m/m. Dots = long-run average.



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

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OUTPUT AND DEMAND

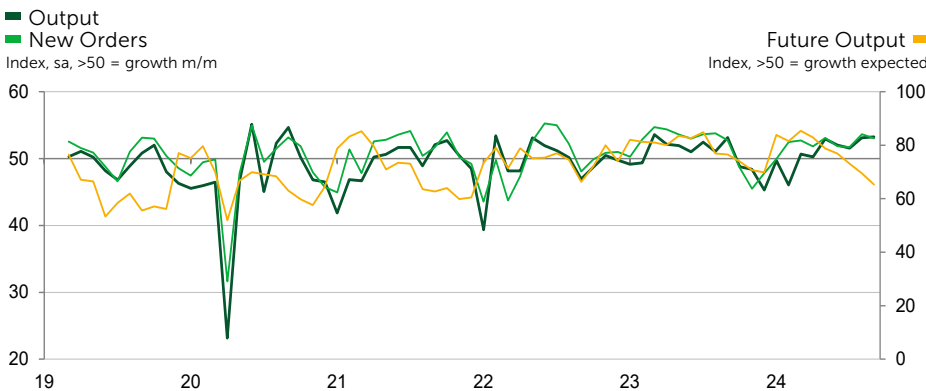
Manufacturing production continued to rise solidly in Kazakhstan at the end of the third quarter of the year.

Moreover, the rate of expansion ticked up from that seen in August and was the sharpest for a year-and-a-half. The eighth successive rise in production was linked to higher orders as new contracts were signed during the month.

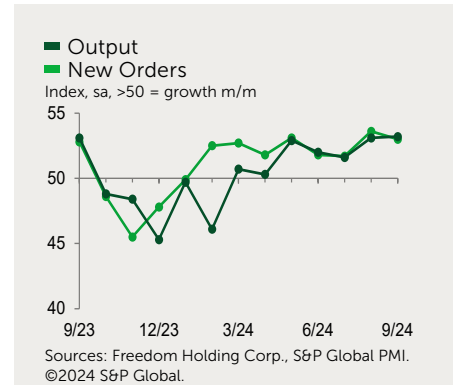
A similarly solid increase in new business was recorded in September

as customer demand improved. Some firms also indicated that they had expanded into new markets. New orders increased for the eighth month running, albeit at a slightly softer pace than in August.

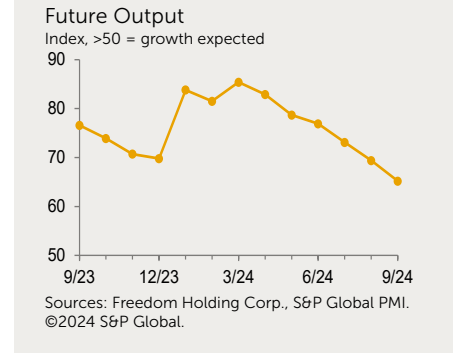
Business confidence continued to wane, dropping for the sixth consecutive month to the lowest since December 2021. That said, firms on balance continue to expect output to rise amid projected improvements in new orders.



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



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



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



EMPLOYMENT AND CAPACITY

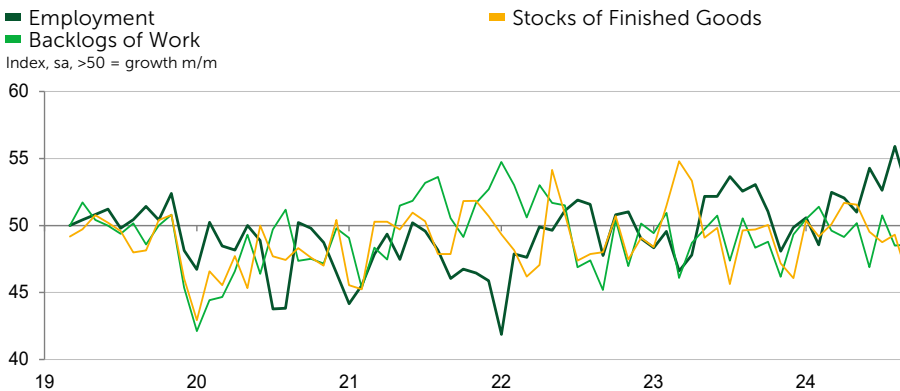
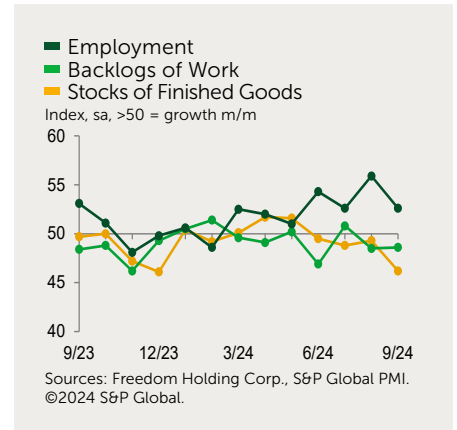
Firms were able to keep on top of workloads thanks to a further rise in employment.

