OUR VISION

National transport backbone connecting Kazakhstan regionally and globally.

OUR MISSION

We move freight and passengers safely and reliably, supporting Kazakhstan's economy and strengthening its role as a Eurasian transit and logistics hub.

OVERVIEW

The Group is Kazakhstan's national transport and logistics operator. It provides a principal overland transport link connecting Kazakhstan's production centres with China, Central Asia, Russia, the Caspian Sea region and Europe. It is wholly-owned by the Government through Samruk-Kazyna, Kazakhstan's sovereign wealth fund. It operates Kazakhstan's mainline railway network and, according to the KPMG Report, owns the country's largest fleet of locomotives and rolling stock.

The Group is one of the largest employers in Kazakhstan, with 119,542 employees as at 1 April 2026. It provides essential freight and passenger transportation services within a landlocked economy that spans the world's ninth-largest territory. Rail transport is critical to the movement of bulk commodities, industrial inputs, agricultural products, manufactured goods and passengers, particularly given Kazakhstan's vast territory, dispersed population centres and limited access to navigable waterways. Kazakhstan's fundamentals, including rising urbanisation, population growth and a medium-term growth projection of approximately 3.5%, support continued demand for reliable freight and passenger transportation services. In terms of railway length, Kazakhstan ranked third, with approximately 16,000 km of operational rail track, among the CIS and Baltic countries with a gauge of 1,520 mm.

LEADERSHIP

NATIONAL
Mainline railway operator

OPERATES ONE OF THE LARGEST RAIL NETWORKS
Ranks 3rd for 1,520 mm gauge rail length among CIS and Baltic states

SCALE

LARGEST
The largest owner of locomotives, freight and passenger cars and one of the largest employers in Kazakhstan

16K KM
Operational length of the railway

MARKET SHARE

80% of Kazakhstan's total rail freight turnover in 2025 (the Group: 289bn ton-km) (1)

~1.4MN TEU
containerised transit traffic p.a.

COVERAGE

16 JUNCTION POINTS
Maintain cross-border operations

5 NEIGHBOURING COUNTRIES
China, Russia, Kyrgyzstan, Uzbekistan, Turkmenistan

ALL 17 REGIONS OF KAZAKHSTAN
Full nationwide coverage

PROFITABILITY

US$5,645.5MN
Revenue(2) in 2025

US$1,786.5MN
EBITDA(3) in 2025

US$1,529.2MN
Operating cash flow in 2025

31.6%
EBITDA margin(3) in 2025

GROWTH

19.4%
Revenue CAGR, 2023–2025

31.0%
EBITDA CAGR, 2023–2025

56.1%
Operating cash flow CAGR, 2023–2025

Notes:

(1) Based on total rail freight turnover in Kazakhstan.

(2) Revenue represents total revenue and other income.

(3) All EBITDA-related figures referred to represent Adjusted Group EBITDA (a non-IFRS measure).

The Group operates an integrated rail and logistics network including mainline railway infrastructure, freight transportation, multimodal logistics, ports, dry ports, terminals, transport and logistics centres and passenger transportation. Its integrated asset base includes 16,008.5 km of operational rail track, approximately 1,900 locomotives, approximately 47,000 freight cars including fitting platforms, approximately 2,200 passenger cars, approximately 830 stations, 30 locomotive sheds, 17 car sheds, two seaports and key dry port and terminal assets. This integrated network enables the Group to coordinate infrastructure, rolling stock, port, terminal and logistics operations across the transport value chain and provide customers with rail, sea and multimodal transportation solutions.

In 2025, the Group transported 320 million tonnes of cargo and 13.3 million passengers, generating freight turnover of 288.8 billion tonne-kilometres. Freight and passenger transportation revenue amounted to KZT 2,463.2 billion (US$5,043.7 million) and KZT 129.3 billion (US$264.7 million), respectively, representing 89% and 5% of the Group's total revenue and other income in 2025, with other revenue and income for the remaining 6%. In the same year, the Group generated Group revenue and other income of KZT 2,757.1 billion (US$5,645.5 million), Adjusted Group EBITDA (non-IFRS measure) of KZT 872 billion (US$1,786.5 million) and an Adjusted Group EBITDA margin (non-IFRS measure) of 31.6%, compared to Group revenue and other income of KZT 2,164 billion and an Adjusted Group EBITDA margin (non-IFRS measure) of 27.5% in 2024 and Group revenue and other income of KZT 1,934 billion and an Adjusted Group EBITDA margin (non-IFRS measure) of 26.3% in 2023, representing year-on-year revenue and other income growth of 27.4% in 2025 and 11.9% in 2024. The Group's long-term credit ratings are Baa2 by Moody's and BBB- by Fitch, in each case with a Stable outlook.

The Group's medium-term priorities include expanding corridor and network capacity, developing multimodal logistics, implementing approved tariff reform (an increase of 24% per annum from 2024 to 2026) and improving operating efficiency. The Group expects its ongoing and planned infrastructure projects to increase network capacity, reduce congestion and shorten transit times on key east-west and cross-border routes. These initiatives, together with increased transit activity through Kazakhstan, are expected to support freight volumes, service reliability and the Group's broader logistics offering, while preserving the Group's strategic role in Kazakhstan's transport system.

KEY STRENGTHS

The Group believes that it benefits from the following key strengths.

National champion in freight and passenger transportation with an integrated railway network

The Group is Kazakhstan's national transport and logistics operator with an integrated railway network combining mainline railway infrastructure, freight transportation, multimodal logistics, port and dry port assets and passenger transportation services. It operates Kazakhstan's mainline railway network and owns a substantial fleet of locomotives, freight cars and passenger cars. According to the KPMG Report, in 2025, Kazakhstan ranked third with approximately 16,000 km of operational rail track among the CIS and Baltic countries with a gauge of 1,520 mm. According to the KPMG Report, the Group accounted for approximately 80% of Kazakhstan's total rail freight turnover. The Group transported 320 million tonnes of cargo and 13.3 million passengers in 2025. The volume of the Group's container transit has grown sixfold to 1.4 million TEU in 2025 over the past ten years. The scale and breadth of the Group's integrated network enable it to provide reliable end-to-end transportation services and coordinate infrastructure, rolling stock, terminals, ports and logistics operations across the transport value chain.

The Group's position is supported by significant barriers to entry, including the scale and replacement value of Kazakhstan's national railway network, the capital intensity of railway operations, the operational and safety expertise required to run an integrated rail system, established commercial relationships with major shippers and freight forwarders, and the regulatory framework applicable to mainline railway network services. The Group's nationwide geographic footprint, its access to strategic international transit corridors and its ownership or management of key railway-linked logistics assets further reinforce its role as Kazakhstan's national railway network.

The Group is also an important implementation partner for national transport policy. The Group supports the Government's long-term transport objectives, including expanding transit volumes, enhancing service quality, alleviating network bottlenecks, developing logistics infrastructure and strengthening Kazakhstan's competitiveness as a regional transport and logistics hub. This role is supported by the scale of state investment in Kazakhstan's transport and logistics infrastructure, including more than US$35 billion invested over the past 15 years and more than US$31 billion announced in February 2024 for the transportation sector. This policy alignment, together with the regulated tariff framework and targeted state support for socially significant passenger services and infrastructure development supports the sustainability of the Group's business model.

Strategic Eurasian corridor gateway with integrated rail, port, dry port and logistics assets

The Group's network connects Kazakhstan's production centres with export, import and transit routes across Central Asia, China, Russia, the Caspian Sea region and onward to Europe, supported by 16 junction points with five neighbouring countries and a presence across all 17 regions of Kazakhstan. Its network forms a substantial part of key Eurasian corridors, including China-Europe routes via the Northern Corridor, the Southern Corridor, the Central Asian Corridor, the Trans-Caspian International Transport Route ("**Middle Corridor**") and the International North-South Transport Corridor ("**North-South Corridor**"), supporting Kazakhstan's role as a land bridge between Asia and Europe. This corridor position, combined with the Company's role as Kazakhstan's national transport and logistics operator, provides a competitive basis for capturing growth in transit, containerised freight and multimodal logistics.

The Group's freight business benefits from Kazakhstan's position as a regional producer and exporter of commodities and manufactured goods, with a cargo base including coal, metal ores, oil and petroleum products, construction materials, grain, fertilisers, chemicals and ferrous metals. In 2025, transit freight represented 10% of the Group's freight transportation volume and 23% of freight turnover, reflecting longer average haul distances and the tariff framework applicable to transit transportation. According to the KPMG Report, in 2025, transit transportation through Kazakhstan reached 33 million tonnes, an increase of 20% compared with 2024, making transit a strategically important component of the Group's freight business.

These transport corridors are served by the Group's integrated end-to-end rail, port, dry port and logistics network, which enables it to coordinate rail, sea, terminal and other logistics activities and to offer customers rail-sea-rail and rail-road solutions across the Northern Corridor, Middle Corridor and North-South Corridor. The Group's logistics assets include the Khorgos dry port, the Aktau and Kuryk seaports and related terminal and container hub infrastructure.

The Group has pursued selected corridor capacity and logistics infrastructure initiatives to support transit growth, including the 2025 launch of traffic on the second tracks of the Dostyk-Moiynty section and the first stage of the container hub at the Port of Aktau. It also works with railway administrations, port operators, logistics companies, international transport organisations and international financial institutions to support corridor coordination, cargo consolidation and multimodal service offerings.

Strong and improved financial performance supported by tariff reform, freight demand and operating efficiency

The Group has delivered strong recent financial performance, supported by regulated tariff increases, robust freight demand, increased transit and export activity and a favourable mix shift towards enhanced capacity driven by network expansion initiatives, higher-yield freight segments. The Group's revenue base comprises freight transportation (89% of 2025 revenue and other income), passenger transportation (5%) and other revenue and income (6%). Within the freight segment, revenue is diversified across domestic transportation (serving Kazakhstan's mining, industrial and agricultural sectors), export transportation (linking Kazakh producers to international markets), import transportation (supporting industrial inputs and consumer goods) and transit transportation (leveraging Kazakhstan's position on key Eurasian corridors). This diversification across cargo types, geographies and customer segments provides resilience against commodity-specific or route-specific demand fluctuations.

Other drivers have included increase in efficiency, allowing the Company to reach higher utilisation of infrastructure and rolling stock, disciplined cost management, government support for socially important services and access to external financing to support investment in capacity and reliability. Group revenue and other income increased from KZT 1,934.1 billion in 2023 to KZT 2,164.0 billion in 2024 and KZT 2,757.1 billion in 2025. Adjusted Group EBITDA (non-IFRS measure) increased from KZT 508.1 billion in 2023 to KZT 595.7 billion in 2024 and KZT 872.5 billion in 2025, while Adjusted Group EBITDA margin (non-IFRS measure) increased from 26.3% in 2023 to 27.5% in 2024 and 31.6% in 2025.

The Group also generated operating cash flow of KZT 306.3 billion in 2023, KZT 336.6 billion in 2024 and KZT 746.8 billion in 2025. This cash flow generation, together with the approved regulated tariff trajectory and access to capital markets, supports the Group's ability to fund its investment programme and strengthen its financial profile.

Well-invested platform supporting capacity expansion, reliability and long-term service quality

The Group is implementing a multi-year capital investment programme focused on railway infrastructure, rolling stock renewal, logistics assets, digitalisation and capacity expansion. In 2025, the Group purchased 149 new locomotives and 161 passenger carriages and it plans to acquire a total of more than 1,000 locomotives on a phased basis between 2026 and 2036. The Group's investment programme also includes priority railway infrastructure projects aimed at removing bottlenecks, improving network resilience, increasing throughput and reducing delivery times on key corridors. Key infrastructure projects include the construction of new railway lines (including the Moiynty-Kyzylzhar and Bakhty-Ayagoz lines), second tracks (including on the Dostyk-Moiynty section with targeted capacity enhancement from 30 million tonnes to 50 million tonnes per annum) and the modernisation of stations. Port infrastructure investments include the expansion of the Aktau container hub and capacity enhancements at Kuryk seaport, with targeted capacity upgrade of 21.8 million tonnes to 30 million tonnes per annum, and the development of dry port and terminal facilities at Khorgos.

The Group expects capital expenditure to peak in 2026, followed by a decline in average annual capital expenditure over 2027 to 2030 as large-scale projects are completed and expenditure shifts towards maintenance and targeted modernisation. This investment cycle is expected to support capacity expansion, reliability, asset productivity, competitiveness, financial flexibility and cash flow generation over the medium to long term.

Experienced public-market issuer with seasoned management team and an improving sustainability profile

The Group is led by an experienced management team with significant transport, finance, infrastructure and capital markets experience. The Group has accessed local and international debt capital markets on multiple occasions, including international eurobond issuances and local bond placements. This experience supports the Group's ability to manage complex infrastructure projects, financing requirements, stakeholder engagement and public capital markets obligations.

