The following discussion and analysis should be read in conjunction with the Group's historical financial information together with the notes thereto included in the Accountants' Reports in Appendix IA and Appendix IB to this Document and its selected historical financial and operating data included elsewhere in this Document. The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. **[REDACTED]** *should read the whole of this Document and not just rely upon summarised information.*

This discussion and analysis contains forward-looking statements that reflect the Group's current views with respect to future events and its financial performance. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under the sections headed "Risk Factors" and "Forward-Looking Statements" in this Document.

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 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. The Group is the dominant providers of freight transportation and passenger transportation in Kazakhstan and derives the substantial majority of its revenue from freight transportation, with additional revenue from passenger transportation, Government grants and other services. Further information on the Group's business, ownership and regulatory position is set out in the section headed "Business Overview" in this Document.

For 2025, the Group reported freight turnover of 288.8 billion tonne-kilometres, up from 261.7 billion tonne-kilometres in 2024, and revenue from freight transportation of KZT 2,463,197 million, representing 89.3% of total consolidated revenue and other income. Over the same period, passenger turnover was 11.4 billion passenger-kilometres, compared with 11.7 billion passenger-kilometres in 2024, and revenue from passenger transportation increased to KZT 129,250 million in 2025 from KZT 110,523 million in 2024. The detailed analysis of these movements is set out under "Discussion of Results of Operations" in this section.

BASIS OF PRESENTATION

The Group's consolidated financial statements as at and for the years ended 31 December 2023, 2024 and 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Group's consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies in Note 3 to the Consolidated Financial Statements set out in Appendix I to this Document. The consolidated financial statements are presented in Tenge.

SEGMENT REPORTING

The Group has two reportable segments: freight transportation and passenger transportation.

- Freight transportation, mainly consisting of:
  - o provision of freight transportation services primarily through the Group's integrated railway network, including the provision of mainline railway network access, locomotive traction, rolling stock, freight forwarding, terminal, warehousing and related logistics services

  - o provision of multimodal transportation and logistics services which combine rail, road, sea, terminal, warehousing, cargo handling and freight forwarding capabilities and are designed to support domestic, export, import and transit freight flows

- Passenger transportation, operating socially significant passenger transportation.

Each of the two reportable segments incorporates associated infrastructure and support services, through which the Group operates, maintains and manages the mainline railway network and related station infrastructure.

All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds for disaggregation, are not separately disclosed and are combined into "Others".

See Note 5 to the Consolidated Financial Statements set out in Appendix I to this Document for details.

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

The principal factors affecting the Group's results of operations and financial condition are set out below.

Macroeconomic Environment in Kazakhstan

The Group's results of operations and financial condition are affected by macroeconomic conditions in Kazakhstan because demand for freight transportation is linked to industrial output, commodity production, trade activity and public investment.

The table below sets out key macroeconomic data for the years indicated, as Kazakhstan's economy continues to grow since 2021.

	Year ended 31 December		
	2023	**2024**	**2025**
Real GDP growth *(%)* (year-on-year percentage change in gross domestic product at constant prices, adjusted for inflation)	5.1	5.0	6.5
Nominal GDP growth *(%)* (year-on-year percentage change in gross domestic product at current prices, without adjustment for inflation)	15.1	14.1	16.8
Inflation *(%)* (annual average change in consumer prices)	9.8	8.6	12.3
Unemployment rate *(%)* (percentage of unemployed persons in the labour force)	4.7	4.7	4.6

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Growth of Kazakhstan's economy has been supported by higher oil output and robust activity in non-oil sectors. Any moderation in economic growth, industrial activity or commodity production may affect freight volumes on the Group's network.

Inflation and labour market conditions affect the Group principally through operating costs, including staff costs, fuel, electricity, maintenance and other input costs. Inflation moderated through 2023 and 2024 after peaking in 2022, but remains relevant to the Group's cost base. The effect of inflation and labour costs is discussed further under "Staff, Fuel and Energy Costs".

Kazakhstan's economy is highly exposed to changes in global commodity prices, external demand and regional trade conditions. Kazakhstan's economy relies significantly on commodity exports, particularly oil, gas and uranium, and is therefore sensitive to changes in global demand, production levels and export routes. These factors may affect Government revenues, public spending, industrial activity and trade flows, each of which may influence freight volumes on the Group's network.

Geopolitical Developments and Sanctions

Geopolitical developments and sanctions affect the Group's results of operations through their impact on regional trade flows, route availability, transit demand, sanctions compliance, settlement arrangements and the economics of alternative corridors. Kazakhstan's geographic position between China, Russia, Central Asia and Europe means that changes in the relative cost, timing or availability of sea, land and multimodal routes may increase or reduce demand for transportation through the Group's network.

The Group has exposure to Russia and Belarus-related freight and passenger flows, including through operational interactions with Russian Railways and Belarusian Railways and participation in Eurasian transit arrangements, including UTLC ERA. The proportion of total passenger transportation revenue related to Russia was 4.1% in 2025, as compared with 3.6% in 2024 and 4.0% in 2023. The Group also received KZT 100.5 billion, KZT 110.2 billion and KZT 71.9 billion in 2025, 2024 and 2023, respectively, in income related to the transportation of goods by UTLC ERA. Any deterioration in the operating environment affecting these flows, including route disruption, payment constraints, expanded sanctions, changes in sanctions interpretation or increased compliance requirements, could affect the Group's freight volumes, freight revenue, cash generation and operating performance. 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" and "Business Overview – Freight Transportation – JSC UTLC Eurasian Railway Alliance" in this Document for further details. The Group is involved in projects with Russian-controlled and Belarusian-controlled entities, including through UTLC ERA, a joint venture with Russian Railways and Belarusian Railways. See "Business Overview – Freight Transportation – JSC UTLC Eurasian Railway Alliance" in this Document for further details.

The Group is also developing and using alternative corridors, including routes through the Trans-Caspian International Transport Route and the North-South corridor. These initiatives may support transit traffic and reduce dependence on particular routes over time, but may require investment, commercial arrangements with counterparties and operational adjustments that affect transit times, route economics and working capital.

Foreign Exchange Exposure

The Group's results of operations and financial condition are affected by foreign exchange movements in two principal ways. First, the Group has revenue and expense items denominated in foreign currencies, including Swiss Franc-denominated transit revenue and expenditures for goods and services priced in foreign currencies. Secondly, the Group has foreign currency-denominated monetary items, including borrowings and debt securities, which are translated into Tenge for reporting purposes and may give rise to foreign exchange gains or losses. The Group is exposed principally to movements in the U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. As a result, depreciation of the Tenge against those currencies may increase finance costs, debt service obligations and the Tenge cost of imported inputs and may lead to foreign exchange losses in the consolidated statement of profit or loss.

Exchange-rate movements affect both cash costs and reported results. Depreciation of the Tenge against currencies in which the Group has borrowings (including debt securities) increases the Tenge equivalent of principal and interest obligations and may increase the Group's debt service requirements in Tenge terms. Separately, it may increase the carrying amount of foreign currency-denominated monetary liabilities when translated into Tenge, which may be reflected as foreign exchange losses. As at 31 December 2025, the Group's borrowings and debt securities were denominated in the U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. See "Indebtedness and Guarantees – Borrowings" in this section.

Fluctuations in the Tenge/Euro and Tenge/Swiss Franc exchange rates have significantly affected, and are likely to continue to affect, the Group's consolidated results of operations. The Group maintains a portion of its cash in foreign currencies in order to partially offset foreign currency gains or losses on its borrowings denominated in foreign currencies; however, in the past these reserves have been, and in the future these reserves may continue to be, insufficient to offset foreign currency losses. See Note 30 to the Consolidated Financial Statements set out in Appendix I to this Document.

The Group generates Swiss Franc-denominated revenue from international freight transit under the CIS Tariff Agreement (as defined below), which provides a degree of natural economic matching against certain Swiss Franc-denominated obligations. In addition, the Group has used certain foreign-currency borrowings and, where applicable, cross-currency swaps in cash flow hedging relationships with forecasted Swiss Franc-denominated transit revenue, as described in Note 30 to the Consolidated Financial Statements set out in Appendix I to this Document. However, these arrangements do not eliminate the Group's foreign exchange exposure and may be insufficient to offset fully the effect of adverse exchange-rate movements in a particular period. The amount, timing and certainty of Swiss Franc-denominated transit revenue may not fully match the Group's foreign-currency liabilities, debt service profile or hedging instruments, and adverse exchange-rate movements may still result in foreign exchange gains or losses, hedge reserve movements, hedge ineffectiveness, or reclassifications to revenue or finance costs.

The effect of exchange-rate movements on the Group's reported results can be significant. For the years ended 31 December 2023, 2024 and 2025, the Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million and KZT 19,990 million, respectively. These amounts principally reflect the translation effect on foreign currency-denominated monetary liabilities, mainly loans and bonds.

Demand for Freight Transportation

Demand for the Group's transportation services depends on Kazakh industrial activity, commodity production, export demand, import flows and transit traffic across Kazakhstan. Oil products, coal, ferrous metals and other industrial commodities account for a significant portion of the freight revenue that the Group generates, while the Group's freight revenue is also supported by a diversified cargo base. Demand for transit transportation is also influenced by the relative cost, reliability and availability of alternative sea, road, pipeline and rail routes.

The following table sets forth certain information regarding the Group's revenue from freight transportation, by type of freight, for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Coal	107,695	119,961	180,173
Ore	48,518	48,018	74,767
Crude oil	20,477	19,648	26,627
Refined oil products	280,069	307,092	447,529
Construction materials	45,195	53,191	78,214
Grain and grain products	52,662	56,288	90,623
Ferrous scrap	5,543	5,016	6,097
Chemicals and sodium carbonate	66,436	81,371	118,928
Chemical and mineral fertilisers	33,533	44,481	58,440
Coloured ore	35,543	42,690	58,650
Nonferrous metals	19,054	18,278	23,846
Ferrous metals	110,091	121,878	187,317
Other	857,735	957,645	1,111,986
Total	**1,682,550**	**1,875,558**	**2,463,197**

The Group faces its greatest competition in the transportation of crude oil from the development of pipelines in Kazakhstan and countries that border Kazakhstan, because pipeline transportation is more cost efficient than rail transportation in transporting crude oil. According to data published by the National Bureau of Statistics, in 2025, rail transportation accounted for 61.8% of total cargo turnover in Kazakhstan, while pipeline transport represented 29.7% in the same year, measured by cargo turnover. Pipelines have become the predominant mode of transportation for exports of crude oil, but rail transportation remains relevant where producers do not have direct access to pipelines or oil loading seaports, or where rail is used to deliver crude oil from fields to pipeline hubs and the Aktau seaport. Demand for shipments by rail may vary due to various factors, including refinery maintenance and changes in oil production volumes. With the development and extension of Kazakhstan's pipeline network connecting oil fields, refineries and oil purchasers' storage facilities, demand for transportation by rail is expected to remain broadly stable in the short term, although it may increase slightly in the medium-term, in particular, if oil production continues to increase and as volumes of oil to be transported exceed the capacity of the pipeline system.

While the Group faces significant competition from pipelines in the transport of crude oil, there is less competition in the transportation of refined oil products. Unlike crude oil, due to their nature, oil products can be transported only by certain dedicated pipelines, which are limited in number, and the capacity for the shipment of oil products by pipeline is not expected to increase significantly in the foreseeable future. In addition, the destinations to which oil products are shipped may vary based on market needs and railways are more readily able to accommodate shifts in demand. Transportation of oil products accounted for 94.1% of the Group's total volume of transported oil and oil products for the year ended 31 December 2025, as compared to 92.6% and 93.6% in 2024 and 2023, respectively.

Domestic coal transportation is directed primarily to industrial customers and public utility companies for heating and electricity generation. Industrial demand is generally linked to broader industrial activity, while demand from public utility companies may be seasonal. Export transportation of coal accounted for 3%, 3% and 4% of the Group's revenue from coal transportation for the years ended 31 December 2023, 2024 and 2025, respectively. Of the Group's export coal shipments, the majority were destined for customers in the Ural and Siberian regions of Russia, with the remaining export coal shipments directed to other destination markets.

Export coal demand is influenced by the requirements of customers in Russia and other destination markets, the availability of alternative supply and changes in commodity production and consumption patterns. Fluctuations in demand for coal transportation may therefore affect the Group's freight volumes, route mix and revenue from freight transportation.

Tariff Regulation and Government Support

The majority of the Group's revenue, approximately 58.3% in 2023, 59.5% in 2024 and 64.0% in 2025, is derived from freight and passenger transportation services that are subject to regulated tariffs in Kazakhstan. The tariffs applicable to the Group's operations are based on detailed price lists approved by the Natural Monopoly Committee, and apply to all services except transit freight tariffs for freight passing through Kazakhstan to destinations outside of Kazakhstan. These specify prices for freight transportation by reference to factors such as weight, freight class or class of travel, direction, distance and destination, and are subject to annual adjustment through the Natural Monopoly Committee's supplemental indexation process. Passenger transportation tariffs are set by the Kazakh Ministry of Transport.

Transit freight tariffs are a significant driver of the Group's freight transportation revenue. These tariffs are typically set by the Company on the basis of the Tariff Policy of Railways of CIS Countries for International Cargo Transportation, which establishes the framework that the CIS member states have agreed to follow.