Staffing levels increased for the seventh consecutive month in September. The rate of job creation remained solid, despite easing from the previous survey period. According to respondents, growth was dominated by the hiring of full-time staff.

Higher workforce numbers helped manufacturers to reduce their

backlogs of work again in September. Outstanding business decreased for the second month running, and at a broadly similar pace to that seen in August.

Meanwhile, the shipping of products to help meet sales requirements meant that stocks of finished goods decreased solidly. In fact, the fourth consecutive monthly fall in post-production inventories was the most pronounced in 2024 so far.



SUPPLY CHAINS

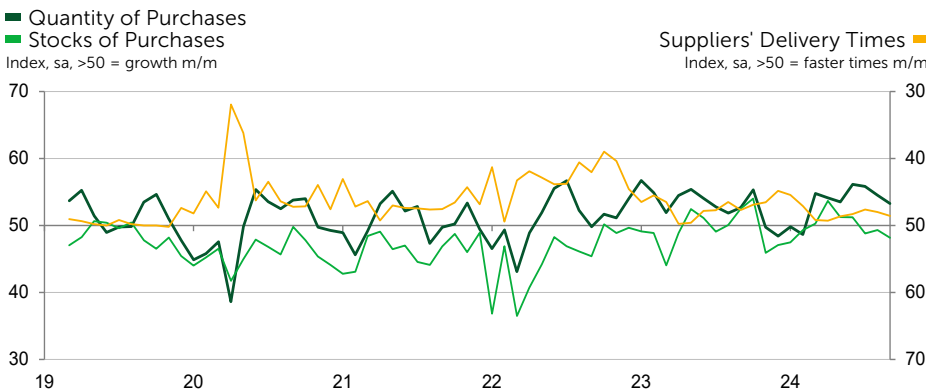
As well as raising employment, firms also increased purchasing activity in September.

Input buying has now expanded in seven successive months. Although solid, the latest increase was the softest in the current growth sequence.

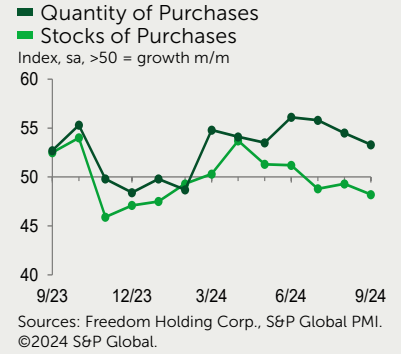
Higher purchasing activity often reflected rising production requirements, and manufacturers reported that purchased items were

used directly to support increases in output. As a result, stocks of inputs decreased for the third month running. The latest depletion was modest, but the most marked since January.