The Group's sustainability strategy is focused on enhancing operational performance, safety, environmental management and workforce development. The Group is a participant in the UN Global Compact, maintains ISO-certified management systems, has adopted a target to reduce direct emissions by 25% by 2030 compared with 2020 and has recorded improvements in cargo and passenger emissions intensity. Rail transport provides customers with a lower-carbon alternative to certain other modes of transportation, while fleet renewal, electrification, energy efficiency and route planning initiatives support both decarbonisation and cost efficiency.

The Group also ranked 2nd among the Top 50 Best Companies in Kazakhstan for ESG Disclosure based on its 2024 report, and ranked 1st among companies in the transport and logistics sector.

STRATEGY

The Group's Development Strategy sets out its mission, vision and six strategic goals. In implementing this strategy, the Group intends to focus on network capacity, transit growth, service quality, operating efficiency, ESG performance and safety over a ten-year period. The approved regulated tariff trajectory from 2024 to 2026, together with the Group's investment programme and operational efficiency initiatives, is targeted to support service quality, network maintenance and the approved capital investment programme.

Improving rail transportation efficiency and network capacity

Within this area, the Development Strategy focuses on measures aimed at modernising and expanding railway infrastructure in order to eliminate bottlenecks and increase capacity on key routes, as well as on improving the productivity of traction and rolling stock. These measures include second-track and bypass works on constrained sections, the development of new lines such as Moiynty-Kyzylzhar and Bakhty-Ayagoz and targeted investment in port, dry port, terminal and container hub infrastructure, including at Aktau, Kuryk and Khorgos, with the aim of improving network throughput, reducing congestion and shortening transit times on key east-west and cross-border corridors. The Group also seeks to improve fleet efficiency through rolling stock renewal, better utilisation of locomotives and wagons, automation of operational processes, improved train planning and technical solutions intended to enhance asset productivity and service reliability. In parallel, the Group expects continued maintenance and rehabilitation investment in track, signalling, telecommunications and related infrastructure to support safer and more reliable operations and to preserve capacity across the network.

Scaling transit transportation across China-Europe, Middle Corridor and North-South Corridor

This strategy focuses on leveraging Kazakhstan's geographic location and existing transit corridors, with the Development Strategy identifying China-Europe routes, the Middle Corridor and the North-South Corridor as priority areas. To increase the attractiveness and reliability of these corridors, the Group is modernising infrastructure, removing operational and administrative barriers, developing logistics assets and pursuing cross-border commercial arrangements that support corridor development. These efforts are complemented by targeted digital tools supporting corridor planning and service visibility.

China-Europe trade remains one of the key drivers of rail transit demand with trade turnover in 2025 reaching approximately EUR760 billion according to the KPMG Report. The Group's investment programme targets approximately 745,000 TEU per annum of China-Europe transit through Kazakhstan by 2030 and a total of 3,950,000 TEU per annum by 2030 (compared to approximately one million TEU per annum in 2025) for transit through Kazakhstan across all container routes. These targets are forward-looking and depend on, among other things, corridor capacity, project execution, market demand, geopolitical developments and the competitiveness of alternative routes. The Group also pursues international partnerships to support transit growth. For example, Middle Corridor Multimodal Ltd. was established in 2023 with the railway administrations of Azerbaijan and Georgia to support Trans-Caspian multimodal services and was subsequently joined by China Railway Container Transport in 2025. Gulflink Ltd. was established in November 2024 with entities affiliated with AD Ports Group to support North-South freight forwarding and logistics services and the Middle Corridor.

Enhancing service quality and customer experience across freight and passenger services

The Group is committed to consistently improving customer satisfaction through active engagement, systematic feedback collection and prompt response to enhance service quality. The Group has implemented a trip optimizer system on certain diesel locomotives, which uses track profile, train composition, locomotive model, speed limits and operational constraints to support automated train control, optimise driving schedules, reduce driver workload and improve fuel efficiency. The Group also operates an automated control system on over 800 diesel locomotives and over 450 electric locomotives, as an information and analytical platform for accounting, monitoring and analysing electricity and diesel fuel consumption. In the passenger segment, the Group intends to renew its rolling stock fleet, improve station and onboard services, train personnel, optimise schedules and routes, and implement digital technologies. The online ticketing system is also expected to be enhanced to increase the share of digital sales. In the freight segment, the Group intends to streamline service delivery procedures, increase transparency in operations and improve the reliability and predictability of freight services.

Accelerating digitalisation to improve planning, utilisation and border processing

This includes the modernisation of information technology systems and the use of digital solutions for specific operational purposes, such as monitoring the condition of track and rolling stock, identifying sections that require inspection or maintenance, improving train path allocation and dispatching, supporting freight planning and wagon allocation and tracking cargo movements and border processing. The Group is also developing digital and analytical tools to help planners and dispatchers assess route capacity, forecast congestion on key corridors and coordinate transportation schedules more effectively.

Embedding ESG Principles into decarbonisation, workforce development and governance

ESG and sustainable development matters are overseen by the Board-level Health, Safety and Environment Committee and management. The Group's ESG agenda focuses on human capital, environmental sustainability and corporate governance, with related KPIs and targets covering occupational safety, social stability, employee turnover, emissions reduction and carbon intensity.

These targets include reducing direct diesel locomotive emissions from 1.8 million tonnes of CO_2 in 2020 to 1.3 million tonnes by 2030, which would represent a reduction of approximately 25%. The Group has also improved its carbon intensity from approximately 116 to 103 kg CO_2-eq per 10,000 gross tonne-km between 2023 and 2025.

Ensuring railway safety and operational resilience

The Group's safety management framework is reflected in its strategic focus on train traffic safety and the reduction of operational incidents, supported by ongoing investment in maintenance, rehabilitation and modernisation of safety-critical railway assets. The Group monitors deterioration across its mainline network, locomotives, freight cars and passenger cars and has linked asset renewal and infrastructure rehabilitation to the reduction of equipment failures, derailments and other operational incidents.

The Group also manages safety through operational systems, emergency preparedness and workforce controls. Its dispatching, route-control and telecommunications systems are safety-critical to train scheduling and traffic management, and its IT and cybersecurity initiatives are intended to support the resilience of those systems. In parallel, the Group maintains anti-erosion, snow-removal and protective infrastructure and has adopted civil defence and emergency response plans to address climate-related and other operational disruptions. Safety management also extends to hazardous cargo handling, environmental incident prevention and the retention of qualified personnel in signalling, track maintenance and other safety-critical roles.

OVERVIEW OF THE BUSINESS OPERATIONS OF THE GROUP

The Group operates an integrated railway transportation and logistics network comprising:

- freight transportation (including multimodal logistics); and
- passenger transportation,

each segment incorporating associated infrastructure and support services.

The following table sets forth certain information regarding the Group's revenue and other income for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Revenue from freight transportation	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	101,682	110,523	129,250
Government grants	38,912	41,124	43,275
Other revenue	110,951	136,737	121,361
Total revenue and other income	**1,934,095**	**2,163,942**	**2,757,083**

The Group's business model is centred on the ownership, operation and coordination of railway infrastructure, rolling stock, ports, dry ports, terminals and logistics assets. Through this integrated network, the Group provides end-to-end services across the transportation value chain, including access to and operation of the mainline railway network, freight and passenger transportation, locomotive traction, provision and use of rolling stock, multimodal logistics, port and terminal handling, warehousing, freight forwarding and other ancillary services.

The Group's core value proposition is based on the scale and strategic location of its railway network, its integrated asset base, its ability to coordinate infrastructure and transportation services across local and international corridors and its capacity to support multimodal solutions linking rail, sea, road, terminal and warehousing services. This integrated model allows it to serve major commodity producers, industrial customers, freight forwarders, logistics companies, passenger customers and public-sector stakeholders while supporting Kazakhstan's role as a regional transport and logistics hub.

FREIGHT TRANSPORTATION

Freight Transportation Services

The Group carries out freight transportation services primarily through its integrated railway network, including the provision of mainline railway network access, locomotive traction, rolling stock, freight forwarding, terminal, warehousing and related logistics services. Freight transportation is the Group's largest business segment and includes local transportation within Kazakhstan, export transportation from Kazakhstan to destinations outside the country, import transportation into Kazakhstan and transit transportation between foreign countries through Kazakhstan.

In 2025, the Group transported 320 million tonnes of cargo and generated freight turnover of 288.8 billion tonne-kilometres. Freight revenue is generated from a diverse cargo base, including coal, metal ores, oil and petroleum products, construction materials, grain, fertilisers, chemicals, soda, ferrous metals and other industrial and agricultural products. The Group's freight operations therefore support a broad range of customers, including commodity producers, industrial companies, exporters, importers, freight forwarders and logistics operators.

Local freight consists of movements within Kazakhstan's mainline railway network and is driven principally by the transportation of coal, ores, construction materials, industrial inputs and agricultural products between production, processing and consumption centres. Export freight consists of cargo transported from Kazakhstan to destinations outside the country, including coal, iron ore and grain. Import freight consists of cargo transported into Kazakhstan from foreign markets, including ferrous metals, chemicals and petroleum products.

Transit freight is a strategically important component of the Group's freight business, despite representing a smaller proportion of total transported volume than domestic and export freight. In 2025, transit freight accounted for 10% of freight transportation volume and 23% of the Group's freight turnover but contributed 33.6% of freight revenue, reflecting the significantly longer average transportation distances associated with transit movements. In addition, transit tariffs are not subject to local state price regulation and are set under the tariff policy applicable to railways of CIS member states, with tariffs denominated in Swiss Francs and converted into U.S. dollars. The combination of longer haul distances, a distinct tariff framework and Kazakhstan's role as a key Eurasian transit corridor makes transit transportation an important driver of freight revenue, profitability and long-term growth. See "*Government Regulation and Tariffs*" in this section for further information.

The following table summarises the Group's revenue from freight transportation, by type of transportation activity, for the years indicated:

	Year ended 31 December					
	2023	**% of total**	**2024**	**% of total**	**2025**	**% of total**
	(KZT millions, except percentages)					
International (Transit)	655,888	39.0%	698,797	37.3%	827,178	33.6%
Domestic	439,857	26.1%	507,501	27.1%	687,325	27.9%
International (Export)	274,069	16.3%	322,631	17.2%	489,375	19.9%
International (Import)	185,758	11.0%	194,279	10.4%	276,243	11.2%
Additional charges related to the transportation process	60,675	3.6%	67,769	3.6%	65,194	2.6%
Other(1)	66,303	3.9%	84,581	4.5%	117,882	4.8%
Total	**1,682,550**	**100.0%**	**1,875,558**	**100.0%**	**2,463,197**	**100.0%**

Note:

(1) Mainly includes revenue for use of freight cars by third parties and revenue for locomotive haulage and additional charges, including support services such as loading, cleaning, storage, shunting and other services, which do not form part of the freight tariff.

The following table summarises the Group's freight transportation volume, freight transportation turnover and average freight transportation distance, by type of transportation activity, for the years indicated:

	Year ended 31 December														
	2023					2024					2025				
	Volume	% of Total Volume	Turnover	% of Total Turnover	Average Distance	Volume	% of Total Volume	Turnover	% of Total Turnover	Average Distance	Volume	% of Total Volume	Turnover	% of Total Turnover	Average Distance
	(millions of tonnes)	*(%)*	*(billions of tonnes-km)*	*(%)*	*(km)*	*(millions of tonnes)*	*(%)*	*(billions of tonnes-km)*	*(%)*	*(km)*	*(millions of tonnes)*	*(%)*	*(billions of tonnes-km)*	*(%)*	*(km)*
Export	85.7	29	96.3	37	1,124	83.3	27	92.3	35	1,109	89.2	28	104.5	36	1,171
Domestic	164.2	55	89.1	34	543	172.2	57	90.8	35	527	176.9	55	93.6	32	529
Transit	27.3	9	52.6	20	1,924	27.5	9	54.8	21	1,996	33.0	10	65.5	23	1984
Import	20.2	7	24.4	9	1,209	20.2	7	23.8	9	1,173	20.8	6	25.2	9	1,211
	297.4	**100.0**	**262.4**	**100.0**		**303.2**	**100.0**	**261.7**	**100.0**		**319.9**	**100.0**	**288.8**	**100.0**	

Coal is the Group's largest freight category by volume and is principally transported for power generation, heating and industrial use. The Group also transports significant volumes of oil products, metal ores, ferrous and non-ferrous metals, construction materials, grain and grain products, fertilisers, chemicals and other cargo. The composition of the Group's freight cargo reflects Kazakhstan's position as a producer and exporter of natural resources, agricultural products and industrial goods, as well as the role of rail transportation in moving bulk cargo over long distances across a landlocked territory.

The Group's freight transportation services include the transportation of cargo in conventional wagons, specialised wagons and containers. The use of containerised freight enables customers to move cargo in sealed, standardised units across rail, sea and road networks without repeated unloading and reloading at each transfer point. This supports faster and more reliable multimodal transportation, particularly for cargo moving between China, Kazakhstan, Central Asia, the Caspian region and Europe.