The table below sets out the revenue from freight transportation attributable to international transit routes:

	Year ended 31 December		
	2023	**2024**	**2025**
Group's freight transportation revenue attributable to international transit routes *(KZT millions)*	655,888	698,797	827,178
International transit revenue as a percentage of the Group's freight transportation revenue *(%)*	35.0	37.3	33.6

Both regulated and unregulated freight tariffs differ according to distance, class of freight and other factors. Changes in average transportation distances and in the mix of freight transported may result in higher or lower revenue, operating profit and margins. In addition, the Government, through the Natural Monopoly Committee, the Kazakh Ministry of Transport or otherwise, may take wider economic and political factors into account in setting tariffs. Passenger rail services in Kazakhstan are treated as a social responsibility of the rail operator, and passenger tariffs are therefore kept artificially low to ensure affordability. As a result, the Group's profitability, cash generation and margin profile are sensitive to annual changes in freight and passenger tariffs, particularly where cost inflation outpaces tariff adjustments. In November 2025, the Natural Monopoly Committee approved tariffs for mainline railway services for 2026 to 2030. See "Business Overview – Government Regulation and Tariffs" and "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.

The structure of the unified freight tariff also affects the Group's revenue mix and pricing flexibility. The unified regulated freight tariff comprises (i) the mainline railway tariff (for coal as an example, approximately 55% of the total regulated freight tariff, which may change depending on the type of freight, distance and other conditions), (ii) the locomotive haulage tariff (for coal as an example, approximately 43% of the total regulated freight tariff), and (iii) the freight and commercial services tariff (for coal as an example, approximately 2% of the total regulated freight tariff). There are also optional additional tariffs for the use of the Group's freight cars and containers (approximately 18% of total regulated freight tariff). Unlike the regulated core tariff components, tariffs for the use of the Group's freight cars and containers are not subject to Government oversight and are determined by the Group based on market rates and operating costs. This gives the Group a degree of commercial flexibility, although the majority of the tariff structure remains regulated.

In addition, passenger transportation tariffs are maintained at levels that may be low or unprofitable, and the Group receives Government grants as compensation for a portion of that shortfall. The grants regulate operational parameters and tariff adjustment mechanisms. These grants are recognised in the Group's consolidated statements of profit or loss and other comprehensive income under the line item "Government grants". For the years ended 31 December 2023, 2024 and 2025, income from Government grants was KZT 38,912 million, KZT 41,124 million and KZT 43,275 million, respectively. In real terms, the level of Government support remained broadly comparable to prior periods after taking inflation into account. The framework provides greater medium-term visibility over the Group's passenger segment economics, but the timing and level of Government grants affect the Group's reported revenue, passenger segment performance and overall profitability, and any changes in the framework may affect the level of passenger losses borne by the Group, the extent of cross-subsidisation from freight operations and the Group's reported profitability.

The Government has also taken steps aimed at developing competition in the railway sector. Access to the mainline railway network is open, and the Company provides non-discriminatory access to the network to private carriers. In addition to the Company, a number of private operators are engaged in passenger transportation activities. Over time, increased competition may affect the Group's traffic volumes, pricing flexibility, market share and margins in those areas of the transport market where competition intensifies.

Staff, Fuel and Energy Costs

Staff costs, including taxes, contributions, provisions for unused vacations, as well as employee benefit expenses and other long-term employee benefits, represent a significant portion of the Group's cost base. These employee costs and benefits accounted for 41.6%, 44.2% and 43.6% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, respectively. Wage indexation, including Government-directed wage indexation where applicable, and broader labour market pressures have increased, and may continue to increase, payroll and other employee expenses. Wage increases may affect profitability where they are not offset by tariff adjustments, productivity improvements, revenue growth or other cost-saving measures. For example, the Group's staff costs within its cost of sales increased in 2025, reflecting wage increases, one-time payments based on length of service and higher labour participation rate bonuses, among other factors.

Fuel and electricity costs also represent a significant proportion of the Group's operating cost base and are closely linked to the scale of transport work performed. Fuel, consisting largely of diesel fuel for locomotives, and lubricants accounted for 14.7%, 12.1% and 13.8% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, respectively. Electrical power accounted for 4.3%, 5.6% and 7.2% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, respectively. These costs are sensitive to changes in market prices, transportation activity, procurement timing and broader inflationary conditions. As a result, changes in fuel and electricity prices may affect cost of sales and margins, particularly where tariff adjustments or productivity improvements do not fully offset those changes.

To manage price risk, the Group usually conducts procurement tenders at the beginning of each calendar year on fixed-price terms, with flexibility to decrease the initially fixed price if market prices for the relevant commodity or service decline. See "Quantitative and Qualitative Disclosures about Market Risk" in this section and "Business Overview – Customers and Suppliers – Suppliers" in this Document.

Investment Programme and Funding Requirements

The Group's results of operations and financial condition are materially affected by its investment programme and related funding requirements, because its railway infrastructure, rolling stock and logistics network require significant ongoing capital expenditure. The Group had substantial investment liabilities relating principally to infrastructure development projects and rolling stock renewal. See "Capital Expenditure and Capital Commitments" and "Liquidity and Capital Resources" in this section for details.

A number of these projects are treated as priority infrastructure initiatives in Kazakhstan, including construction of railway sections Moiynty-Kyzylzhar, Bakhty-Ayagoz and Darbaza-Maktaaral intended to expand network capacity. These projects are expected to support future capacity, reliability and transit volumes over time, but they require significant near-term funding.

The investment programme and associated investment liabilities require substantial funding and are therefore an important determinant of the Group's liquidity and financing profile. The Group has historically financed major investment projects using a combination of operating cash flows, funding from the Government and/or state-related entities, and external borrowings. The timing of cash outflows associated with investment liabilities depends on project schedules, contractual payment terms and the extent to which obligations are settled through lease financing. Where investment liabilities translate into accelerated cash outflows, the Group's liquidity position may be adversely affected, particularly where current liabilities exceed current assets or where significant debt maturities fall due within a short period.

The Group's access to external financing and refinancing is therefore an important factor in managing liquidity and the execution of its investment programme. The Group maintains available credit lines with certain banks, and management has engaged with investors regarding the refinancing of borrowings due within 12 months after the reporting date. Samruk-Kazyna has also indicated its intention and ability to provide continuing financial and operational support to the Group for the foreseeable future, consistent with historical practice. Nevertheless, any reduction in funding availability, increase in financing costs or delay in refinancing could constrain the pace of investment or place further pressure on liquidity.

Progress payments and settlement of investment liabilities may reduce free cash flows in the periods incurred and increase working capital requirements depending on the timing of payments and receipts. To the extent the Group funds the programme through additional borrowings and/or lease financing, finance costs may increase and may materially affect net profit. See "Liquidity and Capital Resources" and "Indebtedness and Guarantees" in this section. As new infrastructure and rolling stock are commissioned, depreciation charges and associated operating and maintenance costs may also increase. Although modernisation and renewal may support operating efficiency, capacity and reliability over time, the timing and magnitude of those benefits are uncertain and subject to execution risk.

In parallel with its investment programme, the Group has historically undertaken portfolio optimisation and corporate restructuring measures, including the disposal of certain non-core assets, selective acquisitions and internal reorganisations. These transactions may affect the Group's financial condition and results of operations through one-off gains or losses on disposal, and changes in revenue mix and cost structure resulting from the disposal of non-core or loss-making activities or from investments accounted for as associates or joint ventures.

Execution of the investment programme may affect operations through the timing of construction works, temporary network constraints, contractor performance, availability of equipment and materials, and inflation in construction and rolling stock costs. These factors may affect the timing of capacity additions, the level of capital expenditure and the extent to which planned projects support future freight and transit volumes.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company has adopted certain accounting policies that are significant to the preparation of its consolidated financial statements. Some of the Group's accounting policies require it to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions the Group uses and the judgments it makes in applying its accounting policies have a significant impact on its financial position and operational results. Management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from the management's estimates or assumptions and actual results, and the Group has not made any material changes to these estimates or assumptions during the Track Record Period. The Group does not expect any material changes in these estimates and assumptions in the foreseeable future. See Notes 3 and 4 to the Consolidated Financial Statements set out in Appendix I to this Document for a detailed description of the Group's material accounting policies, estimates, assumptions and judgments, which are important for understanding its financial condition and results of operations.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of the Group's consolidated statements of profit or loss for the years indicated:

	Year ended 31 December		
	2023	2024	2025
		(KZT millions)	
Revenue and other income			
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
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)
Gross profit	435,512	543,925	833,032
General and administrative expenses	(106,494)	(128,390)	(145,837)
Finance income	32,221	52,955	88,618
Finance costs	(208,365)	(184,984)	(245,844)
Foreign exchange loss	(14,124)	(69,620)	(19,990)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–
Share of profit of associates and joint ventures	8,144	10,772	1,634
Reversal of impairment/(impairment) of financial assets and contract assets	2,662	1,601	(3,893)
Reversal of impairment/(impairment) of non-financial assets	1,149	(7,336)	(11,480)
Other profit and losses	4,395	4,606	2,781
Profit before tax	161,383	223,529	499,021
Income tax expenses	(24,599)	(62,724)	(155,375)
Profit for the year	**136,784**	**160,805**	**343,646**

Revenue and other income

During the Track Record Period, the Group generated revenue from freight transportation and passenger transportation. The Group also received government grants and generated other revenue.

The following table sets forth a breakdown of the Group's revenue and other income for the years indicated:

	Year ended 31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Revenue from freight transportation	1,682,550	87.0	1,875,558	86.7	2,463,197	89.3
Revenue from passenger transportation	101,682	5.3	110,523	5.1	129,250	4.7
Government grants	38,912	2.0	41,124	1.9	43,275	1.6
Other revenue	110,951	5.7	136,737	6.3	121,361	4.4
Total	**1,934,095**	**100.0**	**2,163,942**	**100.0**	**2,757,083**	**100.0**

Revenue from freight transportation

Revenue from freight transportation represents revenue from the Group's provision of 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 primarily includes (i) domestic transportation routes for local transportation within Kazakhstan, (ii) international (export) transportation routes for export transportation from Kazakhstan to destinations outside the country, (iii) international (import) transportation routes for import transportation into Kazakhstan, and (iv) international (transit) transportation routes for transit transportation between foreign countries through Kazakhstan. The Group's revenue from freight transportation also includes additional charges related to the transportation process, primarily consisting of charges for cargo storage, charges for supply, cleaning and preparation of wagons for transportation, fees for the use of wagons and containers, and charges for wagon and container downtime and delays on mainline and station tracks, and other revenue from freight transportation. The following table sets forth a breakdown of the

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

	Year ended 31 December					
	2023		**2024**		**2025**	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
International (transit) routes	655,888	39.0	698,797	37.2	827,178	33.6
Domestic routes	439,857	26.2	507,501	27.1	687,325	27.9
International (export) routes	274,069	16.3	322,631	17.2	489,375	19.9
International (import) routes	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 revenue from freight transportation[(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**

Notes:

(1) Mainly includes income from cargo transshipment services, locomotive traction services, as well as income from the use of freight wagons, locomotives and locomotive crew services by other railway administrations and revenue from freight forwarding services.

Revenue from passenger transportation

Revenue from passenger transportation represents revenue from the Group's provision of passenger transportation services primarily through its wholly-owned subsidiary Passenger Transportation.

The following table sets forth a breakdown of the Group's revenue from passenger transportation for the years indicated:

	Year ended 31 December					
	2023		**2024**		**2025**	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Passenger transportation	89,866	88.4	94,003	85.1	110,746	85.7
Other revenue from passenger transportation[(1)]	11,816	11.6	16,520	14.9	18,504	14.3
Total	**101,682**	**100.0**	**110,523**	**100.0**	**129,250**	**100.0**

Note:

(1) Includes revenue for baggage transportation, passenger service and transportation of baggage and mail, as well as commission for booking, returning and organizing sales of travel and other tickets services.

Government grants

Government grants represent the government subsidies received by the Group from the Government that are intended to support the Group's continued operation of socially significant passenger routes.

Other revenue

The Group generates other revenue from the sale of goods and provision of other services, which mainly consists of revenue from loading and unloading services, vehicle servicing, repair and maintenance of railway assets and the sale of materials and scrap metal. Other revenue also includes revenue from the lease of carriages, fines charged to customers, which primarily related to non-fulfillment of requests under the cargo transportation plan and for a breach of contracts, and revenue from the lease of other property, plant and equipment under operating lease agreements.

Cost of Sales

During the Track Record Period, the Group's cost of sales primarily consisted of (i) employee costs and benefits, including taxes, contributions, provisions for unused vacations, employee benefit expenses and other long-term employee benefits, for the Group's production staff; (ii) fuel and lubricants for diesel locomotives; (iii) repairs and maintenance for mainline railway network and rolling stock; (iv) depreciation and amortisation in respect of property, plant and equipment, right-of-use assets and intangible assets; (v) electrical power for electric locomotives; and (vi) work and services of a production nature relating to mainline railway network and rolling stock.