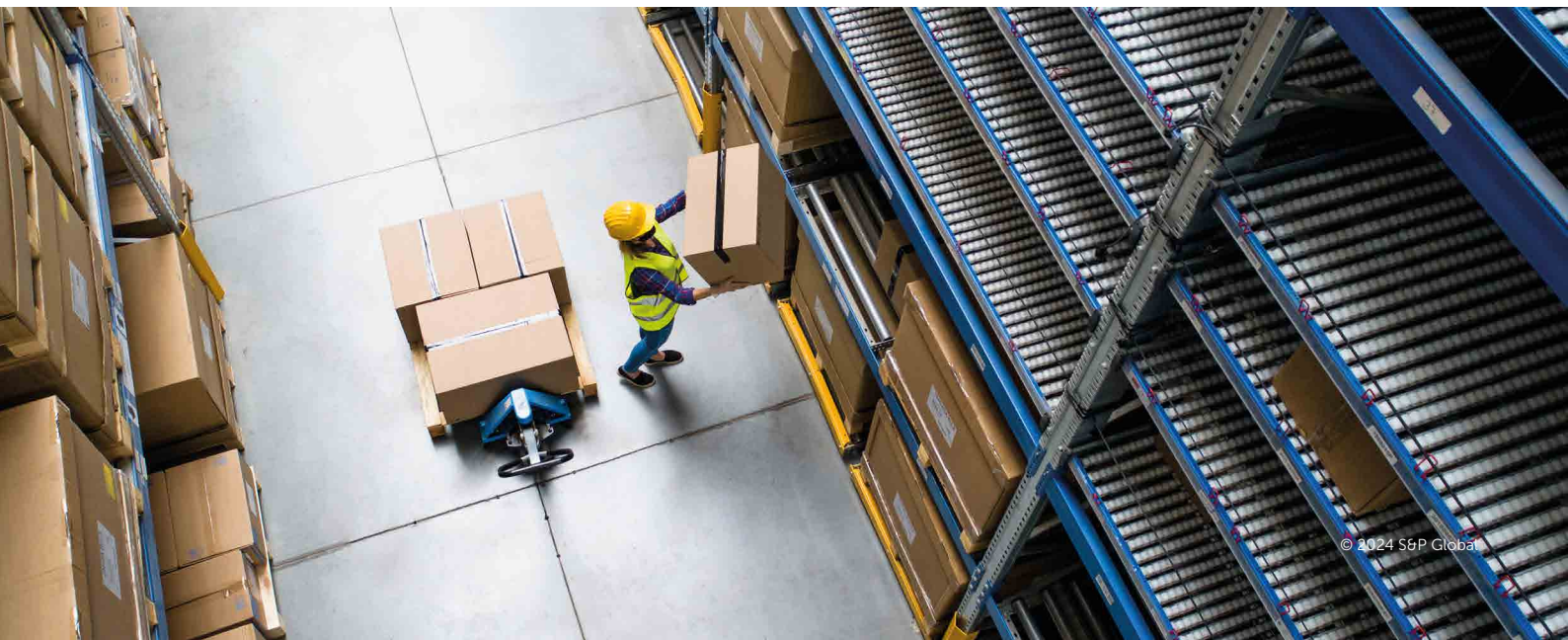
As has been the case in each month since December 2019, suppliers' delivery times lengthened during September as logistics issues continued to cause delays. That said, the rate at which lead times lengthened was only modest and the least pronounced since May.