The Group's freight network supports both bulk cargo transportation and containerised freight flows. Bulk cargo is typically transported in large volumes over established local, export and import routes, while containerised freight is used for manufactured goods, consumer goods, machinery, electronics and other cargo requiring multimodal handling. The development of container transportation, fitting platforms, dry ports, terminals and port-linked logistics assets supports the expansion of higher value-added freight services and strengthens Kazakhstan's role in Eurasian trade corridors.

Container transportation forms part of the Group's broader multimodal logistics offering. In 2025, total container traffic across all routes was 1.4 million TEU. The Group operates and supports container transportation on routes connecting China, Kazakhstan, Central Asia, Russia, the Caspian Sea region and Europe, including China-Europe-China and China-Russia-China routes. The Group's container operations are supported by fitting platforms, terminals, dry ports, port infrastructure and cooperation with international railway administrations and logistics partners.

The Group is developing container and multimodal freight services by expanding fitting platform availability, improving terminal and transhipment capacity at strategic border and port locations, cooperating with international logistics partners and railway administrations and using digital tools to improve route planning, cargo tracking and service reliability. These initiatives are intended to support the Group's ability to provide integrated rail-sea-rail and rail-road logistics services and to capture a greater share of transit, export and regional logistics flows.

Multimodal Transportation and Logistics Services

Within its freight transportation segment, the Group provides multimodal transportation and logistics services as part of its integrated railway network. These services combine rail, road, sea, terminal, warehousing, cargo handling and freight forwarding capabilities and are designed to support domestic, export, import and transit freight flows. The Group's logistics assets and services include dry ports, seaports, terminals, transport and logistics centres, warehouses, fitting platforms and containers, which together support the Group's ability to offer rail-sea-rail, rail-road and other multimodal solutions.

The Group's multimodal and logistics activities support Kazakhstan's position as a transit hub between Asia and Europe and are focused on strategic corridors, including the Middle Corridor. These activities include the operation and development of logistics assets at key gateways such as the Khorgos dry port and Aktau and Kuryk seaports, cooperation with international railway administrations and logistics partners and the provision of integrated services for containerised and other freight moving across Central Asia, China, the Caspian Sea region and Europe. By 2030, it is anticipated that the Middle Corridor will have a capacity of up to 300,000 TEU per annum, according to the KPMG Report.

The Group is implementing a number of priority projects in support of the Government's objective of expanding the "New Silk Road" trade route between Europe and China as a faster and more efficient alternative to the sea route from China's eastern coast. A key part of this route is the entry point from China through Khorgos, where a dry port, 51% owned by the Group, facilitates cargo flows to the EU, Turkey, the Baltic States and the Middle East. For onward transportation to Turkey and the Black Sea and Persian Gulf regions, cargo can be carried by rail from Khorgos to Aktau Seaport and shipped across the Caspian Sea. The Group also owns two vessels currently operating in the Black Sea and Mediterranean Sea, which it plans to transfer to the Caspian Sea to support its broader transportation and logistics activities. In addition, the Group is expanding its network of transport and logistics centres within Kazakhstan, establishing transport and logistics centres and agent offices outside the country, arranging intermodal transportation and developing its own dry-cargo merchant fleet.

Establishment of a cargo air carrier

The Government considers the development of air cargo transportation to be one of the strategic priorities for the transport and logistics sector. As a result, Air Cargo was established on 28 October 2025. Its activities are exclusively focused on the development of the air cargo segment, the expansion of the Group's multimodal transport and logistics services and the strengthening of Kazakhstan's role as a transit and logistics hub between Europe and Asia. Air Cargo does not currently own or lease any aircraft and has no current operational activities as it prepares for certification.

In order to further develop Air Cargo, the Company has attracted a private investor, LLP Turlov Private Holding, which holds 50.98% of the shares in the charter capital of Air Cargo, with the Group holding the remaining 49.02%.

International Partnerships

The Group is implementing a strategy to expand the international transport and logistics network, with the objective of strengthening Kazakhstan's role as a transit hub between Asia and Europe. These initiatives integrate rail, maritime and warehousing services and focus on strategic routes, including the Middle Corridor and the Central-Asian Corridor and are intended to improve the efficiency of multimodal freight transportation across Central Asia. For example, KPMC Ltd. is a joint venture established in 2022 with PSA Eagle Pte. Ltd. (Singapore) engaged in logistics related activities connected with the TITR, including the development of digital logistics solutions and cargo handling services. China–Kazakhstan Trade and Logistics Company LLC (Xi'an) was established in 2023 jointly with Xi'an Free Trade Port (PRC). The company operates a logistics terminal (dry port) in Xi'an, providing warehousing and cargo handling services. Kazakh–Chinese Trade and Logistics Company (Almaty) Ltd. is a joint venture with Xi'an Free Trade Port (PRC). The company operates the Zhetysu logistics hub in Almaty, which commenced technical operations in June 2025.

Expansion of Aktau Seaport

Aktau Seaport is Kazakhstan's principal maritime outlet on the Caspian Sea and a key node for international freight flows across the Caspian region, including routes forming part of the Middle Corridor and the North-South Corridor. Although Aktau Seaport is owned by Samruk-Kazyna, it is managed by the Group under an unspecified term trust management arrangement and is consolidated in the Group's financial statements. Under the laws of Kazakhstan, Samruk-Kazyna, as founder of the trust management, may terminate the trust management arrangement and withdraw the shares of International Sea Trade Port of Aktau from trust management at its discretion, subject to compensating the Company, as trustee, for losses, damages and expenses arising from such termination. The port handles dry cargo, crude oil and oil products and supports the Group's ability to provide integrated rail-sea-rail logistics solutions.

Aktau Seaport has been developed to increase Kazakhstan's capacity to handle Caspian Sea cargo flows and to support the diversification of international routes for freight moving to and from Kazakhstan. As at 31 December 2025, Aktau Seaport had capacity of 11.8 million tonnes and was able to process up to seven vessels simultaneously.

The Group, through JSC NC Aktau International Container Hub has entered into a joint venture with Shanghai (Hongkong) Investment and Development Company Ltd (a wholly-owned subsidiary of the Lianyungang Port Group) for the construction and operation of a container terminal at the port of Aktau. The first stage of the container hub was launched on 20 March 2026.

The Group intends to use Aktau Seaport, together with Kuryk Seaport and related terminal and logistics infrastructure, to improve route flexibility, support transit and export cargo flows, and facilitate multimodal freight transportation across the Caspian Sea. In cooperation with the Government, the Company is developing Aktau and Kuryk ports, reconstructing and modernising berths, purchasing marine vessels and dredging the port area. The Group continues to seek to diversify the cargo handled at its port-linked logistics assets and to attract additional freight flows, including containerised freight and bulk cargo.

Creation of a Network of Local and External Transport and Logistic Centres

The Group is developing a local and international network of transport and logistics centres to support the consolidation, distribution, customs processing and transhipment of cargo flows. These centres are intended to strengthen the Group's ability to provide integrated logistics services and to connect Kazakhstan's railway network with strategic gateways in China, Central Asia, the Caspian Sea region and Europe.

The Group's external logistics network includes terminal and dry port arrangements at key origin and consolidation points for cargo moving to and from Kazakhstan. These assets and arrangements support the consolidation of Kazakhstan-bound cargo, exports from Kazakhstan and transit freight moving through Kazakhstan to third countries.

Increasing the availability of fleet for fitting platforms

The Group operates regular container routes connecting Kazakhstan with cities in China and other international destinations. The Group's container transit targets 3,950,000 TEU for transit through Kazakhstan across all container routes and 745,000 TEU per annum for China-Europe transit through Kazakhstan by 2030. Increasing the availability of fitting platforms and container-related infrastructure is important to supporting containerised freight growth and improving the efficiency of multimodal transportation.

The Group currently operates fitting platforms of different lengths, including 40-foot, 60-foot and 80-foot platforms. These platforms form part of the Group's container transportation and multimodal logistics asset base.

The Group is increasing the availability of fitting platforms, including 80-foot fitting platforms capable of carrying two 40-foot containers. Since 2024, a total of 1,627 flatcars have been delivered, comprising 205 40-foot flatcars and 1,422 80-foot flatcars for the transportation of large-capacity containers. The Group expects these assets to support growth in container transportation and reduce operating inefficiencies associated with empty returns.

The Group has also entered into finance lease arrangements for the supply of additional flatcars for the transportation of large-capacity containers in 2026 and 2027. These purchases are intended to support the expansion of container and multimodal freight services and the development of transit corridors through Kazakhstan.

JSC UTLC Eurasian Railway Alliance

The Group participates in UTLC ERA, a joint venture with Russian Railways and Belarusian Railways formed to support Eurasian transit corridors between China, South Asia and Europe. The Company, Russian Railways and Belarusian Railways each hold a 33.3% interest in UTLC ERA. The Group's involvement in UTLC ERA is subject to ongoing sanctions compliance monitoring and corridor risk management. As of 2025, UTLC ERA has a market share of 88% in China-Europe-China container traffic.

The Group's dealings with Russian Railways are conducted in Swiss Francs and, accordingly, do not involve U.S. correspondent banks or create a U.S. sanctions nexus. The Group closely monitors its payment practices to ensure no U.S. dollar transactions with Russian Railways are undertaken unless separately reviewed and cleared.

At present, the Group is not aware of restrictions on the transportation of goods, including the transit of goods through Russia to the EU and other countries, and Russian ports on the Black Sea continue to operate. See "Risk Factors – Risks Relating to its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for further details.

PASSENGER TRANSPORTATION

The Group provides passenger transportation services primarily through its wholly-owned subsidiary Passenger Transportation. The Group operates socially significant passenger transportation, which is regulated and partly subsidised by the State, and rapid transit passenger transportation, for which tariffs are not regulated. Passenger transportation forms a smaller part of the Group's business than freight transportation, but remains strategically important given the Group's role as Kazakhstan's national railway operator and the importance of rail services for inter-regional and international passenger connectivity.

The following table sets forth certain information regarding passenger transportation revenue for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Passenger transportation	89,866	94,003	110,746
Other revenue from passenger transportation[(1)]	11,816	16,520	18,504
Total	**101,682**	**110,523**	**129,250**

Note:

(1) Includes revenue for baggage transportation, passenger service and other services.

In 2025, the Group transported 13.3 million passengers and generated passenger turnover of 11.4 billion passenger-kilometres. Revenue from passenger transportation was KZT 101.7 billion in 2023, compared with KZT 110.5 billion in 2024 and KZT 129.3 billion in 2025. Passenger transportation accounted for 5% of the Group's revenue and other income in 2025.

The costs of the Group's passenger transportation business exceed revenue due to Government-mandated tariffs. However, losses are reduced by Government subsidies intended to support the continued operation of socially significant passenger routes. Government grants for passenger transportation totalled KZT 38.9 billion in 2023, compared with KZT 41.1 billion in 2024 and KZT 45.9 billion in 2025. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

The Group provides inter-regional, international, intercity and suburban passenger services and operates the nationwide mainline railway network used by passenger trains. The Group intends to improve service quality through rolling stock renewal, timetable optimisation, station and onboard service improvements, staff training and further development of digital ticketing and customer-facing platforms.

INFRASTRUCTURE AND SUPPORT SERVICES

Infrastructure services are provided within the freight transportation and passenger transportation segments principally through the Company's Directorate of the Mainline Network, which operates, maintains and manages the mainline railway network and related station infrastructure. These services support the safe, reliable and efficient movement of freight and passenger trains across Kazakhstan's railway network and are an essential part of the Group's integrated railway network. The services are principally provided intra-Group but some services are provided to private freight operators.

The Group's infrastructure services include access to and use of the mainline railway network, dispatching and traffic management, operation and maintenance of stations, tracks, signalling and related systems, coordination of train movements and support for safety and emergency response. These activities are performed primarily to support the Group's own freight and passenger transportation operations and, where applicable, to provide network access and related services to third-party carriers and other participants in the transportation process.

The Directorate of the Mainline Network is responsible for coordinating day-to-day railway infrastructure operations, including the receipt, dispatch and routing of trains, the management of station and track capacity, the maintenance and repair of railway infrastructure and the operation of supporting information, signalling and communication systems. The Directorate also develops train schedules and operational standards and coordinates with railway administrations in other jurisdictions in respect of international transportation.

Revenue attributable to infrastructure services is generated principally from regulated mainline railway network services and related infrastructure activities. The tariffs for mainline railway network services are subject to state regulation by the Natural Monopoly Committee. See "Government Regulation and Tariffs – Natural Monopoly and Tariff Regulation" in this section for further information.

The Group also provides support services that are ancillary to its railway transportation and infrastructure operations, including locomotive supplies, fuel and lubricants, utilities, communications, water supply and wastewater disposal services, primarily to support the safe and efficient operation of its integrated railway network.