The following table sets forth a breakdown of the Group's cost of sales by nature for the years indicated:

	Year ended 31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee costs and benefits	622,859	41.6	716,650	44.2	838,976	43.6
Fuel and lubricants	219,739	14.7	195,945	12.1	265,916	13.8
Repairs and maintenance	229,398	15.3	234,961	14.5	242,842	12.6
Depreciation and amortisation	151,593	10.1	165,925	10.2	192,897	10.0
Electrical power	64,980	4.3	90,967	5.6	139,014	7.2
Materials and supplies	58,190	3.9	62,300	3.8	78,083	4.1
Work and services of a production nature	77,113	5.1	71,246	4.4	76,540	4.0
Others	74,711	5.0	82,023	5.2	89,783	4.7
Total	**1,498,583**	**100.0**	**1,620,017**	**100.0**	**1,924,051**	**100.0**

Gross Profit and Gross Profit Margin

The Group's gross profit was KZT 435,512 million, KZT 543,925 million and KZT 833,032 million in 2023, 2024 and 2025, respectively. The Group's gross profit margin was 22.5%, 25.1% and 30.2% in 2023, 2024 and 2025, respectively.

General and Administrative Expenses

During the Track Record Period, the Group's general and administrative expenses primarily consisted of (i) employee expenses and benefits, including taxes, contributions, provisions for unused vacations, employee benefit expenses and other long-term employee benefits, for the Group's administrative staff; (ii) property tax and other taxes, excluding social tax and social contributions; (iii) administrative and office expenses, primarily including expenses for holding festive and cultural events, membership fee, utilities and building maintenance fee and short-term lease expenses; (iv) professional and other third-party service fees, which primarily relate to consulting, audit and legal services and services provided by the management company for the maintenance of the Company's and certain subsidiaries' administrative buildings; and (v) other expenses, primarily including representative expenses and maintenance of representatives abroad, training costs, administrative fines, state fees, etc.

The following table sets forth a breakdown of the Group's general and administrative expenses for the years indicated:

	Year ended31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee expenses and benefits	67,761	63.6	78,985	61.5	94,735	65.0
Property tax and other taxes, excluding social tax and social contributions	7,853	7.4	17,942	14.0	15,458	10.6
Administrative and office expenses	8,648	8.1	12,253	9.5	12,354	8.5
Professional and other third-party service	5,860	5.5	6,682	5.2	11,275	7.7
Depreciation and amortisation	4,698	4.4	4,446	3.5	3,189	2.2
Others	11,674	11.0	8,082	6.3	8,826	6.0
Total	**106,494**	**100.0**	**128,390**	**100.0**	**145,837**	**100.0**

Finance Income

During the Track Record Period, the Group's finance income primarily consisted of (i) effect of the modification of debt liabilities that does not result in derecognition primarily relating to the extension of the maturity date of the eurobonds from 2025 to 2028 and to change coupon rate from 2% to 3%; (ii) interest income on cash and cash equivalents; (iii) interest income on derivative financial instruments recognised at fair value through profit or loss; (iv) change in fair value of derivative financial instruments recognised at fair value through profit or loss; (v) income from guarantees issued relating to bonds issued by the Group under the State budget program; and (vi) other finance income, primarily including income from guarantees issued. The Group recorded finance income of KZT 32,221 million, KZT 52,955 million and KZT 88,618 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, the Group's finance costs primarily consisted of (i) interest costs and unwinding of discount on loans recognised upon the initial recognition of loans at below market interest rates; (ii) lease interest expenses relating to lease liabilities; (iii) interest expense on employee benefit obligations; (iv) change in fair value of derivative financial instruments recognised at fair value through profit or loss; and (v) loss from the ineffective part of hedging instruments. The Group recorded finance costs of KZT 208,365 million, KZT 184,984 million and KZT 245,844 million in 2023, 2024 and 2025, respectively.

Foreign Exchange Loss

Foreign exchange loss primarily arises from the translation of the Group's foreign currency-denominated borrowings, which are principally denominated in U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. The Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million and KZT 19,990 million in 2023, 2024 and 2025, respectively.

Share of Profit of Associates and Joint Ventures

Share of profit of associates and joint ventures represents the Group's proportionate share of the net profits or losses of its associates and joint ventures, which is accounted for using the equity method. The Group recorded share of profit of associates and joint ventures of KZT 8,144 million, KZT 10,772 million and KZT 1,634 million in 2023, 2024 and 2025, respectively.

Reversal of Impairment/(Impairment) of Non-Financial Assets

During the Track Record Period, the Group's reversal of impairment of non-financial assets primarily related to investments in associates, and its impairment losses of non-financial assets primarily related to VAT, property, plant and equipment and corporate income tax withheld. The Group recorded impairment reversal of non-financial assets of KZT 1,149 million in 2023, and impairment of non-financial assets of KZT 7,336 million and KZT 11,480 million in 2024 and 2025, respectively.

Income Tax Expense

The Group's income tax expense was KZT 24,599 million, KZT 62,724 million and KZT 155,375 million in 2023, 2024 and 2025, respectively

Under the Tax Code, the Company is subject to a statutory corporate income tax rate of 20%. The Group did not enjoy any preferential tax treatment during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, the Group did not have any material dispute with any tax authority.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended 31 December 2025 Compared to Year Ended 31 December 2024

Revenue and other income

For 2025, total revenue and other income was KZT 2,757,083 million, as compared to KZT 2,163,942 million in 2024, reflecting an increase of 27.4%. This increase was primarily due to a KZT 587,639 million, or 31.3%, increase in revenue from freight transportation and a KZT 18,727 million, or 16.9%, increase in revenue from passenger transportation.

Revenue from freight transportation

For 2025, revenue from freight transportation was KZT 2,463,197 million, as compared to KZT 1,875,558 million in 2024, reflecting an increase of 31.3%. This increase was primarily attributable to higher revenues driven by increased transportation volumes (freight turnover) and changes in average tariff levels.

International transit freight transportation revenue was KZT 827,178 million for 2025, as compared to KZT 698,797 million for 2024 reflecting an increase of 18.4%. This increase was primarily attributable to higher income arising from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues, together with increased transportation volumes (freight turnover).

Domestic freight transportation revenue was KZT 687,325 million for 2025, as compared to KZT 507,501 million for 2024 reflecting an increase of 35.4%. This increase was primarily attributable to growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

International export freight transportation revenue was KZT 489,375 million for 2025, as compared to KZT 322,631 million for 2024 reflecting an increase of 51.7%. This increase was primarily attributable to growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

International import freight transportation revenue was KZT 276,243 million for 2025, as compared to KZT 194,279 million for 2024 reflecting an increase of 42.2%. This increase was primarily attributable to growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

Additional charges related to the freight transportation process were KZT 65,194 million for 2025, as compared to KZT 67,769 million for 2024, reflecting a decrease of 3.8%. This decrease was primarily due to improved service speed, which resulted in lower charges and penalties for additional services.

Other freight transportation revenue was KZT 117,882 million for 2025, as compared to KZT 84,581 million for 2024, reflecting an increase of 39.4%. This increase was primarily due to higher volumes of freight forwarding and handling services provided in 2025 compared to 2024.

Revenue from passenger transportation

For 2025, revenue from passenger transportation was KZT 129,250 million, as compared to KZT 110,523 million for 2024, reflecting an increase of 16.9%. This increase was primarily attributable to regulated passenger tariff increases of 7.0% effective from 1 March 2025 and 19.9% effective from 1 October 2024.

Government grants

For 2025, revenue from Government grants was KZT 43,275 million, as compared to KZT 41,124 million for 2024, reflecting an increase of 5.2%. In real terms, the level of government support remained broadly comparable to prior periods after taking inflation into account.

Other revenue

For 2025, other revenue was KZT 121,361 million, as compared to KZT 136,737 million for 2024, reflecting a decrease of 11.2%. This decrease was primarily attributable to lower prevailing market rates and a reduction in the volume of freight car rentals to third-party organisations.

Cost of sales

For 2025, cost of sales was KZT 1,924,051 million, as compared to KZT 1,620,017 million for 2024, reflecting an increase of 18.8%. This increase was primarily due to increases in employee costs and benefits, fuel and lubricant costs, repairs and maintenance costs, depreciation and amortisation, electrical power costs and material and supply costs.

Employee costs and benefits were KZT 838,976 million for 2025, as compared to KZT 716,650 million for 2024, reflecting an increase of 17.1%. This increase was primarily due to wage increases of 8.5% for low paid workers and 7% for other categories of personnel, the introduction of one time payments of KZT 100,000, KZT 200,000 and KZT 300,000 depending on length of service in the industry, and an increase in labour participation rate bonuses for production personnel from 15% to 20% on a monthly basis and from 45% to 60% on a quarterly basis of the applicable tariff rate or official salary.

Fuel and lubricant costs were KZT 265,916 million for 2025, as compared to KZT 195,945 million for 2024, reflecting an increase of 35.7%. This increase was primarily due to an increase in the volume of transport work, which is directly linked to fuel costs, and an increase in the actual weighted average price.

Repairs and maintenance costs were KZT 242,842 million for 2025, as compared to KZT 234,961 million for 2024, reflecting an increase of 3.4%. This increase was primarily due to an increase in prices for servicing rolling stock (locomotives and carriages) attributable to market conditions linked to the state inflation index.

Depreciation and amortisation was KZT 192,897 million for 2025, as compared to KZT 165,925 million for 2024, reflecting an increase of 16.3%. This increase was primarily due to the commissioning of new fixed assets, primarily rail track infrastructure and rolling stock and including through the receipt of carriages under financial leasing agreements.

Electrical power costs were KZT 139,014 million for 2025, as compared to KZT 90,967 million for 2024, reflecting an increase of 52.8%. This increase was primarily due to a 6.3% increase in the volume of transportation work and a 50.1% increase in the weighted average price.

Materials and supplies costs were KZT 78,083 million for 2025, as compared to KZT 62,300 million for 2024, reflecting an increase of 25.3%. This increase was primarily due to additional purchases of spare parts for the repair of rolling stock, which was required owing to the increase in the haulage volume in 2025 compared to 2024.

Gross profit and gross profit margin

As a result of the foregoing, for 2025, the Group's gross profit was KZT 833,032 million, as compared to KZT 543,925 million in 2024, reflecting an increase of 53.2%. The Group's gross profit margin increased from 25.1% in 2024 to 30.2% in 2025, primarily due to revenue growth, including increases in freight transportation volumes, growth in transit and container transportation, tariff adjustments and improved operating performance.

General and administrative expenses

For 2025, general and administrative expenses were KZT 145,837 million, as compared to KZT 128,390 million for 2024, reflecting an increase of 13.6%. This increase was primarily due to increases in employee expenses and benefits and professional and other third-party service fees, which were partially offset by decreases in property tax and other taxes, excluding social tax and social contributions, as well as depreciation and amortisation.

Employee expenses and benefits were KZT 94,735 million for 2025, compared to KZT 78,985 million for 2024, representing an increase of 19.9%. This increase was primarily due to a 7% increase in wages for employees, the introduction in 2025 of one time payments of KZT 100,000, KZT 200,000 and KZT 300,000 (depending on length of service in the industry), and an increase in labour participation rate bonuses paid to AMP line staff from 15% to 20% on a monthly basis and from 45% to 60% on a quarterly basis of the applicable tariff rate or official salary.

Professional and other third-party service fees were KZT 11,275 million for 2025, as compared to KZT 6,682 million for 2024, reflecting an increase of 68.7%. This increase was primarily due to growth in consulting services and an increase in utility and other operating costs in an inflationary environment.

Property tax and other taxes, excluding social tax and social contributions, were KZT 15,458 million for 2025, as compared to KZT 17,942 million for 2024, reflecting a decrease of 13.8%. This decrease was primarily due to a reduction in the volume of VAT exempt work at the Kuryk port. In 2024, the majority of dredging work, which generated a significant volume of VAT-exempt turnover, was completed, whereas in 2025 only residual work of this nature was carried out. As a result, the volume of VAT exempt turnover decreased in 2025, leading to a corresponding decrease in the amount of non-deductible VAT.

Finance income

For 2025, finance income was KZT 88,618 million, as compared to KZT 52,955 million for 2024, reflecting an increase of 67.3%. This increase was due to the effect of modification of financial liabilities, being the extension of the maturity date of the eurobonds from 2025 to 2028 and to change coupon rate from 2% to 3%, that does not result in derecognition, the change in fair value of derivative financial instruments through profit or loss and an increase in interest income on cash and cash equivalents and guarantees issued.

Finance costs

For 2025, finance costs were KZT 245,844 million, as compared to KZT 184,984 million for 2024, reflecting an increase of 32.9%. This increase was primarily due to (i) higher losses arising from the ineffective portion of hedging instruments in 2025 compared to 2024; (ii) increased lease interest expenses, primarily reflecting the accretion of lease liabilities over time under lease agreements with JSC Industrial Development Fund for the procurement of passenger and freight carriages; and (iii) the inclusion of interest expense on employee benefit obligations, which were partially offset by a decrease in the fair value of derivative financial instruments recognised at fair value through profit or loss.

Foreign exchange loss

For 2025, the Group recorded a foreign exchange loss of KZT 19,990 million, as compared to KZT 69,620 million for 2024, which was primarily due to exchange rate differences on liabilities mainly represented by loans and bonds and the impact of hedging operations.

Share of profit of associates and joint ventures

For 2025, the Group recorded a share of profit of associates and joint ventures of KZT 1,634 million, as compared to KZT 10,772 million for 2024, reflecting a decrease of 84.8%. This decrease was primarily due to decrease in the profit of the associates Transtelecom JSC and UTLC ERA in 2025.

