CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Revenue and other income				
Revenue from freight transportation	21	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	21	101,682	110,523	129,250
Government grants	5	38,912	41,124	43,275
Other revenue	22	110,951	136,737	121,361
Total revenue and other income		1,934,095	2,163,942	2,757,083
Cost of sales	23(a)	(1,498,583)	(1,620,017)	(1,924,051)
Gross profit		435,512	543,925	833,032
General and administrative expenses	23(b)	(106,494)	(128,390)	(145,837)
Finance income	25	32,221	52,955	88,618
Finance costs	25	(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 profits and losses of associates and joint ventures	7	8,144	10,772	1,634
Reversal of impairment/(Impairment) of financial assets and contract assets	23(d)	2,662	1,601	(3,893)
Reversal of impairment/(Impairment) of non-financial assets	23(e)	1,149	(7,336)	(11,480)
Other profits and losses	23(c)	4,395	4,606	2,781
Profit before tax		161,383	223,529	499,021
Income tax expenses	17	(24,599)	(62,724)	(155,375)
Profit for the year		136,784	160,805	343,646

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Other comprehensive income/(loss), net of income tax:				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain/(loss) on defined benefit plans	16	(540)	3,688	276
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Fair value loss on cash flow hedging instruments	13	–	(48,625)	(97,584)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13,21	–	412	80,781
Income tax relating to items that may be reclassified subsequently to profit or loss	13,17	–	9,643	3,361
Foreign exchange difference on translation of foreign operations		(4,918)	1,774	4,595
Other comprehensive loss for the year		(5,458)	(33,108)	(8,571)
Total comprehensive income for the year		131,326	127,697	335,075

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Profit for the year attributable to:				
The Shareholder		133,508	157,818	339,919
Non-controlling interests		3,276	2,987	3,727
		136,784	160,805	343,646
Total comprehensive income attributable to:				
The Shareholder		128,058	124,699	331,350
Non-controlling interests		3,268	2,998	3,725
		131,326	127,697	335,075
Earnings per share, in KZT	24	269	318	684

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Assets				
Non-current assets				
Goodwill		15,520	15,520	15,520
Intangible assets		13,824	11,250	11,022
Property, plant, and equipment	6	3,794,479	4,782,227	5,875,447
Investments in joint ventures	7	1,579	1,396	11,637
Investments in associates	7	38,989	48,678	56,464
Other non-current assets	8	690,159	647,483	1,136,788
Deferred tax assets	17	60	21	312
Total non-current assets		4,554,610	5,506,575	7,107,190
Current assets				
Inventories	10	64,362	57,820	86,422
Other current assets	12	45,988	45,407	95,839
Corporate income tax prepaid		3,535	7,899	8,219
Value-added tax ("VAT") recoverable	4	49,618	120,475	48,789
Contract assets		1,153	336	1,071
Trade accounts receivable	11	16,326	21,666	18,009
Cash and cash equivalents	9	204,614	198,578	232,973
Total current assets		385,596	452,181	491,322
Total assets		4,940,206	5,958,756	7,598,512
Equity and liabilities				
Equity				
Share capital	13	1,110,634	1,123,907	1,152,698
Hedging reserve	13	–	(38,570)	(52,012)
Foreign currency translation reserve	13	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

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Non-current liabilities				
Borrowings	14	1,763,432	1,840,423	2,697,359
Other non-current liabilities	20	69,778	118,770	177,442
Lease liabilities	15	54,555	139,465	224,936
Derivative financial instruments		35,719	–	–
Deferred tax liabilities	17	411,888	468,057	615,181
Employee benefit obligations	16	37,396	41,105	41,027
Total non-current liabilities		2,372,768	2,607,820	3,755,945
Current liabilities				
Trade accounts payable	18	200,969	231,351	525,770
Other taxes payable		13,961	15,694	16,083
Other current liabilities	20	98,910	112,627	129,821
Contract liabilities	19	115,868	133,170	149,196
Borrowings	14	354,115	812,965	488,658
Lease liabilities	15	16,951	35,517	45,146
Derivative financial instruments	30	–	32,697	91,496
Employee benefit obligations	16	7,608	7,598	8,167
Total current liabilities		808,382	1,381,619	1,454,337
Net current liabilities		(422,786)	(929,438)	(963,015)
Total liabilities		3,181,150	3,989,439	5,210,282
Total equity and liabilities		4,940,206	5,958,756	7,598,512

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder's equity	Non-controlling interests	Total equity
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
As at 1 January 2023	1,086,324	–	12,138	348,377	1,446,839	15,853	1,462,692
Profit for the year	–	–	–	133,508	133,508	3,276	136,784
Other comprehensive loss for the year	–	–	(4,918)	(532)	(5,450)	(8)	(5,458)
Total comprehensive (loss)/income for the year	–	–	(4,918)	132,976	128,058	3,268	131,326
Issue of shares *(Note 13)*	24,310	–	–	–	24,310	–	24,310
Other contributions *(Note 13)*	–	–	–	142,345	142,345	–	142,345
Dividends	–	–	–	–	–	(1,617)	(1,617)
As at 31 December 2023	1,110,634	–	7,220	623,698	1,741,552	17,504	1,759,056