THE RAIL NETWORK AND ROLLING STOCK

Overview

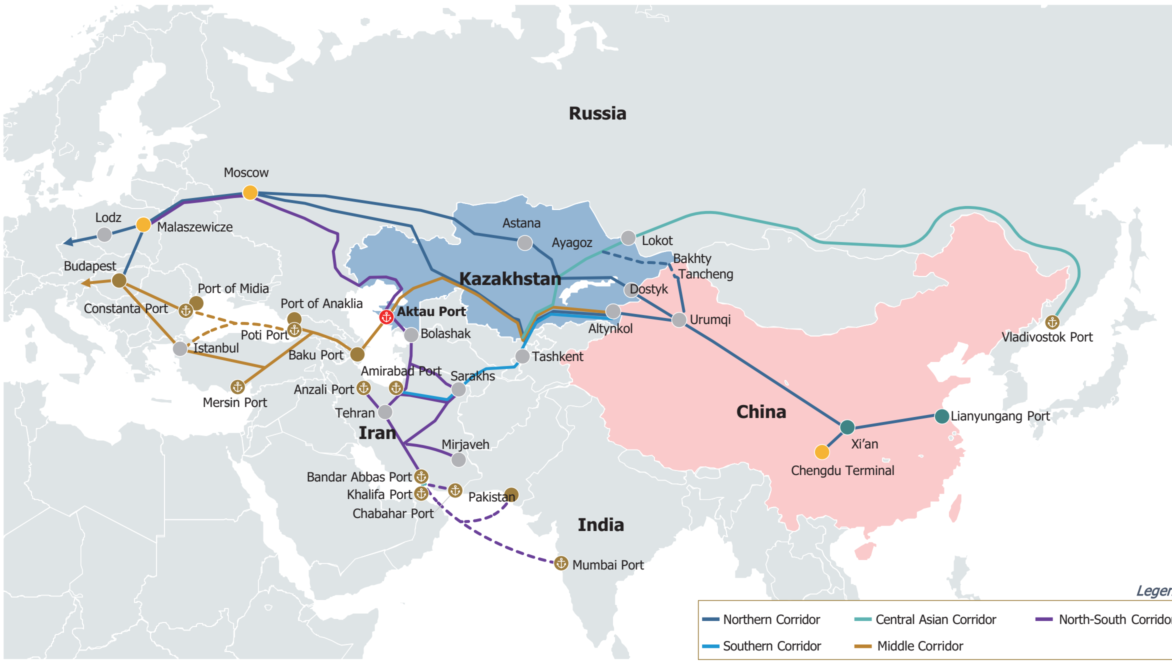
Kazakhstan's railway network is operated by the Group and consists of the mainline railway network and related ancillary tracks connecting Kazakhstan with the railway networks of Russia, the Kyrgyz Republic, Uzbekistan, Turkmenistan and China. As at 31 December 2025, the railway network had an expanded track length of 24,751.8 km, including 21,146 km of main tracks and an operational track length of 16,008.5 km. The operational track length includes double-track and triple-track sections, electrified sections, stations, bridges, tunnels, border facilities and related railway infrastructure required for freight and passenger operations.

Electrified tracks are used on sections of the network where electric haulage supports freight and passenger train operations at required speeds and capacity levels. The net operating freight turnover provided by electric locomotives on electrified tracks accounted for 52.6% of the total freight turnover in 2025 and 53.2% in 2024, with the remainder coming from diesel locomotives on non-electrified sections.

International Transit Corridors

Kazakhstan's railway network forms part of several international transport corridors that facilitate freight transportation between Asia, Central Asia, the Caspian region, Russia and

Europe. These corridors support the Group's transit, export and import freight operations and reinforce Kazakhstan's role as a regional transport and logistics hub.



Kazakhstan's railway network forms part of several international transport corridors that facilitate freight transportation between Asia, Central Asia, the Caspian region, Russia and Europe. These corridors support the Group's transit, export and import freight operations and reinforce Kazakhstan's role as a regional transport and logistics hub.

- **Northern Corridor.** The Northern Corridor is the shortest overland route between East Asia and Europe.
- **Southern Corridor.** The Southern Corridor connects China with the countries of Central Asia through the territory of Kazakhstan.
- **Central Asian Corridor.** The Central Asian Corridor provides rail freight transportation between the Russian Federation and the countries of Central Asia through the territory of Kazakhstan.
- **Middle Corridor.** The Middle Corridor is a multimodal transport route connecting China and the Asia-Pacific region with Europe. It passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Türkiye, or alternatively via the Black Sea.
- **North–South Corridor.** The North–South Corridor connects Europe, Russia and Central Asia with the countries of the Persian Gulf.

See "*Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions*" for further details.

Network Specifications and Land Leases

The Company is the only entity authorised to operate and manage the mainline railway network in Kazakhstan. Pursuant to Article 26 of the Land Code, the land underneath the mainline railway tracks is the property of Kazakhstan and is not subject to privatisation. The Company has entered into land lease contracts with local executive authorities in Kazakhstan for the use of the land underneath railway tracks. Lease payments are determined in accordance with the Tax Code, which makes certain distinctions based on region, location and soil type. The term of these land lease contracts is typically five years and is renewable, and the Company has a priority right to renew for 49 years, and local executive authorities may not unilaterally terminate such land lease contracts or transfer the land lease rights to any third person unless and until the Group transfers the legal title to the immovable property located on the land, including the railway track, to such person. The Group owns all of the mainland railway tracks in Kazakhstan, and is the only entity leasing land underneath such railway tracks from local executive authorities. This legal framework supports the long-term operation and management of the national mainline railway network.

Existing Infrastructure, Investment Projects and Expansion

The Group is implementing a multi-year capital investment programme aimed at expanding and modernising Kazakhstan's railway and related transport infrastructure, renewing rolling stock, improving operational safety and increasing throughput on key local and international corridors. The programme is aligned with the Group's Development Strategy and relevant government transport initiatives.

The Group will continue to invest in railway infrastructure, rolling stock, logistics assets, digital systems and related projects. This includes the repair, modernisation and construction of track.

Projects Under Construction

The following infrastructure projects are currently under construction or scheduled to be completed or commence operations during 2026 to 2027. These projects are intended to increase capacity, improve traffic management, reduce congestion and support the development of international freight corridors.

Key projects include:

- **Almaty station bypass:** completion of the construction of a railway line bypassing Almaty station, with working rail movements having been launched on the Zhetigen-art. Kazybek Bek section in 2025. The project is intended to reduce congestion at the Almaty hub and shorten cargo delivery times;
- **Darbaza-State Border with Uzbekistan railway line:** completion of a railway line connecting Kazakhstan with Uzbekistan via the Maktaaral-Syrdarya checkpoint, with the objective of shortening transit routes towards Afghanistan, Pakistan and Turkmenistan and upgrading capacity from 40 million tonnes to 60 million tonnes per annum;
- **Altynkol-Zhetygen section modernisation:** completion of capacity upgrades from 50 million tonnes to 75 million tonnes per annum, including the construction of additional tracks and sidings and the development of Altynkol station;
- **Moiynty-Kyzylzhar railway line:** construction of a new branch line intended to increase capacity and strengthen transit capabilities;
- **Bakhty-Ayagoz railway line:** construction of a railway line and associated infrastructure to create an additional railway border crossing with the PRC, increasing capacity from 50 million tonnes to 100 million tonnes per annum; and
- installation of automatic signalling and interlocking systems on selected railway sections, aimed at improving operational safety, throughput and traffic management.

Rolling Stock and Other Investments

The Group owns and operates a substantial rolling stock fleet that supports its freight, passenger and logistics operations. The following table sets forth certain information regarding the Group's locomotives fleet as at the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
Electric			
Mainline freight locomotives	532	546	567
Mainline passenger locomotives	83	97	109
Total electric locomotives	**615**	**643**	**676**
Diesel			
Mainline freight locomotives	706	678	740
Mainline passenger locomotives	57	83	83
Shunting* locomotives	425	429	439
Total diesel locomotives	**1,188**	**1,190**	**1,262**
Total	**1,803**	**1,833**	**1,938**

The Group's locomotive fleet is central to its ability to provide integrated railway transportation services and to manage traffic across electrified and non-electrified sections of the national railway network. Shunting locomotives are used to assemble, sort and move railcars within stations, yards, depots and terminals, supporting the formation and reconfiguration of trains before and after mainline movements. The Group continues to invest in fleet renewal and modernisation, including the purchase of new locomotives and the phased acquisition of additional locomotives through 2036.

The Group owns and operates the majority of the railcar fleet in Kazakhstan operating on the mainline railway network. The following table sets forth certain information regarding the structure of the Group's freight and passenger rail cars as at the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
Freight rail carriage			
Gondola	27,112	28,712	29,738
Platform	480	464	458
Box car	6,841	6,664	6,361
Hopper	312	3,089	3,067
Other	62	60	55
Total	**37,615**	**38,989**	**39,679**

	As at 31 December		
	2023	**2024**	**2025**
Passenger rail carriage			
First-class coach	4	12	21
Third-class sleeper	640	592	551
Compartment coach	654	633	648
Dining cars	23	22	21
Interregional	126	114	108
Baggage and luggage wagons	25	25	25
ZAK type cars	9	9	13
Talgo cars	732	732	732
Officer's and maintenance cars	25	32	32
Total	**2,238**	**2,171**	**2,151**

Freight carriages are used for the transportation of bulk commodities, industrial products, agricultural products and other cargo. Fitting platforms are used for container transportation and support the Group's multimodal logistics and transit operations. Passenger carriages are used in the Group's inter-regional, international, intercity and suburban passenger services.

The Group's freight railcar fleet is primarily used for the Group's own freight transportation services and for the provision of railcar-related services to customers. These services include the provision and positioning of freight carriages, transportation planning, preparation of transportation documentation, terminal coordination and other ancillary logistics services. The Group also uses fitting platforms and containers to support containerised freight flows and integrated multimodal transportation.

As at 31 December 2025, the Group owned 4,101 large-capacity containers, including 200 autonomous refrigerated containers. These containers support the Group's containerised freight, multimodal logistics and transit services, including cargo flows between China, Kazakhstan, Central Asia, the Caspian Sea region and Europe.

The Group also continues to invest in rolling stock and supporting infrastructure. In particular:

- in 2025, the Group purchased 149 new locomotives; a total of 1,000 locomotives are planned to be acquired on a phased basis between 2026 and 2036;
- in 2025, the passenger rail fleet was expanded by 161 locally produced carriages; and
- the Group intends to continue purchasing new rolling stock, modernising existing locomotives and rolling stock and upgrading railway infrastructure to improve reliability, safety and capacity.

The Group's railway infrastructure, rolling stock and related assets require significant ongoing maintenance, renewal and modernisation. The Group's investment programme is intended to address capacity, reliability, safety and asset condition requirements, although continuing funding will be required.

During 2025, the Company made KZT 1,279.7 billion in capital expenditure investments for the modernisation and renewal of railway rolling stock and locomotives fleet and the modernisation and renewal of infrastructure, as compared to KZT 1,170.23 billion in 2024.

As a result of modernisation works undertaken by the Group, the asset deterioration ratio of the Group's locomotives decreased from 61.2% in 2023 to 57.9% in 2024 and 53.1% in 2025. The asset deterioration ratio for freight railcars was 55.6%, 56.5% and 58.4% in 2023, 2024 and 2025, respectively, and the ratio for passenger railcars and railway infrastructure was 47.5%, 43.9% and 41.7% in 2023, 2024 and 2025, respectively. The Group will continue to require significant expenditure to maintain, modernise and upgrade its railway and logistics infrastructure. See "Risk Factors – Risks Relating to Its Business and Industry – The Group may not have sufficient reliable operational capacity to meet business demand" in this Document for further details.

GOVERNMENT REGULATION AND TARIFFS

The Group operates in a highly regulated sector. Its activities are principally governed by Kazakhstan railway, natural monopoly, competition, tariff, licensing, safety and transport legislation, as well as certain international railway transport and tariff arrangements. The regulatory framework applies across the Group's mainline railway network services, freight transportation, passenger transportation, locomotive traction, infrastructure access, safety obligations and related logistics activities.

Relationship with the Government

The Government exercises indirect control over the Group through its ownership of Samruk-Kazyna and through its regulatory and legislative powers. The Group also performs functions of strategic importance to Kazakhstan's transport system, including operation of the mainline railway network, provision of freight and passenger transportation services and support for local and international transport corridors. The Government may influence the Group through sector policy, tariff regulation, investment priorities and subsidies for socially significant passenger services and other forms of state support, in each case subject to applicable law. See "Relationship with the Government" in this Document for further details.

Railway Sector Regulation

The railway sector in Kazakhstan is primarily governed by the Law on Railway Transport. This law establishes the framework for the operation of railway infrastructure, freight and passenger transportation, access to the mainline railway network, safety requirements, tariff regulation and relationships among carriers, infrastructure operators, customers and public authorities. The regulatory framework is based on principles including preservation of the integrity and uninterrupted functioning of railway infrastructure, non-discriminatory access to railway services, safety of transportation processes, protection of national economic interests and development of local and international transport corridors.