Impairment of non-financial assets

For 2025, impairment of non-financial assets amounted to KZT 11,480 million, as compared to KZT 7,336 million for 2024, reflecting an increase of 56.5%. This increase was primarily due to the accrual of an impairment on VAT refundable in 2025 amounting to KZT 4,781 million, and an impairment on construction-in-progress assets amounting to KZT 3,532 million.

Profit before tax

As a result of the foregoing, for 2025, profit before tax was KZT 499,021 million, as compared to KZT 223,529 million for 2024.

Income tax expense

For 2025, income tax expense was KZT 155,375 million, as compared to KZT 62,724 million for 2024, reflecting an increase of 147.7%. This increase was primarily due to increases in current income tax expense and deferred income tax expense. The increase in current income tax expense was due to an increase in taxable profits in 2025. The main factor of increase in deferred tax expenses in 2025 was the increase in taxable temporary differences on fixed assets and financial liabilities.

Profit for the year

As a result of all of the foregoing, for 2025, profit for the year was KZT 343,646 million, as compared to a profit of KZT 160,805 million in 2024.

Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

Revenue and other income

For the 2024, total revenue and other income was KZT 2,163,942 million, as compared to KZT 1,934,095 million for the year ended 31 December 2023, reflecting an increase of 11.9%. This increase was primarily due to a KZT 193,008 million, or 11.5%, increase in revenue from freight transportation.

Revenue from freight transportation

For 2024, revenue from freight transportation was KZT 1,875,558 million, as compared to KZT 1,682,550 million in 2023, reflecting an increase of 11.5%. This increase was primarily due to higher income resulting from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues and from changes in average tariff levels.

International transit freight transportation revenue was KZT 698,797 million for 2024, as compared to KZT 655,888 million for 2023, reflecting an increase of 6.5%. This increase was primarily due to a 4.3% increase in traffic volumes and exchange rate movements of the Swiss Franc affecting transit revenue calculations.

Domestic freight transportation revenue was KZT 507,501 million for 2024, as compared to KZT 439,857 million for 2023, reflecting an increase of 15.4%. This increase was primarily due to a 1.9% increase in transit volumes and higher revenues resulting from changes in average tariff levels.

International export freight transportation revenue was KZT 322,631 million for 2024, as compared to KZT 274,069 million for 2023, reflecting an increase of 17.7%. This increase was primarily due to changes in the average tariff levels.

International import freight transportation revenue was KZT 194,279 million for 2024, as compared to KZT 185,758 million for 2023, reflecting an increase of 4.6%. This increase was primarily due to changes in the average tariff levels.

Additional charges related to the transportation process were KZT 67,769 million for 2024, as compared to KZT 60,675 million for 2023, reflecting an increase of 11.7%. This increase was primarily due to higher transportation volumes and related increases in idle-time charges and penalties, which are incurred due to violations of the terms of the transportation contracts by shippers.

Other revenue from freight transportation was KZT 84,581 million for 2024, as compared to KZT 66,303 million for 2023, reflecting an increase of 27.6%. This increase was primarily attributable to higher revenues from cargo transshipment services, which is a service provided by seaports in relation to transferring cargo from sea vessels to rail transport.

Revenue from passenger transportation

Passenger transportation revenue was KZT 94,003 million for 2024, as compared to KZT 89,866 million for 2023, reflecting an increase of 4.6%. This increase was primarily attributable to regulated passenger tariff increases of 7.0% effective from 1 January 2024 and 19.9% effective from 1 October 2024, which were increased in order to cover significant costs in the provision of these services.

Other revenue from passenger transportation was KZT 16,520 million for 2024, as compared to KZT 11,816 million for 2023, representing an increase of 39.8%. This increase was primarily driven by an increase in revenue from the organisation of transit transportation of baggage cars owned by third-party operators, following the commencement of the attachment of such baggage cars in 2024, as well as an increase in sales of bedding sets with higher service fees and an increase in passenger volumes.

Government grants

For 2024, income from Government grants was KZT 41,124 million, as compared to KZT 38,912 million for 2023, reflecting an increase of 5.7%. This increase was primarily attributable to changes in the level and allocation of government support provided during 2024, which grew due to the increase in the number of socially significant routes that Passenger Transportation won by participating in the competition of the Ministry of Transport of the Republic of Kazakhstan.

Other revenue

For 2024, other revenue was KZT 136,737 million, as compared to KZT 110,951 million for 2023, reflecting an increase of 23.2%. This increase was primarily due to increases in revenue from the lease of carriages and revenue from the sale of goods and provisions of other services (including the provision of freight car rental services to third parties), partially offset by a decrease in revenue from fines.

Cost of sales

For 2024, cost of sales was KZT 1,620,017 million, as compared to KZT 1,498,583 million for 2023, reflecting an increase of 8.1%. This increase was primarily due to increases in employee costs and benefits, electrical power costs and depreciation and amortisation, which were partially offset by a decrease in fuel and lubricant costs.

Employee costs and benefits were KZT 716,650 million for 2024, as compared to KZT 622,859 million for 2023, reflecting an increase of 15.1%. This increase was primarily due to a 7% increase in wages and a 10% increase in labour force participation bonuses, which were due to changes in the macroeconomics in Kazakhstan, including the increase in minimum wage, increase in minimum salary and inflation.

Electrical power costs were KZT 90,967 million for 2024, as compared to KZT 64,980 million for 2023, reflecting an increase of 40.0%. This increase was primarily attributable to a 39.9% increase in the weighted average electricity price.

Depreciation and amortisation was KZT 165,925 million for 2024, as compared to KZT 151,593 million for 2023, reflecting an increase of 9.5%. This increase was primarily due to the commissioning of fixed assets, primarily locomotives, rail track infrastructure and machinery and equipment and including through the receipt of assets under financial leasing agreements.

Fuel and lubricant costs were KZT 195,945 million for 2024, as compared to KZT 219,739 million for 2023, reflecting a decrease of 10.8%. This decrease was primarily due to a 14.9% market price reduction in fuel.

Gross profit and gross profit margin

As a result of the foregoing, for the year ended 31 December 2024, the Group's gross profit was KZT 543,925 million, as compared to KZT 435,512 million in 2023, reflecting an increase of 24.9%. The Group's gross profit margin increased from 22.5% in 2023 to 25.1% in 2024, primarily due to revenue growth, including increases in freight transportation volumes, growth in transit and container transportation, tariff adjustments and improved operating performance.

General and administrative expenses

For 2024, general and administrative expenses were KZT 128,390 million, as compared to KZT 106,494 million for 2023, reflecting an increase of 20.6%. This increase was primarily due to increases in employee expenses and benefits and property tax and other taxes, excluding social tax and social contributions, which were partially offset by a decrease in other expenses.

Employee expenses and benefits were KZT 78,985 million for 2024, as compared to KZT 67,761 million for 2023, reflecting an increase of 16.6%. This increase was primarily due to a 7% increase in wages, as well as a 10% increase in labour participation rate bonuses.

Property tax and other taxes, excluding social tax and social contributions, were KZT 17,942 million for 2024, as compared to KZT 7,853 million for 2023, reflecting an increase of 128.5%. This increase was primarily due to the write off of corporate income tax after ten years from the date of its formation, the accrual of income tax on loan interest, and an adjustment to value added tax relating to the transfer of assets to the authorised capital of Kuryk Port. In addition, the increase in 2024 reflected a higher volume of dredging related work at Kuryk Port, the majority of which was completed during that period, resulting in a significant volume of VAT exempt turnover and, consequently, an increase in the amount of value added tax not subject to offset.

Other expenses were KZT 8,082 million for 2024, as compared to KZT 11,674 million for 2023, reflecting a decrease of 30.8%. This decrease was primarily due to the recognition in 2023 of costs relating to the downtime of the second tier subsidiary Kazakhstan Carriage Building Company LLC, as well as a reduction in costs associated with the certification of buildings, registration of land plots and related matters.

Finance income

For 2024, finance income was KZT 52,955 million, as compared to KZT 32,221 million for 2023, reflecting an increase of 64.3%. This increase was primarily due to a significant increase in income from interest rate state subsidies on financial liabilities relating to coupon rate subsidies on bonds issued for the development of the mainline railway network and rolling stock, which increased by KZT 25,799 million compared to 2023, partially offset by small decreases across all other finance income line items, other than other finance income, which decreased by KZT 3,787 million, or 64.5%, primarily due to a change in the amortisation of the discount on the loan.

Finance costs

For 2024, finance costs were KZT 184,984 million, as compared to KZT 208,365 million for 2023, reflecting a decrease of 11.2%. This decrease was primarily due to change in fair value of derivative financial instruments recognised at fair value through profit or loss and lower interest costs and unwinding of discount on loans, which were partially offset by an increase in lease interest expenses.

Change in fair value of derivative financial instruments recognised at fair value through profit or loss amounted to KZT 6,363 million for 2024, as compared to KZT 35,182 million for 2023, reflecting a decrease of 81.9%. This decrease was primarily due to changes in forward rates.

Interest costs and unwinding of discount on loans were KZT 152,777 million for 2024, as compared to KZT 161,945 million for 2023, reflecting a decrease of 5.7%. This decrease was primarily due to a reduction in base rates on floating rate loans and bonds.

Lease interest expenses were KZT 19,502 million for 2024, as compared to KZT 8,995 million for 2023, reflecting an increase of 116.8%. This increase was primarily due to an increase in lease obligations resulting from the Group entering into additional lease agreements with JSC Industrial Development Fund for flat carriages, passenger carriages and freight open wagons.

Foreign exchange loss

For 2024, the Group recorded a foreign exchange loss of KZT 69,620 million, as compared to a foreign exchange loss of KZT 14,124 million, for 2023, representing an increase of 392.9%, which was primarily due to exchange rate differences on liabilities mainly represented by loans and bonds as well as increases in foreign currency-denominated debt.

Share of profit of associates and joint ventures

For 2024, the Group recorded a share of profit of associates and joint ventures of KZT 10,772 million, as compared to KZT 8,144 million for 2023, reflecting an increase of 32.3%. This increase was primarily due to an increase in the profit of the associated organisation, Transtelecom JSC, in 2024.

(Impairment)/impairment reversal of non-financial assets

For 2024, (impairment)/impairment reversal of non financial assets amounted to a loss of KZT 7,336 million, as compared to an impairment reversal of KZT 1,149 million for 2023, reflecting a negative change of KZT 8,485 million, or 738.5%. This deterioration was primarily due to the accrual of an impairment on prepaid other taxes in 2024 amounting to KZT 4,229 million, compared to the recovery of an impairment of investments in the associated organisation, China Kazakhstan International Logistics Company of Lianyungang, in 2023 amounting to KZT 4,697 million.

Profit before tax

As a result of all of the foregoing, for 2024, profit before tax was KZT 223,529 million, as compared to profit before tax of KZT 161,383 million for 2023, representing an increase of 38.5%.

Income tax expense

For 2024, corporate income tax expenses were KZT 62,724 million, as compared to KZT 24,599 million for 2023, reflecting an increase of 155.0%. This increase was primarily due to a KZT 20,361 million, or 116.7%, increase in deferred income tax expense, a KZT 8,956 million, or 148.9%, increase in current income tax expenses and a KZT 8,798 million, or 645.5%, increase in change in unrecognised deferred tax assets, incl. tax losses carried forward.

Profit for the year

As a result of the foregoing, for 2024, profit for the year was KZT 160,805 million, as compared to a profit of KZT 136,784 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the Group's consolidated statements of financial position as of the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Assets			
Non-current assets			
Property, plant and equipment	3,794,479	4,782,227	5,875,447
Goodwill	15,520	15,520	15,520
Intangible assets	13,824	11,250	11,022
Investments in joint ventures	1,579	1,396	11,637
Investments in associates	38,989	48,678	56,464
Deferred tax assets	60	21	312
Other non-current assets	690,159	647,483	1,136,788
Total non-current assets	**4,554,610**	**5,506,575**	**7,107,190**
Current assets			
Cash and cash equivalents	204,614	198,578	232,973
Inventories	64,362	57,820	86,422
VAT recoverable	49,618	120,475	48,789
Trade receivables	16,326	21,666	18,009
Corporate income tax prepaid	3,535	7,899	8,219
Asset under contracts with customers	1,153	336	1,071
Other current assets	45,988	45,407	95,839
Total current assets	**385,596**	**452,181**	**491,322**
Total assets	**4,940,206**	**5,958,756**	**7,598,512**

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Equity and Liabilities			
Equity			
Share capital	1,110,634	1,123,907	1,152,698
Hedging reserve	–	(38,570)	(52,012)
Foreign currency translation reserve	7,220	8,994	13,589
Retained earnings	623,698	856,709	1,255,462
Equity attributable to the Shareholder	1,741,552	1,951,040	2,369,737
Non-controlling interests	17,504	18,277	18,493
Total equity	**1,759,056**	**1,969,317**	**2,388,230**
Non-current liabilities			
Borrowings	1,763,432	1,840,423	2,697,359
Deferred tax liabilities	411,888	468,057	615,181
Lease liabilities	54,555	139,465	224,936
Employee benefit obligations	37,396	41,105	41,027
Derivative financial instruments	35,719	–	–
Other non-current liabilities	69,778	118,770	177,442
Total non-current liabilities	**2,372,768**	**2,607,820**	**3,755,945**
Current liabilities			
Borrowings	354,115	812,965	488,658
Trade accounts payable	200,969	231,351	525,770
Liabilities under contracts with customers	115,868	133,170	149,196
Lease liabilities	16,951	35,517	45,146
Derivative financial instruments	–	32,697	91,496
Other taxes payable	13,961	15,694	16,083
Employee benefit obligations	7,608	7,598	8,167
Other current liabilities	98,910	112,627	129,821
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**
Total liabilities	**3,181,150**	**3,989,439**	**5,210,282**
Total equity and liabilities	**4,940,206**	**5,958,756**	**7,598,512**