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



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



INFLATION

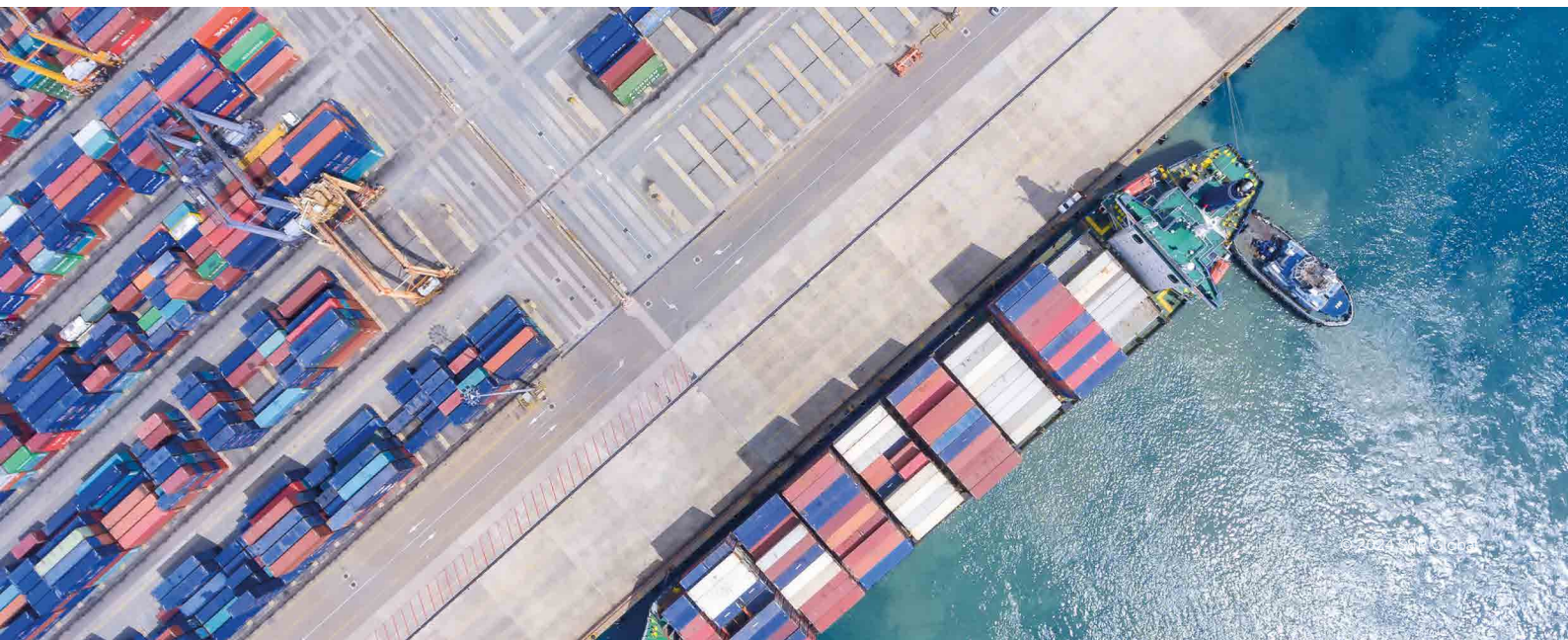
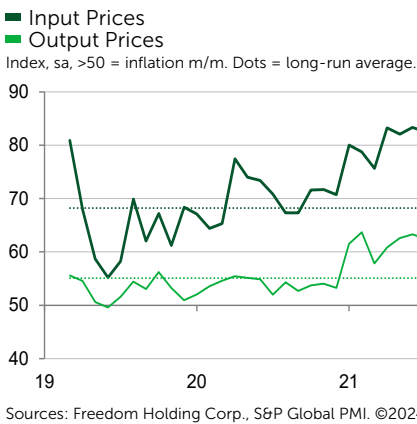
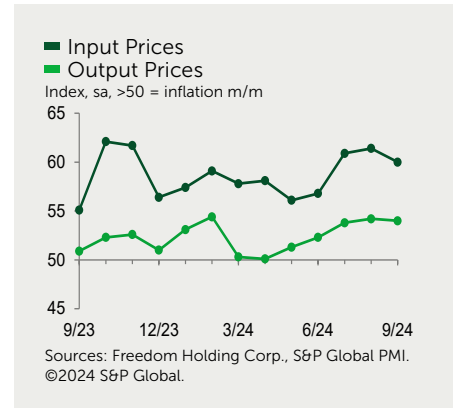
Input costs continued to rise rapidly at the end of the third quarter.

Higher raw material prices were widely mentioned by those firms that saw input costs rise, with currency weakness also a factor.

Around 20% of respondents signalled a rise in input prices during the month, against just 1% that posted a fall.

The pass through of higher raw material costs to customers resulted in a further rise in output prices during September, although the rate of inflation softened as some firms lowered charges in a bid to secure new orders.