The mainline railway network represents strategic transport infrastructure of Kazakhstan and remains under state control. As the national infrastructure operator, the Group provides mainline railway network services, including traffic dispatching and control on mainline and station tracks and is required to provide non-discriminatory access and equal access rights to railway carriers in accordance with applicable rules. Railway carriers obtain access through the Group and are required to pay infrastructure access charges established in accordance with Kazakhstan legislation.

Freight and Passenger Transportation Regulation

Freight transportation is regulated under the Law on Railway Transport and related rules governing carriage contracts, freight documentation, loading and unloading operations, mixed-mode transportation, freight planning, transportation charges, delivery periods and liability for cargo loss, shortage, damage and delay. Passenger transportation is subject to separate rules governing passenger carriage contracts, passenger rights and obligations, baggage transportation, ticketing procedures, service standards, railway stations and socially significant passenger services, which may be supported through state subsidy mechanisms.

National Carriers and Safety Oversight

KTZ-FT has been designated as the national freight carrier and Passenger Transportation has been designated as the national carrier for passenger, baggage, cargo baggage and postal transportation. The status of a national carrier primarily entails public-service obligations rather than material regulatory privileges, including obligations relating to the train formation plan and priority military transportation. Railway operations are also subject to extensive safety requirements, regulatory oversight, inspections, incident investigations and liability for violations of transportation and safety requirements.

Natural Monopoly and Tariff Regulation

Certain activities of the Group are subject to regulation under the Law of the Republic of Kazakhstan No. 204-VI “On Natural Monopolies”. A natural monopoly is defined as a market condition in which the establishment of competitive conditions to satisfy demand for a particular category of goods, works or services is impossible or economically impracticable due to the technological characteristics associated with the production or provision of such goods, works or services. The law regulates entities operating in natural monopoly sectors, including through inclusion in the State Register of Natural Monopoly Entities, approval of tariffs and tariff estimates, approval and monitoring of investment programmes, tariff regulation methodologies, monitoring of compliance and review of regulated entities’ performance. Entities providing regulated services are required to be included in the State Register and may not provide regulated services without such inclusion.

Tariffs for regulated services are approved by the authorised regulatory authority and are intended to allow recovery of the costs of providing regulated services and a profit directed towards development, efficient operation and other purposes permitted by law. Tariffs are generally approved for a period of five years or longer. For regulated services relating to the mainline railway network, the authorised regulatory authority may approve price caps and adjust them annually in accordance with tariff formation rules.

The cost of transporting goods by rail is calculated by reference to a number of components, including mainline railway network services, locomotive traction services, freight and commercial work and charges for the use of freight wagons and containers. On average, for the transportation of bulk cargoes in universal rolling stock on domestic, export and import routes, these components represent approximately 29%, 20%, 1% and 49% of the total tariff, respectively, with the first three components subject to regulation by the Committee on Regulation of Natural Monopolies and the fourth determined by market rates. Domestic, export and import tariffs are generally subject to the Kazakhstan regulated tariff framework, while transit transportation is treated separately under the international tariff framework described below. The Group may experience a regulatory lag between increases in its cost base and corresponding tariff adjustments, which may affect timely cost recovery through regulated tariffs. The regulated tariffs of the Group for mainline railway network, locomotive traction and freight and commercial operation services are differentiated according to, amongst others, cargo categories, type of traction (electric or diesel), transportation distance, type of rolling stock, ownership of rolling stock, cargo type and wagon loading. The current tariff system provides for internal cross-subsidisation between cargo categories and transportation types. Regulated tariffs were historically subject to strict state regulation, which resulted in low tariff levels for transportation of core cargo categories such as coal, ferrous and non-ferrous ore and grain, at levels that did not permit full recovery of operating expenses. Since 2024, the Company jointly with state authorities has been implementing measures aimed at gradual increases in regulated freight transportation tariffs in order to achieve profitability. Regulated tariffs for the 2026–2030 period were approved by Order No. 105-OD of the Committee for Regulation of Natural Monopolies dated 29 November 2025. Approximately 80% of freight turnover is transported using regulated tariffs. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

Regulated Tariff Increases

Regulated MRN and locomotive traction tariffs for freight transportation are being increased under the approved 2024 to 2026 tariff trajectory, with planned annual increases of approximately 24% to support railway maintenance, modernisation, capacity expansion and the financial sustainability of regulated railway services. In 2024, regulated tariffs increased by approximately 24% in aggregate. In 2025, regulated tariffs increased by approximately 28% in aggregate.

As of the date of this Document, the Group continues to work with the Committee for Regulation of Natural Monopolies in connection with an increase in MRN tariffs for 2026 to reflect costs associated with financing obtained for the implementation of infrastructure projects, with the projected overall average increase currently estimated at 24%.

Transit and International Tariff Framework

The rules governing the application of tariffs for international transportation are established by international treaties of Kazakhstan. Transit transportation through Kazakhstan is not subject to local state price regulation and is conducted under the tariff policy applicable to railways of CIS member states, which is based on the International Transit Tariff and the Unified Transit Tariff. Transit tariffs are denominated in Swiss Francs and converted into U.S. dollars and participating railway administrations may grant discounts or establish special through rates in accordance with the applicable tariff framework. Transit tariffs are established in Swiss francs with quarterly announced conversion rates into US dollars and are therefore subject to foreign exchange fluctuations. Transit tariffs significantly exceed the level of regulated tariffs applicable to domestic, export and import transportation by 1.5 to 5.6 times in terms of Swiss Francs per tonne-km. This tariff premium means that transit freight, which accounted for approximately 20% of total freight turnover in the period, contributed approximately 38% of total freight revenue during the Track Record Period. Within the framework of implementation of the EAEU Treaty provisions, the Group is entitled to apply a price cap mechanism in respect of certain international transportation services, which is an instrument for increasing transportation profitability, the legislative purpose of which is the repayment of debt incurred for the implementation of large infrastructure projects.

EAEU and Other International Arrangements

Kazakhstan is a member of the EEU, within which a coordinated transport policy is implemented with a view to promoting economic integration and the development of a single transport area based on principles including competition, openness, safety, reliability, accessibility and environmental sustainability. The EEU framework includes rules governing access to railway transport services and the fundamentals of tariff policy, including coordinated tariff policy for specified international and transit freight transportation. Kazakhstan is also party to international railway agreements adopted within the framework of the OSJD, the Council for Railway Transport of the CIS member states and other international organisations, including agreements governing international railway freight communication and related technical and operational matters.

Competition and Antimonopoly Regulation

The Group's activities are also subject to Kazakhstan competition law. KTZ-FT and Passenger Transportation are treated as dominant providers of freight transportation and passenger transportation in Kazakhstan, respectively. The Entrepreneurial Code regulates dominant market participants, including prohibitions on abuse of dominance, discriminatory pricing or terms, unjustified contractual conditions and other conduct that may restrict competition or infringe the rights of market participants or consumers. Certain economic concentrations require prior approval from, or notification to, the Antimonopoly Agency. See "Competition" in this section for further information.

Licensing, Permits and Other Regulatory Requirements

The Group's activities are subject to the Law No. 202-V dated 16 May 2014 "On Permits and Notifications" and related licensing, permit and notification regimes. Activities requiring licences include, among others, freight transportation by rail, transportation of nuclear materials, radioactive substances, radioactive waste and certain other regulated activities. Certain licences are granted for fixed periods, while others are issued for an unlimited period, subject to continuing compliance with applicable requirements. Conducting licensed activities without the relevant licence may result in administrative or criminal liability.

Further information is set out in the section headed "Regulatory Overview" in this Document.

SALES AND MARKETING

As of 31 December 2025, the marketing department consisted of 19 employees, who are responsible for coordinating marketing activities for freight transportation. The Group conducts annual marketing roadshows in regions in China with a high volume of freight transportation, such as Xian, to develop customers in China and Europe through the China-Europe corridor.

CUSTOMERS AND SUPPLIERS

The Group's customers for freight transportation include suppliers of coal, oil and oil products, metals, ores, chemicals, fertilisers and agricultural products. The Group had approximately 1,700 customers for freight transportation during 2025. The Group's customers for passenger transportation are members of the public, with most passenger traffic generated from inter-regional routes. In 2023, 2024 and 2025, revenue from the five largest customers, which are customers from the Group's freight transportation segment, in each year of the Track Record Period amounted to KZT 307,327 million, KZT 392,156 million and KZT 491,050 million, respectively, accounting for 15.9%, 18.1% and 17.8% of the total revenue and other income for the respective year. Revenue from the largest customer in 2023, 2024 and 2025 accounted for 4.2%, 5.1% and 4.5% of total revenue and other income in the same years, respectively.

The following tables set forth the details of the Group's five largest customers in each year during the Track Record Period:

Year Ended 31 December 2023

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	81,864	4.2%	more than 10 years	advanced payment	bank transfer
2	Customer B	Freight Transportation	Russia	transit transportation of goods	71,994	3.7%	more than 10 years	advanced payment	bank transfer
3	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	63,790	3.3%	more than 8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	50,936	2.6%	more than 8 years	advanced payment	bank transfer
5	Customer E	Freight Transportation	Kazakhstan	steel and mining company	38,743	2.0%	more than 10 years	advanced payment	bank transfer
	Total				**307,327**	**15.9%**			

Year Ended 31 December 2024

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer B	Freight Transportation	Russia	transit transportation of goods	110,226	5.1%	more than 10 years	advanced payment	bank transfer
2	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	100,529	4.6%	more than 10 years	advanced payment	bank transfer

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
					(million KZT)				
3	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	70,278	3.2%	more than 8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	65,656	3.0%	more than 8 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	freight rail transportation	45,466	2.1%	more than 8 years	advanced payment	bank transfer
	Total				**392,156**	**18.1%**			

Year Ended 31 December 2025

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
					(million KZT)				
1	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	124,537	4.5%	more than 10 years	advanced payment	bank transfer
2	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	114,225	4.1%	more than 8 years	advanced payment	bank transfer
3	Customer B	Freight Transportation	Russia	transit transportation of goods	100,517	3.6%	more than 10 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	85,425	3.2%	more than 8 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	freight rail transportation	66,346	2.4%	more than 8 years	advanced payment	bank transfer
	Total				**491,050**	**17.8%**			

The Directors confirm that the Group's five largest customers in each year during the Track Record Period were all Independent Third Parties and that none of the Directors, their respective close associates or Samruk-Kazyna had any interest, directly or indirectly, in any of the Group's five largest customers in each year during the Track Record Period.

The Group enters into transportation contracts with freight customers on a per-shipment basis through the execution of waybills. Transit freight transportation payments are made in advance upon entering Kazakhstan. Payment for intercity, inter-regional and international export transportation is made in advance, while payment for international import is made upon arrival of the freight. Payments can be made by electronic funds transfers. The fees are the tariff rates in effect at the time of cargo acceptance and are subject to adjustment by the tariff policy department in accordance with applicable law upon ten days' prior notice to customers. Orders are placed through the automated system for managing contractual and commercial work by first submitting a monthly application for transportation planning, and upon approval of the monthly plan, customers are required to submit a ten-day application based on which loading volume fulfilment is monitored.

The Group contracts with freight forwarding companies for one year with advance payment conditions.

The Group is responsible for damage or loss of freight during its transportation, unless it can prove that such damage or loss was not the fault of the Group. Any shipping customer wishing to make a claim for damages or loss must do so in accordance with the procedural requirements set forth under the Agreement on International Goods Transport by Rail Instruction on Acts and Claims Activity at Railways of the CIS and Balkan States and Order of the Company No. 107-143 dated 9 June 2006. The Group is required to provide security services for transportation of certain goods, such as food products, alcoholic and non-alcoholic beverages, tobacco and industrial tobacco substitutes, pharmaceuticals, fuels, fertilisers, various chemicals, wood, paper and paper products, cotton and glass.

Suppliers

The Group procures a broad range of goods, works and services required for the operation, maintenance and development of its railway transport and logistics network, the majority of which is from Kazakhstan. Its principal procurement categories include fuel and lubricants, electricity, locomotives, freight wagons, passenger carriages, containers, fitting platforms, spare parts, track superstructure materials, signalling and communications equipment, construction and maintenance works, repair services, security services and other services required for railway operations.

The Group conducts procurement in accordance with the procurement procedures applicable to Samruk-Kazyna group companies and other applicable laws and internal policies. These procedures establish principles and methods for supplier selection, including open tenders, requests for quotations, procurement through an electronic store and single-source procurement. Procurement arrangements may be updated from time to time, including to increase transparency, digitalise procurement processes, reduce single-source procurement, support Kazakh producers and monitor Kazakh content in purchased goods, works and services.

Supplier contracts are generally concluded at the prices offered by the winning bidder. Supplier contracts generally do not require advance payments, although exceptions may apply for certain categories of suppliers, including organisations representing people with disabilities and Kazakhstani manufacturers included in applicable registers. Suppliers are usually required to provide performance security for their contractual obligations in an amount not exceeding 5% of the contract value.