Property, Plant and Equipment

The Group's property, plant and equipment primarily consisted of (i) vehicles; (ii) rail track infrastructure; (iii) buildings and constructions; (iv) machinery and equipment; and (v) construction-in-progress. The following table sets forth a breakdown of the Group's property, plant and equipment as of the dates indicated:

	As at 31 December		
	2023	2024	2025
		(KZT millions)	
Vehicles	1,607,550	2,124,128	2,630,846
Rail track infrastructure	1,415,744	1,536,109	2,047,392
Buildings and constructions	313,465	350,284	378,652
Machinery and equipment	247,974	277,382	432,036
Construction-in-progress	195,375	479,344	364,973
Land	3,871	3,892	2,807
Other	10,500	11,088	18,741
Total	**3,794,479**	**4,782,227**	**5,875,447**

The Group's property, plant and equipment increased by 26.0% from KZT 3,794,479 million as at 31 December 2023 to KZT 4,782,227 million as at 31 December 2024, primarily due to (i) acquisitions of vehicles (including diesel locomotives, electric locomotives and passenger and freight wagons); and (ii) additions of construction-in-progress and rail track infrastructure primarily for the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, and a bypass railway line bypassing Almaty station. The Group's property, plant and equipment increased by 22.9% from KZT 4,782,227 million as at 31 December 2024 to KZT 5,875,447 million as at 31 December 2025, primarily due to (i) acquisitions of vehicles (including diesel locomotives, electric locomotives and passenger and freight wagons); and (ii) additions of rail track infrastructure attributable to the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral and Dostyk-Alashankou railway lines, and a bypass railway line bypassing the Almaty station.

As at 31 December 2023, 2024 and 2025, the Group's property, plant and equipment, mainly with a carrying amount of KZT 10,881 million, KZT 95,258 million and KZT 82,275 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2024 and 2025, relevant collateral was mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank.

Investments in Associates and Joint Ventures

The Group's investments in associates and joint ventures represent its shares of net assets of such associates and joint ventures.

The Group's investments in associates increased by 24.9% from KZT 38,989 million as at 31 December 2023 to KZT 48,678 million as at 31 December 2024, primarily due to (i) an increase in equity income from Transtelecom JSC and UTLC ERA and (ii) a cash contribution to the authorised capital of Aktau International Container Hub LLP. The Group's investments in associates further increased by 16.0% to KZT 56,464 million as at 31 December 2025, primarily due to a cash contribution to the authorised capital of Aktau International Container Hub LLP.

The Group's investments in joint ventures decreased from KZT 1,579 million as at 31 December 2023 to KZT 1,396 million as at 31 December 2024, mainly due to the impairment of investments in the joint venture KIF Warehouses LLP. The Group's investments in joint ventures increased significantly from KZT 1,396 million as at 31 December 2024 to KZT 11,637 million as at 31 December 2025, primarily due to contributions of assets and cash to the authorised capital of Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.

Other Non-Current Assets

The Group's other non-current assets consisted of (i) total other non-financial assets, primarily including advances paid for property, plant and equipment and VAT recoverable; and (ii) total other financial assets, primarily including restricted cash and loans to employees.

The Group's other non-current assets decreased by 6.2% from KZT 690,159 million as at 31 December 2023 to KZT 647,483 million as at 31 December 2024, primarily due to a decrease in advances paid for property, plant and equipment attributable to a decrease in advances for diesel locomotive supplies, partially offset by an increase in VAT recoverable. The Group's other non-current assets increased by 75.6% from KZT 647,483 million as at 31 December 2024 to KZT 1,136,788 million as at 31 December 2025, primarily due to (i) an increase in advances paid for property, plant and equipment, mainly for construction of railways, passenger carriage supply and electric locomotive supplies; and (ii) an increase in VAT recoverable.

Inventories

The Group's inventories primarily consisted of (i) fuel and lubricants; (ii) track structure materials; (iii) raw and other materials; and (iv) spare parts. The following table sets forth a breakdown of the Group's inventories as of the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Fuel and lubricants	20,028	13,553	30,827
Track structure materials	18,786	15,648	26,862
Raw and other materials	13,452	15,454	13,825
Spare parts	8,421	8,743	11,015
Construction materials	1,559	1,453	1,128
Others	4,135	4,409	3,745
Less: allowance for inventory	(2,019)	(1,440)	(980)
Total	**64,362**	**57,820**	**86,422**

The Group's inventories decreased by 10.2% from KZT 64,362 million as at 31 December 2023 to KZT 57,820 million as at 31 December 2024, primarily due to decreases in fuel and lubricants and track structure materials attributable to the Group's inventory optimisation measures and the consumption of inventories in the ordinary course of business. The Group's inventories increased by 49.5% from KZT 57,820 million as at 31 December 2024 to KZT 86,422 million as at 31 December 2025, primarily due to increased procurement of fuel and lubricants, track structure materials and spare parts to support higher operating activity, infrastructure maintenance and rolling stock operations, as well as inflationary effects on inventory values.

The following table sets forth the turnover days of the Group's inventories for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
Inventory turnover days	13.3	13.8	13.7

Note:

(1) Inventory turnover days for a year equal the average of opening and closing balance of inventories for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days.

In accordance with the Group's accounting policies, inventories are valued at the lower of cost and net realisable value. As at 31 December 2023, 2024 and 2025, the Group recognised allowances for inventories of KZT 2,019 million, KZT 1,440 million and KZT 980 million, respectively, based on assessments of net realisable value.

As of 30 April 2026, KZT 15,486 million, or 17.9%, of the Group's inventories as of 31 December 2025 had been utilised.

Trade Receivables

The Group's trade receivables primarily comprised receivables from freight and passenger transportation customers. The following table sets forth a breakdown of the Group's trade receivables as of the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Trade accounts receivable	20,316	25,173	22,865
Less: allowance for credit losses	(3,964)	(3,507)	(4,856)
Total	**16,352**	**21,666**	**18,009**

The Group's trade receivables increased by 32.5% from KZT 16,352 million as at 31 December 2023 to KZT 21,666 million as at 31 December 2024, and then decreased by 16.9% from KZT 21,666 million as at 31 December 2024 to KZT 18,009 million as at 31 December 2025, primarily reflecting the timing of billing and collections in the ordinary course of business. The Group generally receives prepayment for transportation services, resulting in relatively low trade receivable balances.

The following table sets forth an aging analysis of the Group's trade receivables, based on the invoice date and net of loss allowance, as at the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
0–30 days	9,991	18,683	9,619
31–90 days	4,708	1,441	5,695
91–180 days	1,262	1,049	2,291
181–365 days	952	426	405
Over 365 days	69	67	2
Total	**16,352**	**21,666**	**18,009**

The following table sets forth the turnover days of the Group's trade receivables for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
Trade receivables turnover days	4.0	3.8	3.2

Note:

(1) Trade receivables turnover days for a year equal the average of opening and closing balance of gross trade receivables for the relevant year divided by revenue for the relevant year and multiplied by 365 days.

In accordance with the Group's accounting policies, loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. As at 31 December 2023, 2024 and 2025, the Group recognised allowances for expected credit losses on trade receivables of KZT 3,964 million, KZT 3,507 million and KZT 4,856 million, respectively.

As of 30 April 2026, KZT 18,009 million, or 100%, of the Group's trade receivables as of 31 December 2025 had been settled.

Trade Accounts Payable

The Group's trade accounts payable consisted of (i) accounts payable for the supply of property, plant and equipment; (ii) accounts payable for inventories received; (iii) accounts payable for services provided; and (iv) other accounts payable. The following table sets forth a breakdown of the Group's trade accounts payable as of the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Accounts payable for the supply of property, plant and equipment	46,789	86,906	246,955
Accounts payable for inventories received	56,961	52,106	173,200
Accounts payable for services provided	92,628	84,619	96,837
Other accounts payable	4,591	7,720	8,778
Total	**200,969**	**231,351**	**525,770**

The Group's trade accounts payable increased by 15.1% from KZT 200,969 million as at 31 December 2023 to KZT 231,351 million as at 31 December 2024, and further increased by 127.3% KZT 525,770 million as at 31 December 2025, primarily due to increased purchases of property, plant and equipment and inventories, resulting in increased payables to suppliers.

The following table sets forth an aging analysis of the trade accounts payables based on the invoice date as at the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
0–30 days	157,159	209,240	376,893
31–90 days	30,562	13,669	128,990
91–180 days	5,973	4,546	1,180
181–365 days	5,759	1,958	15,059
Over 365 days	1,516	1,938	6,226
Total	**200,969**	**231,351**	**525,770**

The following table sets forth the turnover days of the Group's trade accounts payable for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
Trade accounts payable turnover days	38.7	48.7	71.8

Note:

(1) Trade accounts payable turnover days for a year equal the average of opening and closing balance of trade accounts payable for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days.

As of 30 April 2026, approximately KZT 276,555 million, or 52.6% of the Group's trade accounts payable as of 31 December 2025 had been settled.

Liabilities under Contracts with Customers

Liabilities under contracts with customers primarily consisted of (i) advances received on contracts with customers for transportation services not yet rendered; and (ii) deferred revenue relating to ongoing transportation contracts.

The Group's liabilities under contracts with customers increased by 14.9% from KZT 115,868 million as at 31 December 2023 to KZT 133,170 million as at 31 December 2024, and further increased by 12.0% to KZT 149,196 million as at 31 December 2025, primarily driven by increased cargo turnover, traffic volumes and tariffs.

Other Current Assets

The Group's other current assets primarily consisted of (i) withholding corporate income tax; (ii) advances paid for services; (iii) other taxes prepaid; (iv) deferred expenses relating to consumed services; and (v) restricted cash and other current financial assets.

The Group's other current assets remained relatively stable at KZT 45,988 million and KZT 45,407 million as at 31 December 2023 and 2024, respectively, and increased by 111.1% to KZT 95,839 million as at 31 December 2025, primarily due to the reclassification of withholding corporate income tax from non-current to current assets in 2025.

VAT Recoverable (Current Portion)

The Group's VAT recoverable (current portion) represents the portion of VAT that the Group expects to be refunded by the tax authorities or offset against future VAT payable within the following year. The Group provides international transportation services and cannot charge VAT to customers; accordingly, it can only recover VAT from the tax authorities. In accordance with the tax legislation of Kazakhstan, up to 70% of the accrued VAT receivable is subject to refund from the budget on a quarterly basis after the submission of the tax declaration, with the remaining portion subject to refund based on the results of a tax audit within five years.

The Group's VAT recoverable (current portion) increased by 142.8% from KZT 49,618 million as at 31 December 2023 to KZT 120,475 million as at 31 December 2024, primarily due to an increase in the amounts of VAT declared for reimbursement and confirmed by the tax authorities, which the Group expected to recover within 12 months. The Group's VAT recoverable (current portion) decreased by 59.5% from KZT 120,475 million as at 31 December 2024 to KZT 48,789 million as at 31 December 2025, primarily due to delays in VAT refunds from the tax authorities, and thus the Group reclassified a portion of VAT recoverable from current to non-current assets, as recovery was expected after more than 12 months.

Other Liabilities

The Group's other liabilities primarily comprised (i) other non-financial liabilities, including deferred income (government grants), obligatory pension contributions, social insurance and medical insurance contributions, and advances received; and (ii) other financial liabilities, including unused vacation and other employee benefits, financial guarantee agreement liabilities, salary payables and other payables.

The Group's other liabilities increased by 37.2% from KZT 168,688 million as at 31 December 2023 to KZT 231,397 million as at 31 December 2024, primarily due to an increase in deferred income (government grants) due to the execution of new lease agreements with Industrial Development Fund JSC, under which a portion of the interest rate is subsidised by the Government. The Group's other liabilities increased by 32.8% from KZT 231,397 million as at 31 December 2024 to KZT 307,263 million as at 31 December 2025, primarily due to (i) an increase in deferred income (government grants) due to the execution of new lease agreements with Industrial Development Fund JSC, under which a portion of the interest rate is subsidised by the Government; and (ii) an increase in unused vacation and other employee benefits.

Deferred Tax Liabilities

The Group's deferred tax liabilities arised primarily from (i) temporary differences between the carrying amounts of property, plant and equipment and other non-current assets for financial reporting purposes and the corresponding tax base; and (ii) the fair value adjustment to borrowings received from the shareholder at interest rates below market.

The Group had net deferred tax liabilities of KZT 411,888 million, KZT 468,057 million and KZT 615,181 million as at 31 December 2023, 2024 and 2025, respectively.

Derivative Financial Instruments

Derivative financial instruments represent cross-currency swap transactions entered into with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) to manage the exposure to foreign exchange risk of U.S. dollar-denominated borrowings.