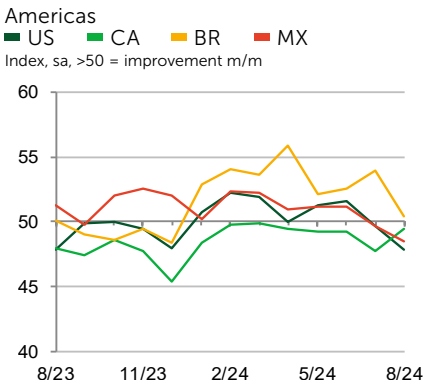
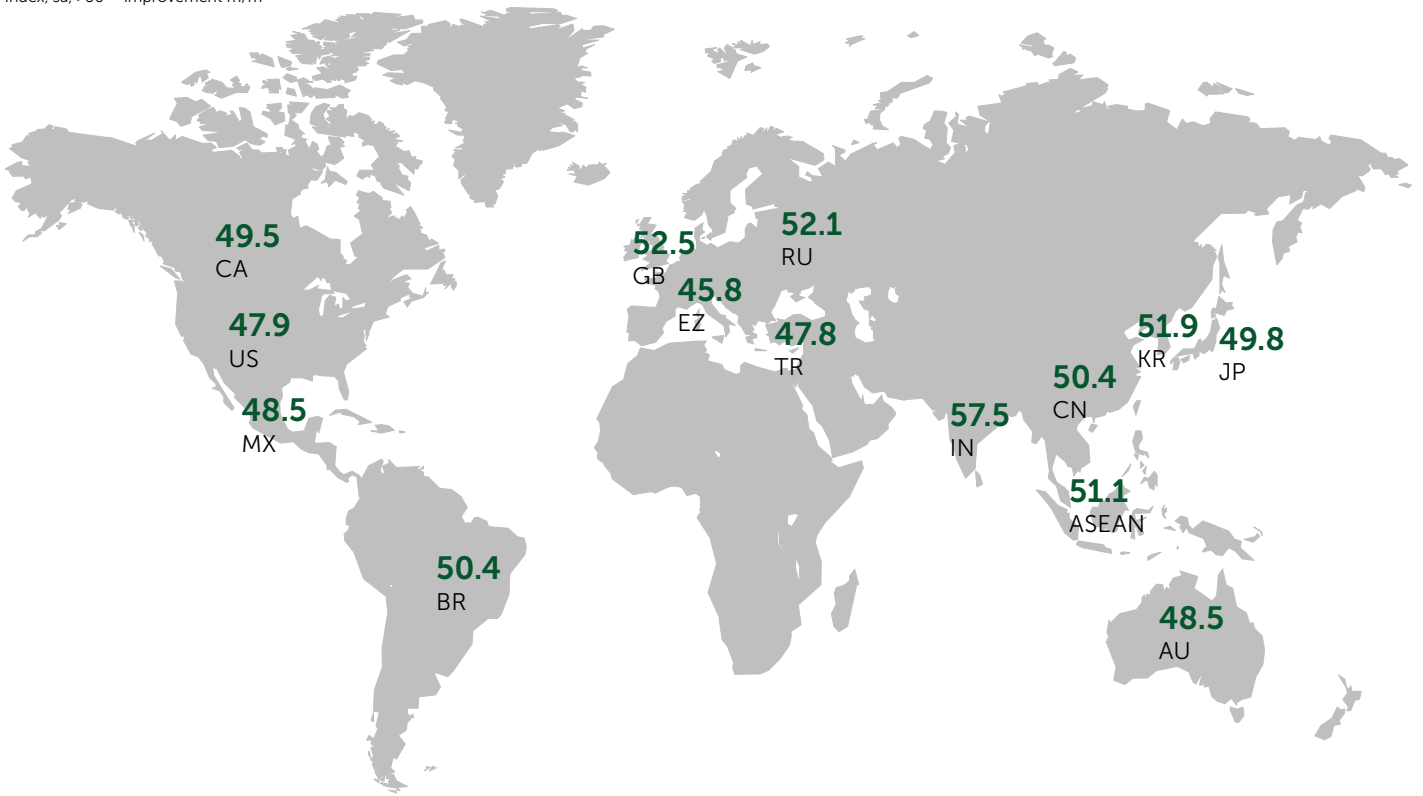
The latest increase in selling prices was fractionally weaker than that seen in August and below the series average.