Diesel fuel and electricity are procured under applicable procurement procedures. Other fuels and lubricants are procured through intra-group procurement and open tenders, depending on the relevant category and availability. Competitive procurement methods are used for a range of purchases, including railway track repair and reconstruction works and major and depot repairs of freight wagons. Single-source procurement, including intra-group procurement, may be used where permitted under the applicable procurement framework, including for rail freight transportation services, locomotive traction services and security services. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for a description of the sanctions risks relating to the Group's commercial relationship with Lukoil Lubricants Central Asia, including the status of applicable U.S. and U.K. general licences.

Global supply chain disruptions during the Track Record Period affected the delivery timing for certain equipment, spare parts and rolling stock components. The Group continuously worked with suppliers and contractors to mitigate operational impacts and to maintain continuity of transportation operations and its infrastructure and capital expenditure programmes. The Group has not experienced any shortage or delay in the supply of raw materials that had a material adverse impact on its operations.

Purchases from the Group's five largest suppliers in 2023, 2024 and 2025 amounted to KZT 283,732 million, KZT 288,435 million and KZT 445,898 million, respectively, representing 38.5%, 38.9% and 48.8% of total purchase amount for the respective year. Purchases from the Group's largest supplier in 2023, 2024 and 2025 represented 13.0%, 10.8% and 22.0% of total purchase amount for the respective year.

The following tables set forth the details of the Group's five largest suppliers in each year during the Track Record Period:

Year Ended 31 December 2023

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
					(million KZT)				
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	95,913	13.0%	More than four years	one month	bank transfer
2	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	55,000	7.5%	More than ten years	one month	bank transfer
3	Supplier C	repair of wagons	Kazakhstan	repair of wagons	50,692	6.9%	More than five years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	41,214	5.6%	More than ten years	one month	bank transfer
5	Supplier E	diesel fuel	Kazakhstan	trade and distribution company	40,914	5.6%	More than three years	one month	bank transfer
	Total				283,732	38.5%			

Year Ended 31 December 2024

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(million KZT)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	80,213	10.8%	More than four years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	supply of utility	72,032	9.7%	More than one years	one month	bank transfer
3	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	59,019	8.0%	More than ten years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	43,338	5.8%	More than ten year	one month	bank transfer
5	Supplier C	repair of wagons	Kazakhstan	repair of wagons	33,834	4.6%	More than five years	one month	bank transfer
	Total				288,435	38.9%			

Year Ended 31 December 2025

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(million KZT)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	200,863	22.0%	More than four years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	supply of utility	114,409	12.5%	More than one year	one month	bank transfer
3	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	65,965	7.2%	More than ten years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	39,210	4.3%	More than ten years	one month	bank transfer
5	Supplier H	electric freight locomotives	Kazakhstan	production of electric locomotives	25,451	2.8%	More than ten years	one month	bank transfer
	Total				445,898	48.8%			

The Directors confirm that the Group's five largest suppliers in each year during the Track Record Period were all Independent Third Parties and that none of the Directors, their respective close associates had any interest, directly or indirectly, in any of the Group's five largest suppliers in each year during the Track Record Period.

COMPETITION

Competition with Private Operators

The Group is a natural monopoly in Kazakhstan in the provision of mainline rail network services and holds a dominant position in freight and passenger rail transportation, as well as in wagon handling, terminal, transhipment and freight forwarding services.

Approximately 300 private wagon owners operate in Kazakhstan in the wagon and container handling and wagon leasing market, with a total fleet of approximately 147,000 wagons. The largest wagon owners are major freight companies that initially developed their wagon fleets to meet their own transportation needs. Major private wagon operators include Transkom LLC, Istkomtrans LLC, Bogatyr Trans LLC, Petroleum LLC and others.

The main private competitors from neighbouring countries are JSC Federal Freight Company and OJSC First Freight Company, both Russian wagon companies. Their share of the volume of cargo loaded in Kazakhstan is relatively small compared to the volume of cargo transported in the Group's freight cars. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for a description of the Group's broader Russia-related sanctions exposure.

From 2018 to 2022, a pilot project to provide access to rail infrastructure for two private freight carriers was conducted. Based on the results of the pilot project, work is ongoing to improve tariff policy for freight transportation and international railway services. The two private freight carriers that participated in the pilot project currently operate alongside the National Freight Carrier on limited routes within Kazakhstan. As of the end of 2025, the combined share of private freight carriers in total freight turnover was 5%.

Alongside the Group private carriers also provide passenger transportation services in Kazakhstan. In 2025, there were 13 private passenger carriers, with a combined passenger turnover share of 29%. The Group provides international and local passenger rail transportation services, while private passenger carriers provide local passenger transportation services.

As at 31 December 2025, the Group operates on 101 international and inter-regional routes and 60 inter-regional and intercity and suburban routes. Because the Group's passenger transportation operations are not profitable, it receives subsidies in respect of its passenger transportation services from the Ministry of Industry and Infrastructure Development and local authorities.

Competition with Other Modes of Transportation

Rail transportation competes favourably with other modes of transportation in terms of regularity of service, safety, speed and cost. The Kazakhstan railway system has a high carrying capacity at a relatively low cost for freight and passenger transportation and generally operates despite adverse weather conditions. For 2025, income from Government grants was KZT 43,275 million, as compared to KZT 41,124 million for 2024 and KZT 38,912 million for 2023. The railway system ranks third behind that of air and road transportation with respect to the speed of freight delivery. The railway transportation system also ranks third behind water (river) and pipeline transportation in terms of freight transportation costs.

The following table sets forth certain information published by the National Statistics Bureau regarding freight turnover in Kazakhstan by transportation type for 2025:

	2025	
Type of Transportation	**Million tonne-kilometres**	**Percentage**
		(%)
Railway[1]	361,265.2	61.8
Pipeline	173,599.2	29.7
Road	47,441.8	8.1
Water	72.7	0.0
Marine	1,860	0.3
Air	73.2	0.0
Total	**584,312.1**	**100**

Note:

(1) Freight turnover data provided by the Company

The following table sets forth certain information published by the National Statistics Bureau regarding passenger turnover in Kazakhstan by transportation type for the years indicated:

	Year ended 31 December					
	2023		2024		2025	
Type of Transportation	**Million passenger-kilometres**	**Percentage**	**Million passenger-kilometres**	**Percentage**	**Million passenger-kilometres**	**Percentage**
		(%)		*(%)*		*(%)*
Railway[1]	16,113.0	22.1	16,198.2	19.6	15,792.9	17.8
Motor vehicles and urban electric transport	30,739.8	42.3	38,306.8	46.3	43,158.9	48.5
Air	25,898.5	35.6	28,275.7	34.2	29,960.3	33.7
Water (river)	2.2	0.0	4.4	0.0	4.7	0.0
Marine	0.2	0.0	0.6	0.0	0.1	0.0
Total	**72,753.7**	**100**	**82,785.7**	**100**	**88,916.9**	**100**

Note:

(1) Passenger turnover data provided by the Company

Transportation by Pipeline

The substantial majority of oil produced in the Caspian Basin is transported via the pipeline network, and, in recent years, the volumes of crude oil transported by the Group has become immaterial, with almost all crude oil transported through oil pipelines. However, this pipeline competition only applies to crude oil, which is not currently a significant portion of the Group's total freight volumes. The transportation of oil products, which comprises the vast majority of the Group's liquid cargoes volumes cannot be transported by pipeline.

Transportation by Air

Kazakhstan is serviced by 21 airports, of which the airports of Almaty, Shymkent and Astana bear most of the freight and passenger transportation load. According to data published by the National Statistics Bureau, the level of freight and passenger transportation in Kazakhstan has increased in recent years. In 2025, 31.8 million passengers travelled through Kazakhstan airports, as compared to 29.7 million in 2024. The volume of freight transportation handled by Kazakhstan airports has also increased from 173.3 thousand tonnes in 2025 and 170.9 thousand tonnes in 2024. Air transportation, however, is generally more expensive than other modes of transportation and is subject to weather conditions. In addition, air transportation is more limited by the weight and dimension of the freight being carried than other modes of transportation.

Road and Water

Together, freight transportation by road and water accounted for 8.1% of total freight turnover in Kazakhstan in 2025. Rail is the dominant mode of freight transportation in Kazakhstan by turnover, accounting for 61.8% of total freight turnover in 2025 and 88% of total freight turnover excluding pipelines. This modal position reflects the suitability of rail for long-distance bulk, industrial, agricultural and transit freight across Kazakhstan's large landlocked territory.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

Board Oversight

The Board plays the key role in setting the strategic direction of the Company in the area of sustainable development. The Health, Safety and Environment Committee is mandated to address occupational health and safety, operational and production activities, environmental protection, traffic safety, sustainable development and ESG. Members of the Board have managerial and industry experience in areas including railway transport and infrastructure, risk management and sustainable development and ESG matters and receive dedicated training on sustainable development in the railway sector regularly.

Management-level Responsibility

The Management Board implements and integrates sustainability principles into business operations; the Managing Director for Strategy coordinates the implementation of sustainable development principles; the Chief Engineer oversees occupational health and safety, environmental and energy management and the low-carbon development programme; and the Chief of Staff is responsible for human resources and social policy. In 2025, the corporate KPIs for the Management Board Chairman and the functional KPIs for members of the Management Board included ESG indicators comprising occupational safety performance, the social stability index, the employee turnover rate and the gross CO_2 emissions (Scope 1) reduction rate. The social stability index is primarily a sociological metric and diagnostic tool used to measure workforce morale, public sentiment, and the overall stability of socio-labour relations. The carbon footprint reduction indicator is a strategic KPI with a weight of 30% in the Chief Engineer's efficiency scorecard. (Scope 1 intensity)

ESG-related Strategic KPIs

To implement the ESG agenda, the Group has defined two strategic initiatives to meet by 2032. For each initiative, specific actions have been developed and Strategic KPIs established to monitor progress towards achieving the set goals.

Strategic initiative	Strategic KPI	Target by 2032	Year ended 31 December 2023 *(Actual)*	2024 *(Actual)*	2025 *(Actual)*
Environmental sustainability	Carbon footprint reduction compared to the previous year *(%)*	>-3.5	-5.1	-6	-2.7
Promoting social stability and developing human capital	Social stability index	75	66	69	73

Environmental Matters

Climate Change Management

The Group recognises the significance of climate-related risks to its sustainable development, operations and long-term business value and treats them as an integral part of its risk management system. At the strategic level, climate-related risks and opportunities are overseen by the Board, with its committees reviewing climate strategy, risk and low-carbon development matters and embedding them within the corporate risk management system.

To inform this oversight, the Group conducted a climate scenario analysis as part of its strategic and long-term planning, covering both physical and transition risks. The analysis applied the IPCC SSP2–4.5 and SSP5–8.5 scenarios for physical risks and the NGFS Below 2°C and Net Zero 2050 scenarios for transition risks, across the 2030 and 2050 time horizons.

The risks identified through this process are monitored and recorded in the Risk Register, which defines two categories of climate-related risk. The first is the shrinking of the Caspian Sea, which reduces the operational capacity of port piers, shipping routes, port waters, hydraulic structures and maritime safety. The second comprises risks associated with changes in physical climate parameters, including flooding and erosion of roadbeds and infrastructure, infrastructure damage from extreme heat, cold and drought and changes in cargo structure and volume arising from climate-related natural disasters.

In response to these risks, the Group implements a comprehensive set of climate-change adaptation measures to protect its railway infrastructure. To shield the mainline railway network from adverse weather, it operates three protective forestry branches maintaining 63,207 hectares of protective plantations and develops an annual plan to prepare tracks and structures for the passage of ice flows and flood waters. To address the shrinking of the Caspian Sea specifically, design documentation for the dredging of the Aktau port water area has been developed, with a state expert review conclusion and an environmental permit obtained for 2025–2027. Pursuant to a contract signed on 28 April 2026, dredging works will be carried out in the waters of the Port of Aktau in 2026 to ensure the navigational depths necessary for safe navigation and the safe berthing of vessels at the quays.

Alongside adaptation, the Group is acting to reduce its own emissions, targeting carbon neutrality by 2060, with emission volumes that cannot be reduced to be offset. Under its Low-Carbon Development Concept, the Group plans to reduce direct emissions from diesel locomotives from 1.8 million tonnes of CO_2 to 1.3 million tonnes by 2030, a 25% reduction from the 2020 level. This commitment is reinforced in the Development Strategy up to 2032, which sets short-, medium- and long-term targets under the "Carbon Footprint" KPI, with annual reduction targets as follows:

Short-term (by 2025):	-2.5% compared to the previous year
Medium-term (by 2027):	-3.2% compared to the previous year
Long-term (by 2032):	>-3.5% compared to the previous year

The Group disclosed Scope 3 emissions since 2024, covering Category 5 (waste generation) and Category 6 (employee business travel) and plans a phased expansion of the Scope 3 calculation perimeter.