The Group's derivative financial instrument liabilities remained relatively stable at KZT 35,719 million and KZT 32,697 million as at 31 December 2023 and 31 December 2024, respectively, and increased by 179.8% to KZT 91,496 million as at 31 December 2025, primarily reflecting changes in the fair value of such derivative financial instruments depending on market conditions and other relevant valuation factors.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's operations, including maintenance and repair of its railway network and related infrastructure, as well as maintenance and repair of locomotives and rolling stock and other types of property, plant and equipment, are capital intensive activities. The Group requires funds primarily for working capital purposes to meet its short-term financial obligations as they fall due, as well as for upgrading its railway network and related infrastructure and expanding and maintaining its rolling stock and locomotive fleet.

Cash flow from operations, Government grants, borrowings under credit agreements, loans and capital contributions from Samruk-Kazyna and the issuance of bonds have served as the historical sources of capital and liquidity for the Group's business and are expected to serve as the Group's sources of capital and liquidity for the near term.

The Group has experienced instances in the past when the Group had insufficient liquidity to fully fund its planned capital expenditures and has the ability to manage its liquidity through exercising control over capital expenditures. By way of an example, following the devaluation of the Tenge in 2015, the Group substantially reduced its capital expenditures, which could no longer be fully funded from operating cash flows or other sources, and implemented cost reduction measures.

The Group receives significant support from the Government in the form of capital contributions and concessional rate loans.

See "Risk Factors – Operational Risks relating to the Group and its Business – Maintenance, modernisation and upgrades of the Group's railway and logistics infrastructure requires continuing funding" and "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position".

Cash Flows

The following table sets forth certain information regarding the principal items of the consolidated statement of cash flows for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Net cash from operating activities	306,318	336,597	746,797
Net cash used in investing activities	(802,702)	(734,061)	(932,267)
Net cash flows from financing activities	434,271	393,367	228,039
Net increase/(decrease) in cash and cash equivalents	(62,113)	(4,097)	42,569
Cash and cash equivalents at the beginning of the year	267,032	204,614	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency	(322)	(1,945)	(8,166)
Effect of change in the allowance for expected credit losses	17	6	(8)
Cash and cash equivalents at the end of the year	204,614	198,578	232,973

Net cash from operating activities

In 2025, the Group had net cash flows from operating activities of KZT 746,797 million, which represented its profit for the year of KZT 343,646 million, as adjusted by (i) non-cash and non-operating items, primarily comprising finance costs of KZT 245,844 million, depreciation and amortisation of KZT 196,219 million, income tax expense recognised in profit or loss of KZT 155,375 million and reclassification of loss on cash flow hedging instruments to profit for the year of KZT 80,781 million, partially offset by finance income of KZT 88,618 million; (ii) movements in working capital, primarily comprising an increase in trade accounts payable of KZT 166,443 million, partially offset by an increase in other current and non-current assets (including long-term VAT recoverable) of KZT 133,114 million, an increase in trade accounts receivable of KZT 27,099 million and an increase in inventories of KZT 25,134 million; and (iii) interest paid of KZT 222,376 million and corporate income tax paid of KZT 20,603 million, partially offset by interest received of KZT 30,866 million. The Group's net cash flows from operating activities in 2025 increased by 121.9% compared with 2024, primarily driven by higher profit for the year and favourable working capital movements, particularly a significant increase in trade accounts payable.

In 2024, the Group had net cash flows from operating activities of KZT 336,597 million, which represented its profit for the year of KZT 160,805 million, as adjusted by (i) non-cash and non-operating items, primarily comprising finance costs of KZT 184,984 million, depreciation and amortisation of KZT170,516 million, foreign exchange loss of KZT 69,620 million and income tax expense recognised in profit or loss of KZT 62,724 million, partially offset by finance income of KZT 52,955 million; (ii) movements in working capital, primarily comprising an increase in other current and non-current assets (including long-term VAT recoverable) of KZT 89,717 million and an increase in trade accounts receivable of KZT 31,033 million, partially offset by an increase in other liabilities and contract liabilities of KZT 15,543 million and a decrease in inventories of KZT 9,617 million; and (iii) interest paid of KZT 188,409 million and corporate income tax paid of KZT 18,015 million, partially offset by interest received of KZT 21,001 million.

In 2023, the Group had net cash flows from operating activities of KZT 306,318 million, which represented its profit for the year of KZT 136,784 million, as adjusted by (i) non-cash and non-operating items, primarily comprising finance costs of KZT 208,365 million, depreciation and amortisation of KZT 156,441 million and income tax expense recognised in profit or loss of KZT 24,599 million, partially offset by finance income of KZT 32,221 million; (ii) movements in working capital, primarily comprising an increase in trade accounts payable of KZT 73,511 million, partially offset by an increase in other current and non-current assets (including long-term VAT recoverable) of KZT 99,338 million, an increase in inventories of KZT 16,618 million and an increase in trade accounts receivable of KZT 12,823 million; and (iii) interest paid of KZT 150,226 million and corporate income tax paid of KZT 6,874 million, partially offset by interest received of KZT 20,968 million.

Net cash used in investing activities

In 2025, the Group had net cash used in investing activities of KZT 932,267 million, which was primarily attributable to purchases of property, plant and equipment (including advances paid therefor) of KZT 925,368 million, share capital contributions in joint ventures of KZT 7,143 million and investments acquired in associates and joint ventures of KZT 6,211 million, partially offset by dividends received from associates of KZT 4,693 million.

In 2024, the Group had net cash used in investing activities of KZT 734,061 million, which was primarily attributable to purchases of property, plant and equipment (including advances paid therefor) of KZT 741,695 million, partially offset by dividends received from associates of KZT 4,419 million and repayment of loans issued of KZT 3,731 million.

In 2023, the Group had net cash used in investing activities of KZT 802,702 million, which was primarily attributable to purchases of property, plant and equipment (including advances paid therefor) of KZT 811,830 million and investments acquired in associates and joint ventures of KZT 5,201 million, partially offset by net proceeds from disposal of subsidiaries of KZT 11,948 million.

Net cash from financing activities

In 2025, the Group had net cash flows from financing activities of KZT 228,039 million, primarily attributable to proceeds from borrowings of KZT 908,235 million, partially offset by repayment of borrowings of KZT 648,674 million, repayment of lease liabilities of KZT 18,072 million and transfers to restricted cash of KZT 14,368 million.

In 2024, the Group had net cash flows from financing activities of KZT 393,367 million, primarily attributable to proceeds from borrowings of KZT 879,762 million and share capital contribution of KZT 13,273 million, partially offset by repayment of borrowings of KZT 480,532 million and repayment of lease liabilities of KZT 11,358 million.

In 2023, the Group had net cash flows from financing activities of KZT 434,271 million, primarily attributable to proceeds from borrowings of KZT 808,731 million and share capital contribution of KZT 24,310 million, partially offset by repayment of borrowings of KZT 367,320 million and repayment of lease liabilities of KZT 21,690 million.

The decline in net cash flows from financing activities from 2023 to 2025 was primarily attributable to higher repayments of borrowings.

Current Assets and Current Liabilities

The following table sets forth a breakdown of the Group's current assets and liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
				(Unaudited)
	(KZT millions)			
Current assets				
Cash and cash equivalents	204,614	198,578	232,973	641,189
Inventories	64,362	57,820	86,422	117,465
VAT recoverable	49,618	120,475	48,789	24,203
Trade receivables	16,326	21,666	18,009	24,232
Corporate income tax prepaid	3,535	7,899	8,219	8,684
Asset under contracts with customers	1,153	336	1,071	1,588
Other current assets	45,988	45,407	95,839	107,761
Total current assets	**385,596**	**452,181**	**491,322**	**925,122**
Current liabilities				
Borrowings	354,115	812,965	488,658	591,120
Trade accounts payable	200,969	231,351	525,770	435,041
Liabilities under contracts with customers	115,868	133,170	149,196	132,856
Lease liabilities	16,951	35,517	45,146	53,597
Derivative financial instruments	–	32,697	91,496	94,850
Other taxes payable	13,961	15,694	16,083	47,357
Employee benefit obligations	7,608	7,598	8,167	8,167
Other current liabilities	98,910	112,627	129,821	173,287
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**	**1,536,275**
Net current liabilities	**422,786**	**929,438**	**963,015**	**611,153**

The Group's net current liabilities decreased by 36.5% from KZT 963,015 million as at 31 December 2025 to KZT 611,153 million as at 30 April 2026, primarily due to an increase in cash and cash equivalents of KZT 408,216 million mainly attributable to the receipt of proceeds from the issuances of Notes in April 2026.

The Group's net current liabilities increased by 3.6% from KZT 929,438 million as at 31 December 2024 to KZT 963,015 million as at 31 December 2025, primarily due to (i) the increase in trade accounts payable of KZT 294,419 million; and (ii) the increase in derivative financial instruments of KZT 58,799 million, partially offset by (i) the decrease in borrowings of KZT 324,307 million; (ii) the increase in other current assets of KZT 50,432 million; (iii) the increase in cash and cash equivalents of KZT 34,395 million; and (iv) the increase in inventories of KZT 28,602 million.

The Group's net current liabilities increased by 119.8% from KZT 422,786 million as at 31 December 2023 to KZT 929,438 million as at 31 December 2024, primarily due to (i) the increase in borrowings of KZT 458,850 million; (ii) the recognition of derivative financial instruments of KZT 32,697 million; and (iii) the increase in trade accounts payable of KZT 30,382 million, partially offset by the increase in VAT recoverable of KZT 70,857 million. In addition, the composition of current liabilities was affected by the approaching contractual maturity of bonds in the aggregate principal amount of US$883 million held by Samruk-Kazyna, which were originally scheduled to mature on 28 October 2025. During 2025, an agreement was reached to extend the maturity of these bonds to 2028 and to change coupon rate from 2% to 3%.

The Group's consolidated financial statements have been prepared on a going concern basis. Going concern assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future covering at least 12 months after the reporting date. As at 31 December 2023, 2024 and 2025, current liabilities of the Group exceeded its current assets by KZT 422,786 million, KZT 929,438 million and KZT 963,015 million.

As at 31 December 2023, 2024 and 2025, the Group's current liabilities included borrowings of KZT 354,115 million, KZT 812,965 million and KZT 488,658 million, respectively, that are payable within 12 months after the reporting date. Profit for the years ended 31 December 2023, 2024 and 2025 amounted to KZT 136,784 million, KZT 160,805 million and KZT 343,646 million, respectively, and cash inflows from operating activities amounted to KZT 306,318 million, KZT 336,597 million and KZT 746,797 million.

Group management has assessed the Group's need for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the Government and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid during 2026. The possibility of a positive decision from the discussions is considered to be high.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Furthermore, Samruk-Kazyna intends and is able to provide the Group with continued uninterrupted financial and operational support for the foreseeable future.

As at 31 December 2025, the Group had available credit lines with an undrawn balance in a total amount of KZT 259,680 million. As at 31 December 2025, part of the Group's liabilities are represented by loans from Samruk-Kazyna in the amount of KZT 975,160 million, including a current portion in the amount of KZT 37,630 million. Based on past experience, the Group's management believes that it will be able to negotiate changes in payment terms on its payables with Samruk-Kazyna, if necessary. After completing the relevant analysis and the available mitigating actions (whereby management can carry out certain actions to improve the going concern and liquidity position of the Group), the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis is appropriate in preparing the 2025 Financial Statements.

On 2 March 2026, the Company received a letter from Samruk-Kazyna confirming its intention to provide ongoing financial and operational support to the Company for the foreseeable future and for at least 12 months from the date of approval of the 2025 consolidated financial statements. See "Risk Factors – Risks Relating to Its Business and Industry – The Group is dependent on continued financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued" and "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position" in this Document.

INDEBTEDNESS AND FINANCIAL GUARANTEE AGREEMENT LIABILITIES

The following table sets forth the Group's indebtedness and financial guarantee agreement liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
				(Unaudited)
	(KZT millions)			
Borrowings	2,117,547	2,653,388	3,186,017	3,784,550
Lease liabilities	71,506	174,982	270,082	308,317
Total indebtedness	**2,189,053**	**2,828,370**	**3,456,099**	**4,092,867**
Financial guarantee agreement liabilities	28,536	27,449	24,545	23,176
Total indebtedness and financial guarantee agreement liabilities	**2,217,589**	**2,855,819**	**3,480,644**	**4,116,043**

Borrowings

The Group's main sources of borrowings are bank loans from Kazakh and foreign banks and debt securities. The following table sets forth the Group's outstanding borrowings as at the dates indicated:

	As at 31 December			As at 30 April
	2023	2024	2025	2026
				(Unaudited)
	(KZT millions)			
Non-current portion				
Long-term bank borrowings	646,557	908,653	1,419,829	1,485,140
Loan from shareholders	83,396	111,430	100,413	101,527
Debt securities	390,000	390,000	340,000	798,593
Debt securities from shareholders	643,479	430,340	837,117	808,170
Subtotal	**1,763,432**	**1,840,423**	**2,697,359**	**3,193,430**
Current portion				
Short-term bank borrowings	89,937	338,257	387,329	360,860
Loan from shareholders	32,100	3,156	2,214	1,943
Debt securities	222,438	13,903	63,699	59,007
Debt securities from shareholders	9,640	457,649	35,416	169,310
Subtotal	**354,115**	**812,965**	**488,658**	**591,120**
Total	**2,117,547**	**2,653,388**	**3,186,017**	**3,784,550**

The Group takes out short-term loans to finance its daily working capital. As at 31 December 2023, 2024 and 2025 and 30 April 2026, the Group's short-term borrowings were KZT 354,115 million, KZT 812,965 million, KZT 488,658 million and KZT 591,120 million, respectively.