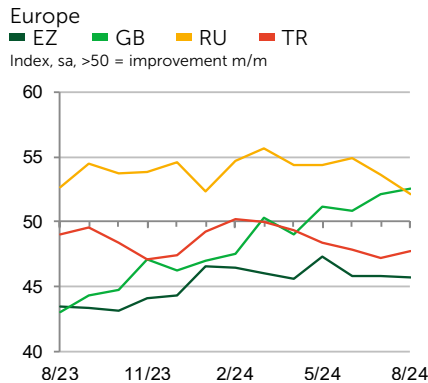
INTERNATIONAL PMI

Manufacturing PMI
Index, sa, >50 = improvement m/m

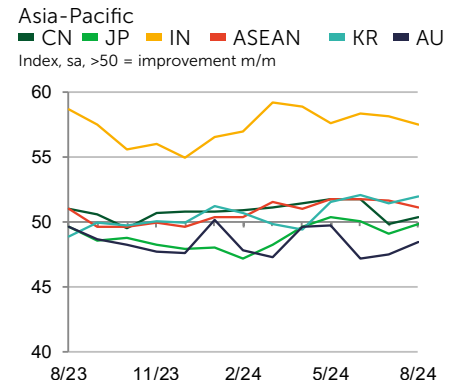
Aug '24



Source: S&P Global PMI. ©2024 S&P Global.



Source: S&P Global PMI. ©2024 S&P Global.



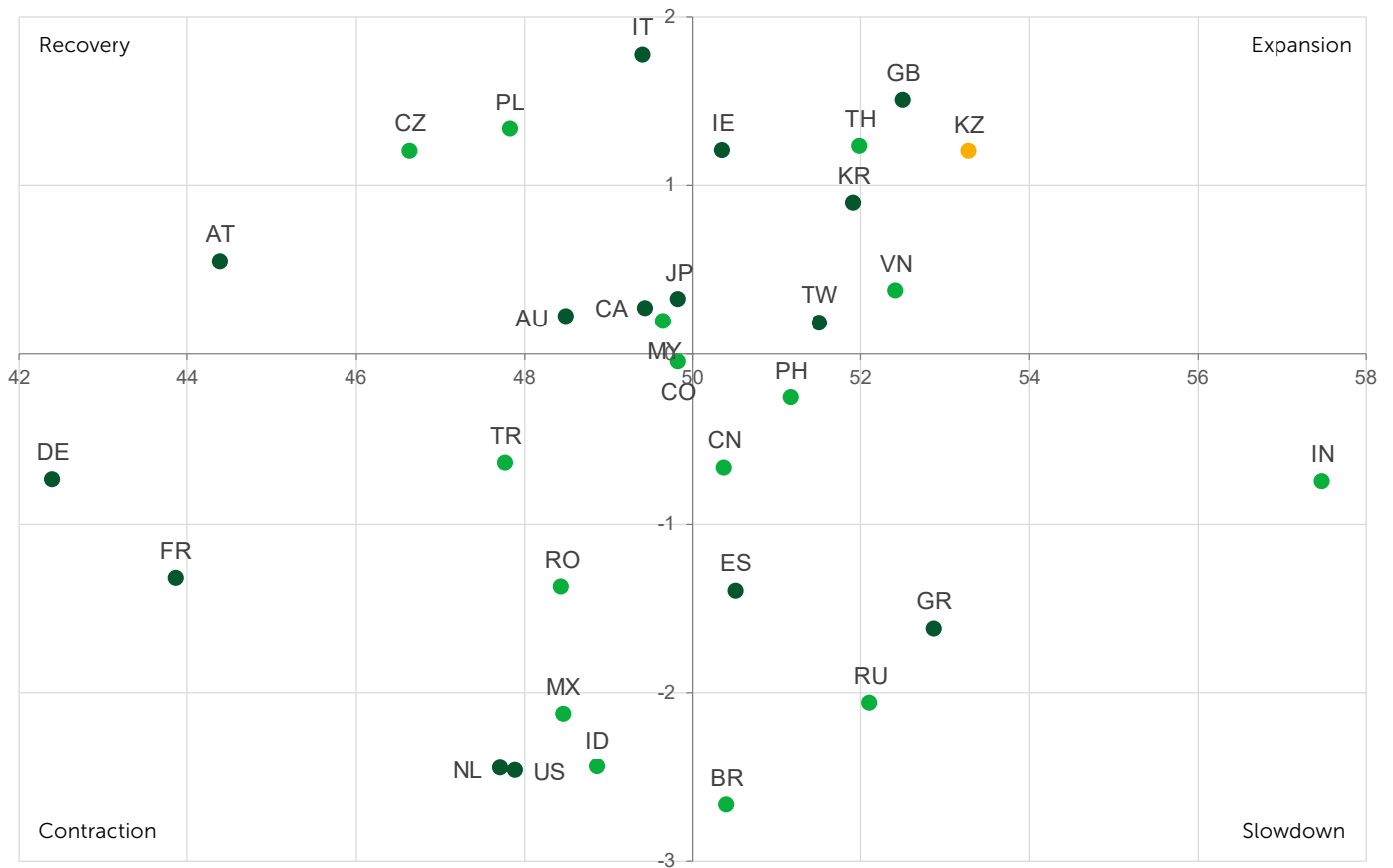
Source: S&P Global PMI. ©2024 S&P Global.