		Year ended 31 December		
	Unit	**2023**	**2024**	**2025**
Scope 1 (direct) GHG emissions	thousand tonnes of CO_2-eq	2,389	2,428	2,529
Scope 2 (indirect) GHG emissions	thousand tonnes of CO_2-eq	3,119	2,630	2,707
Total Scope 1 and Scope 2	thousand tonnes of CO_2-eq	5,508	5,058	5,236
Carbon intensity (Scope 1+2)	kg of CO_2-eq/10,000 gross tonne-km	116	106	103
Scope 3 – Category 5 (waste)	tonnes of CO_2-eq	–	23,384	22,891
Scope 3 – Category 6 (business travel)	tonnes of CO_2-eq	–	667	743

Energy Efficiency and Energy Saving

As one of the largest energy consumers in Kazakhstan, the Group has an energy management system in place that covers railway network operations, as well as freight and passenger transportation. The system is governed by the Energy Management System Manual and undergoes annual external audit against ISO 50001:2018. Energy analyses are approved quarterly and reviewed by the Fuel and Energy Commission.

In compliance with the Law of the Republic of Kazakhstan "On Energy Saving and Energy Efficiency Improvement", the Group conducts mandatory energy audits and develops priority measures to optimise consumption. Under the 2023–2027 Low-Carbon Development Action Plan, the Group saved 111 thousand GJ of fuel and energy resources in 2025, through measures including renewal of the locomotive fleet, deployment of the Trip Optimizer automatic traction control system across 237 diesel locomotive sections and modernisation of lighting and heat supply systems.

		Year ended 31 December		
	Unit	**2023**	**2024**	**2025**
Total energy consumption	thousand GJ	41,599	41,928	43,661
Purchased electricity	thousand GJ	2,626	12,485	13,005
Coal	thousand GJ	1,232	1,162	1,006
Natural gas	thousand GJ	218	234	226

		Year ended 31 December		
	Unit	2023	2024	2025
Liquefied gas	thousand GJ	0.34	10	9
Petrol	thousand GJ	321	325	336
Diesel fuel	thousand GJ	27,030	27,541	28,911
Fuel oil	thousand GJ	172	171	168
Energy intensity	thousand GJ/billion gross tonne-km	88	88	86

Water Management

The Group treats water stewardship as a strategic priority, governed by its Environmental Management System Manual and strict adherence to the laws of Kazakhstan. In response to evolving environmental challenges and regulatory shifts, the Group has successfully transitioned to a fully self-sufficient groundwater-based supply model, ceasing reliance on third-party suppliers and surface sources.

		Year ended 31 December		
	Unit	2023	2024	2025
Water consumption	thousand m^3	5,134.54	4,277.31	3,223.10

Waste Management

Railway operations generate various types of waste, including waste from the repair and maintenance of rolling stock and the operation of railway lines. The Group manages waste systematically in accordance with environmental legislation and internal regulations, with the aim of reducing generation, increasing reuse and recycling and ensuring environmentally safe handling across all structural divisions, subsidiaries and affiliates. Waste is transferred to licensed specialised companies for recovery, recycling or landfill and the Group promotes separate collection to reduce landfill volumes and support circular-economy principles.

		Year ended 31 December		
	Unit	2023	2024	2025
Waste generation	tonnes	58,563	57,932	56,988
Waste diverted from landfill	kg	155,366	102,246	117,641

Social Matters

Workforce Composition

The Group employed 118,506 people, comprising production personnel of 111,839, (94%) and administrative and managerial personnel of 6,667, (6%).

		Year ended 31 December		
	Unit	2023	2024	2025
Total number of employees	Number	116,560	117,681	118,506
Permanent employees	Number	105,705	116,048	115,654
Women	Number	23,988	25,095	24,034
Men	Number	81,717	90,953	91,620
Temporary employees	Number	10,855	1,633	2,852

	Unit	Year ended 31 December 2023	2024	2025
Women	Number	2,095	961	1,736
Men	Number	8,760	672	1,116
Turnover rate	%	7.9	8.4	8.6

Employee Development

Employee training and development are key elements in ensuring the effective performance of the Group. These activities encompass the development of professional skills, personal attributes and leadership capabilities, all of which support career progression and increase employees' professional value.

Employee Training	Unit	Year ended 31 December 2023	2024	2025
Total training hours	Hours	1,729,505	1,998,946	2,200,918
Average hours per employee	Hours/Employee	14.84	16.99	18.57
Total employees trained	Number	38,918	50,961	61,274
Percentage of employees trained	%	33.4	43.3	51.7

Occupational Health and Safety

The Group regards safe working conditions and the protection of employees' lives and health as an absolute priority. Occupational health and safety is managed under the Occupational Health and Safety Management System Manual, developed in compliance with ISO 45001:2018 and GOST 12.0.230 and mandatory for all employees. The management system extends to employees, contractors and other stakeholders exposed to operational risks, and is subject to annual external audit for compliance with ISO 45001:2018.

Hazard identification, risk assessment and incident investigation are central elements to the system. The Group applies a dedicated standard on hazard identification, environmental aspect identification and occupational safety risk management, supported by scheduled and unscheduled hazard assessments, audits and inspections and action plans addressing the principal occupational safety risks identified on its risk map. Proactive prevention tools include behaviour-based safety dialogues, the registration and investigation of unsafe acts and near misses and the right of every employee to stop work that poses a direct threat to life or health.

	Year ended 31 December 2023	2024	2025
Lost Time Injury Rate (LTIR)(1)	0.17	0.12	0.13

Note:

(1) LTIR is calculated per 1 million hours worked

Fair Labour Practices

The Group's Human Resources Policy for 2023–2028 is the fundamental document for human capital management, developed in compliance with the Labour Code and international labour standards, with oversight by the Board and the Nomination and Remuneration Committees. The Group adopted a Human Rights Policy to prohibit child labour, forced or bonded labour and human trafficking and provide equal opportunities and equal pay for women and men. A Policy on the Prevention of Harassment and Discrimination and a Diversity and

Inclusion Policy have also been established. A Corporate Ombudsman appointed by the Board assists in the resolution of labour disputes and business ethics matters.

Freedom of Association and Collective Bargaining

A Collective Bargaining Agreement for 2024 to 2026 has been concluded between the Group and its workforce, providing a comprehensive range of employee social support measures. These include financial assistance for employees' life events and recreation for their children, alongside voluntary medical insurance. As at 31 December 2025, 100% of the Group's employees were covered by collective bargaining agreements.

The Group maintains close cooperation with the "Kazakhstan Sectoral Trade Union of Railway, Automobile, Aviation and Water Transport Workers" Public Association. A Sectoral Agreement for 2024 to 2026, recognised as the fundamental document of social partnership, defines minimum social guarantees mandatory for inclusion in collective bargaining agreements.

Employees Engagement, Satisfaction and Social Stability

The Group conducts regular employee surveys to monitor social well-being, satisfaction with working conditions and the psycho-emotional climate within its workforce, using the results to analyse social stability and take timely corrective action.

The questionnaires cover a broad range of workplace matters, including occupational health and safety, working and welfare conditions, internal communications, the social package, training and corporate culture and respect for human rights. They also assess employees' understanding of the Group's mission and objectives, their overall satisfaction and well-being and equal access to training, transparency of career development and inclusive treatment in the workplace.

		Year ended 31 December		
	Unit	**2023**	**2024**	**2025**
Social stability index	%	66	69	73
Survey coverage	% of employees participated in the survey	13	10	15

Community Investment

Charitable activities are implemented through the Samruk-Kazyna Trust Corporate Foundation and the Group did not independently incur financial expenditures on charity and sponsorship. The Group also actively promotes a culture of corporate volunteering as an engagement instrument. In 2025, the Group's employees dedicated more than 30,000 man-hours to volunteer activities throughout the country.

Railway Traffic Safety

Traffic safety is governed by the Railway Traffic Safety Management System Manual, which sets out requirements for the planning, implementation, monitoring and continuous improvement of the safety management system. The Manual is developed in accordance with the laws and regulations of Kazakhstan, ISO 9001:2015 and the Group's internal regulations. The Group's principal priorities are protecting human life and health, ensuring the safety of cargo, rolling stock and infrastructure, maintaining the required level of traffic safety and minimising the consequences of transport incidents.

The Group implements systematic measures across its divisions and subsidiaries to strengthen the safety management system, develop human resources and improve the reliability of infrastructure and rolling stock, supported by employee training, rolling-stock maintenance and major track overhaul. Continuous track diagnostics are carried out in accordance with the

Rules for Railway Track Diagnostics, monitoring technical condition and identifying defects that may threaten traffic safety. In 2025, the Board-set Railway Traffic Safety Level target was achieved.

Supply Chain Management

The procurement is governed by the Law of the Republic of Kazakhstan "On Procurement by Certain Quasi-Public Sector Entities" and the procurement procedures of Samruk-Kazyna. Standard procurement contracts require suppliers to comply with the environmental laws of Kazakhstan; contractor personnel are subject to the Group's contractor safety management standard.

The Group is committed to fostering the growth of local suppliers by entering into long-term agreements with Kazakh manufacturers, supporting the establishment of new local production facilities and offering procurement preferences to local businesses and organisations representing persons with disabilities.

GOVERNANCE MATTERS

Business Ethics and Anti-Corruption

The Group's Code of Ethics and Conduct and Anti-Corruption Policy are publicly available on the corporate website, all employees are familiarised with both documents and participate in regular training and anti-corruption requirements are incorporated into employment contracts. The Compliance Service ensures compliance with the anti-corruption laws of Kazakhstan and conducts annual internal assessments of corruption risks covering 100% of divisions and business processes.

Whistleblowing and Reporting Channels

In line with its Whistleblowing Policy, the Group provides confidential reporting channels available to employees, customers, business partners and other stakeholders covering misconduct including breaches of the Code of Ethics and Conduct, fraud, corruption and discrimination.

SEASONALITY

The Group's operations are generally characterised by moderate seasonality associated with cargo shipment patterns, agricultural export cycles, weather conditions and passenger transportation demand during holiday periods. However, the Group benefits from diversification of its freight transportation categories and a stable underlying demand for railway transportation services throughout the year.

EMPLOYEES

The Group's workforce is primarily located in Kazakhstan, with less than 1% located in Russia, China, Turkey and the United Arab Emirates, and supports the operation, maintenance and development of the national railway and logistics network. As at 1 April 2026, the Group employed 119,542 employees. The following table sets forth a breakdown of the Group's employees by business function as of same date.

Business Function	Number of Employees	Percent (%)
Operational	**109,160**	**91.3**
– Train operations	15,695	13.1
– Locomotive operations	20,967	17.5
– Track maintenance	26,710	22.3

Business Function	Number of Employees	Percent (%)
– Signalling	11,812	9.9
– Technical maintenance	2,531	2.1
– Station operations	18,527	15.5
– Rolling stock maintenance	8,739	7.3
– Logistics	3,053	2.6
– Safety	925	0.8
– Security and infrastructure support	201	0.2
Administrative	**10,382**	**8.7**
– Administrative	7,481	6.3
– Finance	792	0.7
– Legal	182	0.2
– Procurement	449	0.4
– Information Technology	868	0.7
– Human Resources	510	0.4
– Management	100	0.1
Total	**119,542**	**100.0**

Staff turnover increased from 7.9% in 2023 to 8.4% in 2024 and 8.6% in 2025. The Company believes that this trend reflects, among other factors, competition for operational and technical employees in certain major cities and industrial regions. Since 2023, the Group has experienced local staff shortages in certain operational and technical roles, including track maintenance, signalling, technical maintenance and other operational areas. The shortages have been more pronounced for certain positions, including signalmen, track fitters and other operational roles in major cities.

The average age of the Group's workforce is approximately 42. In certain operational trades, including track fitter and track foreman roles, more than 30% of employees are aged between 46 and 55. The Company monitors the age profile of employees in safety-critical roles and seeks to manage workforce continuity through recruitment, training, succession planning, professional development and measures designed to improve retention in operational and technical roles.

The Group provides technical, operational, managerial and safety training for employees, including mandatory training required by authorised state bodies and internal corporate training programmes. In 2025, more than 17,000 employees completed mandatory courses required by the authorised state body and more than 18,000 employees completed corporate courses. In addition, 15,438 employees from 10 regions completed the Company's Occupational Safety Culture training course. The Group intends to continue using training, certification and internal development programmes to support operational safety, employee development and succession planning.

The Group enters into employment contracts with its employees in accordance with Kazakhstan labour legislation and applicable internal policies. The Group's employment arrangements generally cover position, remuneration, working time, leave, occupational safety requirements, confidentiality, disciplinary matters and termination rights.

During the Track Record Period and up to the Latest Practicable Date, the Group had not experienced any strikes, work stoppages or major labour disputes that had a material adverse effect on its business, financial condition or results of operations.

The Group makes social tax and other mandatory employee benefit contributions in accordance with Kazakhstan law. The Company has stated that the Group does not operate defined-benefit pension schemes and has no material post-retirement obligations beyond those required by law. See "Risk Factors – Risk Relating to Its Business and Industry – The Group faces workforce risks, including an inability to retain key personnel or attract and retain qualified personnel" in this Document for further details.