The Group's borrowing increased by 25.3% from KZT 2,117,547 million as at 31 December 2023 to KZT 2,653,388 million as at 31 December 2024, and further increased by 20.1% to KZT 3,186,017 million as at 31 December 2025, primarily due to new loans received to finance the Group's investment programme, including infrastructure development projects and rolling stock acquisition. The Group's borrowing increased by 18.8% from KZT 3,186,017 million as at 31 December 2025 to KZT 3,784,550 million as at 30 April 2026, primarily due to Notes issued to finance the Group's investment programme, including infrastructure development projects and rolling stock acquisition.

The Group's borrowings, including accrued interest, which is accounted for at amortised cost consisted of the following as at the dates indicated:

	As at 31 December						As at 30 April 2026	
	2023		2024		2025		(Unaudited)	
	Amount	**Weighted average** *effective interest rate*	**Amount**	**Weighted average** *effective interest rate*	**Amount**	**Weighted average** *effective interest rate*	**Amount**	**Weighted average** *effective interest rate*
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Borrowings with a fixed interest rate								
Loans received	333,852		475,243		378,916		418,351	
– in Tenge	223,035	8.69	285,231	10.88	245,854	11,58	289,845	11.0
– in Russian Roubles	51,206	5.94	79,276	9.02	92,153	8.04	91,848	7.81
– in Euros	59,611	5.31	51,253	5.85	40,909	6.75	36,658	6.11%
– in Swiss Francs	–	–	59,483	3.40	–	–	–	–
Debt securities issued	1,079,764		1,207,802		1,192,346		1,627,950	
– in Tenge/KZT	707,590	11.41	759,017	11.78	783,334	12.16	792,896	12.67
– in U.S dollars	372,174	6.43	448,785	6.42	409,012	6.52	835,053	5.80
Floating interest rate borrowings								
Loans received	518,138		886,253		1,530,869		1,531,119	
– in Tenge	122,925	18.83	40,232	19.24	–	–	–	–
– in Swiss Francs	256,070	3.55	628,339	3.04	1,126,780	2.37	1,078,047	1.61
– in Euro	139,143	5.32	217,682	7.34	371,351	5.90	372,564	4.42
– in Chinese Yuans	–	–	–	–	32,738	5.61	80,508	4.05
Debt securities issued	185,793		84,090		83,886		207,131	
– in Tenge	185,793	19.02	84,090	14.78	83,886	13.63	55,710	11.42
– in Chinese Yuans	–	–	–	–	–	–	151,421	4.20
Current portion of borrowings	354,115		812,965		488,658		3,784,550	
Non-current portion of borrowings	1,763,432		1,840,423		2,697,359		591,120	
Total	**2,117,547**		**2,653,388**		**3,186,017**		**3,193,430**	

The following table sets forth the Group's outstanding debt securities as at the dates indicated:

	Repayment date	Exchanges	As at 31 December 2023	2024	2025	As at 30 April 2026
			(KZT millions)			(Unaudited)
Debt securities, by price[1]						
3% Eurobonds (100%) in U.S. dollars[2]	28 October 2028	KASE	372,174	448,785	409,012	376,460
11.5% Bonds (100%) in Tenge	3 October 2034	KASE	308,433	308,433	308,433	302,683
4.875% Notes (99.453%) in U.S. dollars	29 April 2031	London Stock Exchange, AIX, KASE	–	–	–	229,771
5.25% Notes (99.043%) in U.S. dollars	29 April 2036	London Stock Exchange, LSE, AIX, KASE	–	–	–	228,822
LPR 1Y+1.2% Bonds (100%) in Chinese Yuan	15 December 2028	AIX	–	–	–	151,421
8.74% Bonds (100%) in Tenge	12 June 2043	KASE	136,146	136,717	137,356	142,627
9.25% Bonds (100%) in Tenge	24 June 2044	KASE	–	114,750	115,316	120,532
7.37% Bonds (100%) in Tenge	30 December 2042	KASE	100,855	101,717	96,698	101,012
Inflation rate + 2.52% (11.42%) Bonds (100%) in Tenge	25 April 2026	KASE	56,302	54,090	53,886	55,710
11.5% Bonds (100%) in Tenge	12 September 2034	KASE	41,380	41,380	41,380	40,613
NBRK Base rate+0.75% (18.75%) Bonds (100%) in Tenge	30 January 2026	AIX	–	30,000	30,000	–
9.37% Bonds (100%) in Tenge	11 December 2045	KASE	–	–	26,329	27,688
11% Bonds (100%) in Tenge	23 July 2027	KASE	26,184	26,184	26,184	25,726
2% Bonds (100%) in Tenge	20 August 2034	KASE	17,761	18,947	20,271	20,611
1.8% Bonds (100%) in Tenge	10 July 2044	AIX	–	10,889	11,367	11,404
TONIA Compounded 6M + 3% margin (19.96%) Bonds (100%) in Tenge	22 July 2024	KASE	129,491	–	–	–
9.25% Bonds (100%) in Tenge	15 November 2024	KASE	76,831	–	–	–
Total debt securities issued			**1,265,557**	**1,291,892**	**1,276,232**	**1,835,081**
Current portion of debt securities issued			232,078	471,552	99,115	228,317
Non-current portion of debt securities issued			1,033,479	820,340	1,177,117	1,606,764
Total			**1,265,557**	**1,291,893**	**1,276,232**	**1,835,081**

Notes:

(1) Percentages in brackets represent the cost of issuing bonds/eurobonds/Notes from par value (at premium/with discount or at par).

(2) During 2025, an agreement was reached to extend the maturity of these bonds to 2028 and to change coupon rate from 2% to 3%.

The Group received subsidies of interest rate from the Government. In May 2020, the Company entered into an agreement with the Kazakh Ministry of Industry and Construction under which the Ministry subsidises part of the coupon rate on the 11.5% bonds issued in 2019. The total subsidy amount is KZT 307,194 million. The proceeds from these bonds were used to repay US$780 million of eurobonds issued in 2017, which had financed infrastructure modernisation and rolling stock upgrades. The subsidy is provided under the republican budget program "Subsidising the coupon rate on the carrier's bonds issued for the development of the main railway network and rolling stock of railway transport" (the "**Program**"). As the Program is available to all carriers under the Law on Railway Transport, the Group accounts for this financing as a government grant recognised within finance income. In 2024, the Group recognised income from government subsidies under the Program in the amount of KZT 22,300 million.

As of 30 April 2026, the Group's unutilized banking facilities amounted to KZT 175 billion /CHF 150 million.

Lease liabilities

The Group's lease liabilities mainly represent obligations arising from finance lease agreements with JSC Industrial Development Fund for the procurement of rolling stock, including flat carriages, passenger carriages, electric trains and freight open wagons, as well as lease agreements with Transtelecom JSC for communication channels.

The following table sets forth the Group's lease liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2023	**2024**	**2025**	**2026**
				(Unaudited)
		(KZT millions)		
Non-current portion	54,555	139,465	224,936	254,719
Current portion	16,951	35,517	45,146	53,597
Total	**71,506**	**174,982**	**270,082**	**308,316**

The Group's lease liabilities increased by 144.7% from KZT 71,506 million as at 31 December 2023 to KZT 174,982 million as at 31 December 2024, and further increased by 54.3% to KZT 270,082 million as at 31 December 2025, primarily because the Group entered into additional lease agreements with JSC Industrial Development Fund for rolling stock, including flat carriages, passenger carriages and freight open wagons. The Group's lease liabilities increased by 14.2% from KZT 270,082 million as at 31 December 2025 to KZT 308,316 million as at 30 April 2026, primarily due to the Group's entering into of new lease agreements with JSC Industrial Development Fund.

Financial guarantee agreement liabilities

The Group has provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC, Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. The Group's liabilities under financial guarantees amounted to KZT 28,536 million, KZT 27,449 million, KZT 24,545 million and KZT 23,176 million as at 31 December 2023, 2024 and 2025 and 30 April 2026, respectively.

The Group is obliged to comply with various affirmative and negative covenants and restrictions contained in its financing arrangements. See "Contractual Obligations – Certain Provisions, Terms and Covenant Waivers" in this section and Notes 14, 15 and 27 to the Consolidated Financial Statements set out in Appendix I to this Document for details.

Save as disclosed above, as of 30 April 2026, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Save as disclosed above, the Directors confirm that there was no material covenant on any of its outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. The Directors further confirm that the Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this Document.

CONTINGENT LIABILITIES

Save as disclosed above and in Note 27 to the Consolidated Financial Statements set out in Appendix I to this Document, as at 31 December 2023, 2024 and 2025 and up to the Latest Practicable Date, the Group did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

Capital Expenditure

The following table sets forth certain information regarding the Group's total capital expenditures, by segment, including acquisitions through business combinations, for the periods indicated.

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Freight transportation	628,238	1,006,018	1,239,973
Passenger transportation	76,151	110,003	37,323
Other	540	54,217	2,355
Total capital expenditures	**704,929**	**1,170,238**	**1,279,651**

The Group's principal capital expenditures relate to the construction of new railway lines, capital repairs of railways, construction of plants and acquisition and capital repairs of locomotives, freight wagons and passenger cars. The Group's investment programme prioritises infrastructure development to enable the further alignment of the Group's railway network with international standards and requirements.

For 2025, the Group's most significant capital expenditures included: the modernisation of the Dostyk-Moiynty railway transport corridor, Altynkol-Zhetygen railway section, the construction of the railway lines Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty-Ayagoz, construction of second line on the Dostyk-Alashankou railway section, the construction of a bypass railway line bypassing the Almaty station, construction of automatic train control systems, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages.

For 2024, the Group's most significant capital expenditures included the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, the construction of a bypass railway line around the Almaty station, major repairs of railway tracks, and the purchase of equipment, including long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, and passenger wagons.

For 2023, the Group's most significant capital expenditures included the modernisation of the Dostyk-Moiynty railway transport corridor, major repairs of railway tracks and wagons, the purchase of equipment, including freight and passenger electric locomotives, freight and passenger diesel locomotives, and passenger wagons.

The Group funded its capital expenditures during the Track Record Period mainly by cash flow from operations, borrowings under credit agreements, loans from Samruk-Kazyna and the issuance of bonds. The Group intends to fund its future capital expenditures with a combination of operating cashflow, equity and debt financing and **[REDACTED]** received from the **[REDACTED]**.

Capital Commitments

The Group had substantial investment liabilities relating principally to infrastructure development projects and rolling stock renewal. These liabilities included the modernisation of the Dostyk-Moiynty railway transport corridor and the Altynkol-Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty-Ayagoz railway lines; the construction of a second track on the Dostyk-Alashankou railway section; and the construction of a bypass railway line bypassing Almaty station. The Group's investment liabilities also included the construction of automatic train control systems, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, and the acquisition of equipment, long rails, freight and passenger electric locomotives, flat wagons, freight and passenger diesel locomotives and passenger carriages. The aggregate amount of these investment liabilities was KZT 1,867,649 million, KZT 2,427,217 million and KZT 4,681,921 million (excluding tax) as at 31 December 2023, 2024 and 2025, respectively.

CONTRACTUAL OBLIGATIONS

Certain Provisions, Terms and Covenant Waivers

The loan and guarantee agreements related to the Group's borrowings, as well as existing debt securities issued by entities within the Group and the related guarantees, require that the Company, its guarantors and other Group subsidiaries comply with certain affirmative and negative covenants in the operation of their respective businesses. While the specific provisions of each of the loan and guarantee agreements vary, these generally require that the Group members subject to the agreements take or refrain from taking certain actions specified in the loan or guarantee agreements. These provisions require the Group members subject to the agreements to obtain the prior written consent of the relevant lender prior to implementing any material change to the scope or nature of their respective businesses. In addition, lender consent generally is required prior to any merger, consolidation or reorganisation of the affected members of the Group, prior to encumbering assets and prior to certain sales, transfers and dispositions of properties in excess of a specified value or which are essential to the conduct of the relevant Group entity's business, although certain agreements contain exceptions for reorganisations or transfers of assets pursuant to the Development Strategy. Any disposition of the core railway network, freight carriages or locomotives would generally require the consent of certain lenders. Other transactions that are limited by one or more of the agreements or guarantees include incurring capital expenditures greater than amounts specified in the relevant loan agreement or guarantee and incurring additional indebtedness or guaranteeing the indebtedness of third parties without the prior approval of the lender. The majority of the Group's loan and guarantee arrangements also include cross default clauses.

In addition to imposing affirmative and negative obligations regarding the conduct of the business of members of the Group, existing loan and guarantee agreements require that the Group company subject to the agreements maintain or periodically satisfy as at particular dates certain financial tests.

The most commonly applicable tests under these covenants require the Group to maintain an interest coverage ratio of not less than 1.5:1, calculated as EBITDA for the 12 months preceding the relevant calculation date divided by interest payments on the total amount of financial indebtedness due or accrued during such period, and a total debt to EBITDA ratio of not more than 6.5:1, calculated as total debt divided by EBITDA for the 12 months preceding the relevant calculation date.