Key
US United States
CA Canada
BR Brazil
MX Mexico

EZ Eurozone
GB United Kingdom
RU Russia
TR Turkey

CN Mainland China
JP Japan
IN India
ASEAN Association of South East Asian Nations
KR South Korea
AU Australia

■ Advanced economies ■ Emerging economies
X axis = PMI, sa, >50 = improvement m/m . Y = Change in PMI vs. six-month average



Source: S&P Global PMI. ©2024 S&P Global.

Expansion

Regions are expanding at a faster rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the highest regions are seeing the greatest acceleration in growth.

Slowdown

Regions are expanding at a slower rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the lowest regions are seeing the greatest deceleration in growth.

Contraction

Regions are contracting at a faster rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the lowest regions are seeing the greatest acceleration in the rate of decline.

Recovery

Regions are contracting at a slower rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the highest regions are seeing the greatest deceleration in the rate of decline.

Key

AT Austria	CN Mainland China	ES Spain	ID Indonesia	JP Japan	MX Mexico	PL Poland	TR Turkey
AU Australia	CO Colombia	FR France	IE Ireland	KR South Korea	MY Malaysia	RO Romania	TW Taiwan
BR Brazil	CZ Czech Republic	GB United Kingdom	IN India	KZ Kazakhstan	NL Netherlands	RU Russia	US United States
CA Canada	DE Germany	GR Greece	IT Italy	MM Myanmar	PH Philippines	TH Thailand	VN Vietnam

METHODOLOGY

The Freedom Holding Corp. Kazakhstan Manufacturing PMI[®] is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 250 manufacturers.

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

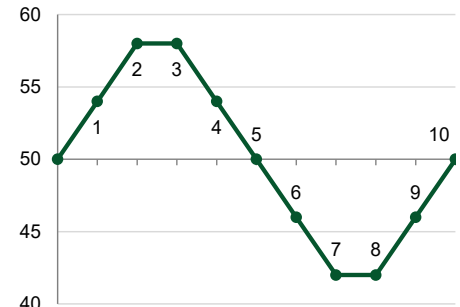
compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index[™] (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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.

Index interpretation
Index, sa, >50 = growth m/m



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

Key

- | | |
|--------------------------|----------------------------|
| 1 Growth, from no change | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

Survey size

250 manufacturers

Survey history

March 2019

Survey questions

Output, new orders, new export orders, future output, employment, backlogs of work, stocks of finished goods, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices

Sector coverage

International Standard Industry Classification (ISIC) code

- 10 Food products
- 11 Beverages
- 12 Tobacco products
- 13 Textiles
- 14 Wearing apparel
- 15 Leather and related products
- 16 Wood and wood products
- 17 Paper and paper products
- 18 Printing and reproduction of recorded media
- 19 Coke and refined petroleum products
- 20 Chemicals and chemical products

- 21 Pharmaceutical products
- 22 Rubber and plastic products
- 23 Other non-metallic mineral products
- 24 Basic metals
- 25 Fabricated metal products
- 26 Computer, electronic and optical products
- 27 Electrical equipment
- 28 Machinery and equipment n.e.c.
- 29 Motor vehicles, trailers and semi-trailers
- 30 Other transport equipment
- 31 Furniture
- 32 Other manufacturing
- 33 Repair and installation of machinery and equipment

FURTHER INFORMATION

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

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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.

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