The Group seeks to maintain constructive employee relations and to support employee engagement through training, occupational safety programmes, internal communications and employee development initiatives.

LICENCES PERMITS AND APPROVALS

The Company conducts its business operations under various licences, which authorise it to carry out a full range of railway-related business activities. In particular, the Company holds licences that allow it to transport goods and hazardous materials, as well as perform expert work and provide engineering services, including planning, design, survey, construction and installation services; a licence for the design of communication channels and Internet telephony; environmental permits and licences related to the design of transmission and distribution thermal and electric energy and operation of power plants, electric networks and substations; a licence allowing the manufacture and repair of lifting devices; licences for the use of radioactive substances, devices and installations containing radioactive substances; a licence for the purchase of explosives and pyrotechnic substances and products with their use for their own production needs.

The Group also holds licences allowing the transportation of goods, including precursors and nuclear and radioactive materials and substances, including radioactive waste, on the territory of Kazakhstan.

The Group has the necessary licences for freight transportation. In April 2026, KTZ-FT extended a five-year licence granting the right to transport precursors. In addition, in 2022, KTZ-FT received a five-year licence granting the right to transport nuclear and radioactive materials and substances, including radioactive waste, on the territory of Kazakhstan.

With the exception of licences for the transportation of precursors and for the transportation of nuclear and radioactive materials and substances, including radioactive waste, which are issued for five-year periods, the Group's licences are usually indefinite and almost all provide for annual or quarterly reporting requirements for activities carried out under the relevant licences.

The Kazakhstan Legal Adviser has advised the Company that, during the Track Record Period and up to the Latest Practicable Date, the Company had obtained all requisite licences, approvals and permits from the relevant government authorities that are material for its business operations and all such licences, approvals and permits have remained in full effect as at the Latest Practicable Date, and there are no existing circumstances that would render their revocation or cancellation. The Company is required to renew such certificates, permits and licences from time to time and does not expect any material difficulties in such renewals.

INSURANCE

Similar to many other state-owned enterprises in Kazakhstan, the Group maintains limited insurance coverage. The Group holds the required statutory minimum insurance coverage with respect to automobile insurance, employer liability insurance, environmental insurance and passenger insurance for personal injury, death and loss or damage to passenger property and insurance for directors and officers. Insurance policies that are maintained by the Group are purchased from commercial insurance operators in Kazakhstan.

The Group maintains insurance coverage in accordance with rules of cooperation between the Company and its subsidiaries with respect to insurance coverage that are approved by the Company's Management Board from time-to-time (the "**Insurance Programme**"). The Insurance Programme was drawn up on the basis of the corporate standard for insurance protection adopted by Samruk-Kazyna and applied in respect of legal entities in which Samruk-Kazyna directly or indirectly holds more than a 50% participatory interest, as approved by the Management Board of Samruk-Kazyna on 8 November 2018. Except for certain types of voluntary insurance that exceed US$10.0 million (or the Tenge-equivalent as at the relevant date) per policy and are required to be included in a corporate reinsurance programme established by the Company and agreed with Samruk-Kazyna, subsidiaries of the Group are authorised to purchase mandatory and voluntary insurance at their own discretion within their budgets, provided they meet the requirements set forth under the Insurance Programme. In addition, the Group is included in Samruk-Kazyna's policy for voluntary liability insurance of officials, which covers sums up to KZT 8.1 billion.

While subsidiaries of the Company insure their respective rolling stock, the tracks and rails owned by the Group are not insured and, in general, the Group's infrastructure assets are not insured, unless insurance is required pursuant to relevant financing agreements.

The Group may also be responsible for the security of the freight it transports where it has been hired to provide security services in respect of the freight. The Group may also be exposed to potential liability to its customers if the freight it transports is not timely delivered. The Directors believe that the Company's insurance coverage is adequate and in line with the industry norm. During the Track Record Period, the Company did not make any material insurance claims in relation to its business.

INFORMATION TECHNOLOGY

The Group relies on information technology systems to increase the efficiency, safety and transparency of its railway operations. The Company has updated its information technology development strategy for the period from 2026 to 2030. Following an IT landscape audit and cyber audit conducted by BTS Digital LLP in the second half of 2025, a draft updated IT strategy has been prepared and is undergoing internal review and approval, including consideration by the Board of Directors.

The 2026–2030 IT strategy is intended to support the Group's broader business objectives by creating a more integrated, scalable and secure digital architecture across traffic and safety management, asset and infrastructure management, freight and passenger transportation, capital construction and corporate functions. The strategy is focused on improving operational efficiency, customer satisfaction, train safety, sustainability and organisational capability by moving from a fragmented system landscape toward a unified IT architecture, shared data environment and end-to-end digital processes.

The Group's flagship digital projects include the replacement of ASOUP, which is designed to automate core train and wagon-flow management processes across the network; the hardware and software complex "Alatau", which is intended to support the digital preparation of variant and standard train schedules; and Smart Diagnostics with AI support, which is aimed at improving the planning and control of track repairs by using artificial intelligence technologies to reduce reporting timelines and improve the reliability and completeness of diagnostic data.

The Group had total budgeted capital expenditure for information technology projects of KZT 2,423.6 million for 2023, KZT 7,827.4 million for 2024 and KZT 17,596.9 million for 2025.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Group is subject to a range of risks in the ordinary course of its business, including risks relating to railway operations, safety, tariffs, financial reporting, liquidity, sanctions and regulatory compliance, information technology and cybersecurity, procurement, human resources and business continuity. The Group has established, and continues to enhance, risk management and internal control policies and procedures which it considers appropriate for its business operations and its proposed **[REDACTED]**.

The Board has overall oversight of the Group's risk management and internal control systems, including through its review and approval of the Group's risk appetite, risk register and key risk indicators on an annual basis and monitoring of such matters on a quarterly basis. The Management Board and the Internal Audit Service have defined roles and responsibilities in ensuring and reporting to the Board the effectiveness of the risk management and internal control systems under the Group's Policy on Risk Management and Internal Control, including ensuring that risk management and internal control procedures are implemented by appropriately qualified and experienced employees, integrating risk management and internal control into business processes, reviewing consolidated risk reports and conducting independent assessments of the effectiveness of the risk management and internal control system. The Directors delegate the identification, reporting and monitoring of risks to the Risk Department, which reports to the CFO and the Management Board. Risk assessment is conducted at least quarterly, with reports submitted to the Management Board, the Audit Committee and the Board. Action plans are developed by risk owners to mitigate significant and critical risks identified, and the Risk Department consolidates such action plans for quarterly reporting to the Audit Committee and the Board.

The Group manages financial reporting risks through accounting policies, quarterly financial close procedures, consolidation controls, review and approval of financial statements, variance analysis, budgeting controls, and review of issues raised by the external auditors of the financial statements. The Accounting Department consolidates financial information and prepares the Group financial statements, which are reviewed and approved through the electronic document system by relevant approving departments and subsequently submitted for review and approval by the relevant Board committee and the Board. The Group also maintains controls over liquidity and treasury matters, including weekly payment calendars, daily consolidated payment and cash receipt registers, daily cash pooling and multi-level approval procedures for long-term borrowings. For foreign exchange and hedging, foreign currency transactions are performed through the automated foreign currency operations platform (i.e., SK-AI platform), and the Group holds cross-currency swap hedging contracts for which hedge accounting calculations are prepared and approved quarterly before the related accounting entries are recorded in SAP.

The Group manages credit and customer-related risks through controls over customer registration, contract monitoring, sanctions screening, receivables review, doubtful debt provisioning and write-off approval. New customers register through the ASUDKR website and submit required application and supporting documents. Manual customer creation by employees is restricted. Prior to customer activation and periodically thereafter, sanctions-related risks are monitored using updated sanctions lists, with potential matches or high-risk customers escalated and resolved in accordance with sanctions procedures before customer activation or continuation. Accounts receivable balances are monitored through monthly review by the Accounts Receivable and Accounts Payable Committee of KTZ-FT and written-off receivables are recorded in SAP only on the basis of a write-off act reviewed and approved by the Accounts Receivable and Accounts Payable Committee of KTZ-FT. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for further information regarding the Group's sanctions exposure.

The Group manages operational risks through established controls over train scheduling, infrastructure and locomotive utilisation, rolling stock inspection and maintenance, safety and environmental compliance and incident reporting. The annual normative train timetable is developed based on transportation demand, available infrastructure capacity and railway operator requirements and is reviewed and approved by the Managing Director for Strategy and Production Processes. Actual timetable execution is monitored daily through comparison of planned and actual indicators, and significant deviations, disruptions and delays are discussed at daily meetings to determine corrective actions. The HSE Department is responsible for oversight of occupational health and safety, industrial safety and environmental protection matters across the Group, including monitoring compliance with railway operating, safety, environmental and legislative requirements and consolidating incident and compliance information from subsidiaries and structural divisions. Identified compliance gaps, violations or overdue actions are documented, assigned to responsible owners and monitored until closure.

The Group has established policies and procedures relating to business ethics, conflicts of interest, anti-corruption and anti-bribery, gifts and hospitality, anti-fraud, whistleblowing, sanctions compliance, information security, data protection, intellectual property, litigation monitoring and applicable legal and regulatory compliance. The Code of Ethics and Conduct, the Policy for the Prevention and Resolution of Conflicts of Interest of Officials and Employees and the Anti-corruption Policy describe directors' and employees' responsibilities to avoid, identify and report conflicts of interest and provide guidance on anti-corruption and anti-bribery matters. The Group has established external and internal whistleblowing channels, including hotline, website, telephone, email and other reporting channels maintained by an independent external service provider, and anonymous disclosure is accepted. Investigations are conducted by the Compliance Service and matters would be reported to the Audit Committee and the Board.

The Group manages information technology and cybersecurity risks through documented IT general controls, an IT Strategy for 2026–2030, a business continuity plan, change management procedures, logical access controls, privileged access management, backup procedures, disaster recovery arrangements and third-party service provider controls. The IT Strategy for 2026–2030 was approved by the Management Board and is supported by an evidence-based current-state assessment derived from an independent IT-landscape and cybersecurity audit and a comprehensive risk register. The strategy includes a multi-level decision-making structure, including an IT Council and Steering Committee responsible for portfolio oversight and monitoring strategic initiatives. The Group's business continuity plan defines scope, ownership, incident response activation criteria, escalation timelines, roles and communication channels, and is supported by a risk register, catalogue of IT services, predefined recovery actions and prescribed quarterly and semi-annual testing activities.

In preparation for the **[REDACTED]**, an independent Internal Control Consultant was engaged to review the Group's internal controls over financial reporting for specified in-scope processes and sub-processes during the period from 1 April 2025 to 31 March 2026. The Internal Control Consultant's work included interviews with relevant management, documentation review, walkthrough testing, sample testing, identification of control deficiencies and observations for improvement, discussions with management and follow-up assessment of remediation implemented by the Group. According to the Internal Control Consultant's internal control report, it did not identify any material deficiencies in our risk management and internal control system in its initial and follow-up reviews that would have had a material adverse impact on our business, financial condition or results of operations. These include the formation or updating of certain Board committees and terms of reference, establishment of an Investor Relations Department, updating or adoption of policies relating to ethics, directors' conduct, model code compliance, sanctions, anti-corruption, whistleblowing, connected transactions, notifiable transactions, shareholder communication and information security, and ongoing training for Directors, management and employees in relation to Listing Rules requirements.

PROPERTIES

The Company's headquarters is located in Astana, Kazakhstan. The Group owns the railway tracks on which it operates, but it does not own the land underneath the railway tracks. However, the Group has entered into land lease contracts, which are typically for five years and renewable, with local executive authorities in Kazakhstan for the use of the land underneath the railway tracks. The Group has a priority right to renew such land lease contracts for 49 years. See "The Rail Network and Rolling Stock – Network Specifications and Land Leases" in this section and Note 6 to the Consolidated Financial Statements set out in Appendix I to this Document for further details.

LITIGATION

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, the Company had not been involved, directly or indirectly, in any actual or pending legal, arbitration or administrative proceedings, including bankruptcy or receivership proceedings, that the Company believes would have a material adverse effect on its business, results of operations, financial condition or reputation. The Directors are not involved in any actual or threatened claims or litigations that could, whether individually or in the aggregate, have a material adverse effect on the Company's business or financial condition. There are no material legal, arbitral or administrative proceedings before any court current or pending against, or involving the properties, or the businesses of the Company, to which any of the properties or members of the Company is subject during the Track Record Period and up to the Latest Practicable Date.

However, the Company may from time to time become involved in various legal, arbitration or administrative proceedings and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in some costs and a diversion of the Company's resources, including the management's time and attention.

Compliance

During the Track Record Period, the Company did not have any non-compliance with the laws or regulations which, in the opinion of the management, is likely to have a material adverse effect on its business or financial condition. The Kazakhstan Legal Advisers have advised the Company that, and based on the Company's understanding, the Company also believe that, during the Track Record Period and up to the Latest Practicable Date, the Company has complied with all relevant laws and regulations in all material respects.