Separately, the Debt and Financial Stability Management Policy issued by Samruk-Kazyna sets the following key financial stability ratios: (i) debt to EBITDA (as defined in the Debt and Financial Stability Management Policy) of less than or equal to 4.0; (ii) EBITDA (as defined in the Debt and Financial Stability Management Policy) to interest expense of greater than or equal to 3.50; and (iii) debt to equity of less than or equal to 1.4.

The Notes issued in April 2026 also contained covenants that place certain limitations on the Group, including, inter alia, limitations on changes in business, the disposal of property and limitations on mergers and consolidations with other legal entities, as well as a cross-default provision.

In the ordinary course of managing its financing arrangements, the Group may, where necessary, approach its lenders to obtain waivers in respect of any potential non-compliance with applicable covenants, including financial covenants, or to obtain consents or prior approvals for actions that are subject to restrictions under the relevant loan agreements or other financing documents. For example, the Group requested and was granted consents from certain of its lenders to the issuance of the Notes under covenants limiting the incurrence of new indebtedness.

There can be no assurance, however, that the Group will be able to comply with the covenants and restrictions set out in its loan and guarantee agreements and, if not, that it will be able to extend or obtain new amendments or waivers for projected non-compliances that may be required from time-to-time or on a repeated basis in the future. If the Group fails to extend or obtain any required amendment or waiver, the relevant Group borrower would be in breach of the applicable loan or guarantee agreement. Moreover, any such breach would likely trigger cross default provisions in the Group's financing agreements and any such default would permit the Group's lenders and other creditors to accelerate some or all of the Group's debt, which could, in turn, require the Group to restructure or refinance its outstanding indebtedness. There can also be no assurance that the Group would be able to complete any such required restructuring or refinancing. Any of the foregoing could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

See "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position".

Group Financial Policy

As part of managing foreign currency risk, the Group's management seeks, where practicable, to match the currency of future cash inflows with the currency of liabilities to be settled. This approach is aimed at reducing the sensitivity of the Group's financial results and cash flows to fluctuations in exchange rates by aligning the currencies of incoming and outgoing cash flows.

Given that a significant portion of the Group's forecast revenue from international transit is denominated in Swiss francs, the Group uses financing instruments and other risk management mechanisms that allow it to align the corresponding Swiss franc inflows with liabilities in the same currency. This approach is a fundamental element of the Group's strategy to mitigate foreign currency risk.

In addition to this approach, the Group, where appropriate and when the criteria established by IFRS are met, applies hedge accounting in the consolidated financial statements for certain hedging relationships. In particular, to reduce currency risk arising from changes in the Swiss franc–to–Tenge exchange rate, the Group has employed two hedging strategies.

In future, the Group intends to attract longer-term financing for its investment projects from international financial markets. These markets have traditionally offered lower interest rates, compared to Kazakh financial markets. The Group also expects to continue co-operation with international financial institutions, such as the World Bank Group, Asian Infrastructure Investment Bank, the EBRD, Asian Development Bank and export-import agencies (such as US Exim, Bpi France and Sinosure).

The Group is continuously working to reduce costs and increase efficiency, increase freight traffic in its most profitable segment from international transit, and increase transportation tariffs.

As a portfolio company of Samruk-Kazyna, the Company is subject to Samruk-Kazyna’s dividend policy (“**Samruk Dividend Policy**”), which governs dividend payments from its portfolio companies. Under this policy, dividends are calculated on a Free Cash Flow (“**FCFF**”) basis, with the proportion of FCFF payable as dividends determined by reference to the financial performance of the relevant portfolio company.

The amount of dividends payable is determined on a case-by-case basis depending on each company’s maturity and financial and economic condition determined on the basis of financial stability indicators. Companies that comply with the target values of financial stability ratios are required to pay from 50% to 100% of their FCFF as dividends. Companies that comply with the threshold values of financial stability ratios, but violate the target values, are required to pay 50% of FCFF. In case of violation of the threshold values of financial stability ratios, dividend payments range from 20% to 50% of FCFF, with part of the remaining FCFF used to repay the company’s liabilities in order to bring financial stability indicators to the target values. Samruk-Kazyna may also, at its discretion, decide that no dividend payment is required from a portfolio company.

For purposes of the Samruk Dividend Policy, FCFF is the consolidated operating cash flow available for distribution in the form of dividends, calculated as net cash flow from operating activities plus dividends received from joint ventures and associates, less maintenance capital expenditures for property, plant and equipment and intangible assets in the reporting period. The Samruk Dividend Policy is designed to balance the interests of Samruk-Kazyna and its portfolio companies, promote predictability and transparency in dividend determination, maintain the financial stability of both Samruk-Kazyna and its portfolio companies, and preserve the capacity of portfolio companies to fund their development and investment activities.

KEY FINANCIAL RATIOS

The following table sets forth the Group's selected financial indicators for the years and as of the dates indicated.

	Year ended/As at 31 December		
	2023	**2024**	**2025**
Gross profit margin[(1)]	22.5%	25.1%	30.2%
Net profit margin[(2)]	7.1%	7.4%	12.5%
Current ratio[(3)]	0.5	0.3	0.3
Debt-to-asset ratio[(4)]	64.4%	67.0%	68.6%

Notes:

(1) Gross profit margin is calculated by dividing gross profit by revenue and other income and then multiplied by 100%.

(2) Net profit margin is calculated by dividing profit for the year by revenue and other income and then multiplied by 100%.

(3) Current ratio is calculated by dividing current assets by current liabilities as of the end of the year.

(4) Debt-to-asset ratio, expressed as a percentage, is calculated by dividing total liabilities by total assets as of the end of the year and then multiplied by 100%.

NON-IFRS MEASURES

To supplement the Company's consolidated financial statements presented in accordance with IFRS Accounting Standards, the Company uses the following measures as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards:

Non-IFRS measures	**Definition, method of calculation and reconciliation to financial statement line item**
EBITDA (non-IFRS measure)	Calculated as profit for the year excluding income tax expenses, finance costs, finance income and depreciation and amortisation.
EBITDA margin (non-IFRS measure)	Calculated as the ratio of EBITDA (non-IFRS measure) divided by total revenue and other income.
Adjusted Group EBITDA (non-IFRS measure)	Calculated as profit for the year excluding income tax expenses, finance costs, finance income, depreciation and amortisation, further adjusted for the effects of foreign exchange loss (which management considers to be unusual).
Adjusted Group EBITDA margin (non-IFRS measure)	Calculated as the ratio of adjusted Group EBITDA (non-IFRS measure) divided by total revenue and other income.
Adjusted debt (non-IFRS measure)	Calculated as the sum of total borrowings, total lease liabilities and total financial guarantee agreement liabilities in favour of third parties, which are not consolidated in the financial statements of the Group.

Adjusted debt to adjusted Group EBITDA ratio (non-IFRS measure)	Calculated as the ratio of adjusted debt divided by adjusted Group EBITDA (non-IFRS measure).
Adjusted debt to equity ratio (non-IFRS measure)	Calculated as the ratio of adjusted debt divided by total equity.
Adjusted net debt (non-IFRS measure)	Calculated as adjusted debt minus cash and cash equivalents.
Adjusted net debt to adjusted Group EBITDA ratio (non-IFRS measure)	Calculated as the ratio of adjusted net debt divided by Adjusted Group EBITDA (non-IFRS measure).
Coverage ratio (non-IFRS measure)	Calculated as the ratio of profit before tax and finance costs divided by finance costs.

The Company believes that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company. The Company believes that these measures provide useful information to **[REDACTED]** in understanding and evaluating the Group's consolidated results of operations and financial condition in the same manner as they help management. However, presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and **[REDACTED]** should not consider them in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile the Group's non-IFRS financial measures with their corresponding figures presented in accordance with IFRS Accounting Standards for the periods indicated.

EBITDA (non-IFRS measure) and adjusted Group EBITDA (non-IFRS measure)

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Profit for the year	136,784	160,805	343,646
Income tax expenses	24,599	62,724	155,375
Finance costs	208,365	184,984	245,844
Finance income	(32,221)	(52,955)	(88,618)
Depreciation and amortisation	156,441	170,516	196,219
EBITDA (non-IFRS measure)	**493,968**	**526,074**	**852,466**
Foreign exchange loss	14,124	69,620	19,990
Adjusted Group EBITDA (non-IFRS measure)	**508,092**	**595,694**	**872,456**

EBITDA margin (non-IFRS measure) and adjusted Group EBITDA margin (non-IFRS measure)

	Year ended 31 December		
	2023	**2024**	**2025**
	(KZT millions, except percentages)		
EBITDA (non-IFRS measure) (A)	493,968	526,074	852,466
Adjusted Group EBITDA (non-IFRS measure) (B)	508,092	595,694	872,456
Total revenue and other income (C)	1,934,095	2,163,942	2,757,083
EBITDA margin (non-IFRS measure) ((A)/(C))(%)	25.5%	24.3%	30.9%
Adjusted Group EBITDA margin (non-IFRS measure) ((B)/(C))(%)	26.3%	27.5%	31.6%

Adjusted debt (non-IFRS measure) and adjusted net debt (non-IFRS measure)

	As at 31 December		
	2023	**2024**	**2025**
	(KZT millions)		
Total borrowings	2,117,547	2,653,388	3,186,017
Total lease liabilities	71,506	174,982	270,082
Financial guarantee agreement liabilities	28,536	27,449	24,545
Adjusted debt (non-IFRS measure)	**2,217,589**	**2,855,819**	**3,480,644**
Less: cash and cash equivalents	204,614	198,578	232,973
Adjusted net debt (non-IFRS measure)	**2,012,975**	**2,657,241**	**3,247,671**

Adjusted debt to adjusted group EBITDA ratio (non-IFRS measure), adjusted net debt to adjusted group EBITDA ratio (non-IFRS measure) and adjusted debt to equity ratio (non-IFRS measure)

	As at/year ended 31 December		
	2023	**2024**	**2025**
	(KZT millions, except ratios)		
Adjusted debt (non-IFRS measure) (A)	2,217,589	2,855,819	3,480,644
Adjusted net debt (non-IFRS measure) (B)	2,012,975	2,657,241	3,247,671
Adjusted Group EBITDA (non-IFRS measure) (non-IFRS measure) (C)	508,092	595,694	872,456
Total equity (D)	1,759,056	1,969,317	2,388,230
Adjusted debt to adjusted group EBITDA ratio (non-IFRS measure) ((A)/(C))	**4.36**	**4.79**	**3.99**
Adjusted net debt to adjusted group EBITDA ratio (non-IFRS measure) ((B)/(C))	**3.96**	**4.46**	**3.72**
Adjusted debt to equity ratio (non-IFRS measure) ((A)/(D))	**1.26**	**1.45**	**1.46**

Coverage ratio (non-IFRS measure)

	As at 31 December		
	2023	**2024**	**2025**
	(KZT millions, except ratios)		
Profit for the year	136,784	160,805	343,646
Income tax expenses	24,599	62,724	155,375
Finance costs	208,365	184,984	245,844
Profit before tax and finance costs (A)	369,748	408,513	744,865
Finance costs (B)	208,365	184,984	245,844
Coverage ratio((A)/(B))	**1.77**	**2.21**	**3.03**

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, the Group had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group entered into transactions with related parties. For details of the Group's related party transactions and related party loans, advances and guarantees to/from the Company during the Track Record Period, see Note 29 to the Consolidated Financial Statements set out in Appendix I to this Document.

The Directors believe that the Group's transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's-length basis in the ordinary and usual course of business, and they did not distort its results of operations or make its historical results not reflective of its future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Group's principal financial instruments consist of loans, debt securities issued (bonds), lease liabilities, derivative financial instruments, cash and cash equivalents as well as trade receivables and trade accounts payable and other financial assets and liabilities. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

See Note 30 to the Consolidated Financial Statements set out in Appendix I to this Document.

DIVIDENDS

The Company did not declare any dividends during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to the Charter and the relevant Kazakhstan laws.

As a portfolio company of Samruk-Kazyna, the Company is subject to the Samruk Dividend Policy. See "Contractual Obligations – Group Financial Policy" in this section for details.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to the Group, including cash and cash equivalents, operating cash flows, contracted debt financing and the estimated **[REDACTED]** from the **[REDACTED]**, the Directors are of the view, and the Sole Sponsor concurs, that the Group has sufficient working capital to meet its present requirements and for the 12 months following the date of this Document.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had retained earnings of KZT 1,255,462 million, which may be available for distribution to Shareholders subject to the satisfaction of conditions and procedures in accordance with applicable laws and regulations.

[REDACTED]

See "**[REDACTED]**".

NO MATERIAL ADVERSE CHANGE

Significant events after 31 December 2025, being the end date of the periods reported in Appendix IB to this Document, are disclosed in Note 34 of Appendix I to this Document. Such events relate to further loans, bonds or debt securities issued by the Group.

Save as disclosed above, after performing sufficient due diligence work which the Directors consider appropriate and after due and careful consideration, the Directors confirm that, there had been no material adverse change in the Group's financial or trading position or prospects since 31 December 2025, being the end date of the periods reported in Appendix IB to this Document, and there had been no event since 31 December 2025 that would materially affect the information as set out in Appendix IB to this Document.

DISCLOSURE UNDER LISTING RULES

The Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[REDACTED]