Year ended 31 December 2024

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder's equity	Non-controlling interests	Total equity
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
As at 1 January 2024	1,110,634	–	7,220	623,698	1,741,552	17,504	1,759,056
Profit for the year	–	–	–	157,818	157,818	2,987	160,805
Other comprehensive (loss)/income for the year	–	(38,570)	1,774	3,677	(33,119)	11	(33,108)
Total comprehensive (loss)/income for the year	–	(38,570)	1,774	161,495	124,699	2,998	127,697
Issue of shares *(Note 13)*	13,273	–	–	–	13,273	–	13,273
Other contributions *(Note 13)*	–	–	–	71,516	71,516	–	71,516
Dividends	–	–	–	–	–	(2,225)	(2,225)
As at 31 December 2024	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317

Year ended 31 December 2025

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder's equity	Non-controlling interests	Total equity
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
As at 1 January 2025	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317
Profit for the year	–	–	–	339,919	339,919	3,727	343,646
Other comprehensive (loss)/income for the year	–	(13,442)	4,595	278	(8,569)	(2)	(8,571)
Total comprehensive (loss)/income for the year	–	(13,442)	4,595	340,197	331,350	3,725	335,075
Issue of shares *(Note 13)*	28,791	–	–	–	28,791	–	28,791
Other contributions *(Note 13)*	–	–	–	58,556	58,556	–	58,556
Dividends	–	–	–	–	–	(3,509)	(3,509)
As at 31 December 2025	1,152,698	(52,012)	13,589	1,255,462	2,369,737	18,493	2,388,230

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Cash flows from operating activities:				
Profit for the year		136,784	160,805	343,646
Adjustments for:				
Income tax expenses recognised in profit or loss	17	24,599	62,724	155,375
Finance costs	25	208,365	184,984	245,844
Depreciation and amortization	8,23	156,441	170,516	196,219
Finance income	25	(32,221)	(52,955)	(88,618)
Reclassification of the loss on cash flow hedging instruments to profit for the period	13,21	–	412	80,781
Foreign exchange loss	30	14,124	69,620	19,990
Reversal of impairment/(Impairment) of non-financial assets	23(e)	(1,149)	7,336	11,480
Post-employment benefits and other long-term employee benefit expenses	23	6,939	14,662	3,281
Share of profits and losses of associates and joint ventures	7	(8,144)	(10,772)	(1,634)
Reversal of impairment/(Impairment) of financial assets and contract assets	23(d)	(2,662)	(1,601)	3,893
Gain on disposal of subsidiary not qualifying as discontinued operations		(6,283)	–	–
Other		10,223	10,051	13,465
Operating income before changes in working capital and other balances		507,016	615,782	983,722
Change in trade accounts receivable		(12,823)	(31,033)	(27,099)
Change in inventories		(16,618)	9,617	(25,134)
Change in other current and non-current assets (including long-term VAT recoverable)		(99,338)	(89,717)	(133,114)
Change in trade accounts payable		73,511	7,213	166,443
Change in other taxes payable		(7,500)	1,890	1,167
Change in other liabilities and contract liabilities		4,296	15,543	1,478
Change in employee benefit obligations		(6,094)	(7,275)	(8,553)
Cash generated from operations before interest and corporate income tax payments		442,450	522,020	958,910

	Notes	Year ended 31 December 2023	2024	2025
		KZT'million	*KZT'million*	*KZT'million*
Interest paid		(150,226)	(188,409)	(222,376)
Interest received		20,968	21,001	30,866
Corporate income tax paid		(6,874)	(18,015)	(20,603)
Net cash flows from operating activities		306,318	336,597	746,797
Cash flows from investing activities:				
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(811,830)	(741,695)	(925,368)
Share capital contributions in joint ventures without a change in ownership interest	7	(1,111)	(243)	(7,143)
Investments acquired in associates and joint ventures	7	(5,201)	(1,578)	(6,211)
Dividends received from associates		2,719	4,419	4,693
Repayment of loans issued		–	3,731	2,272
Proceeds from sale of other non-current assets		1,354	1,293	1,499
Net proceeds from disposal of subsidiaries		11,948	–	–
Other		(581)	12	(2,009)
Net cash flows used in investing activities		(802,702)	(734,061)	(932,267)
Cash flows from financing activities:				
Proceeds from borrowings	14	808,731	879,762	908,235
Repayment of borrowings	14	(367,320)	(480,532)	(648,674)
Repayment of lease liabilities	14	(21,690)	(11,358)	(18,072)
Dividends paid to non-controlling interests in subsidiaries		(1,294)	(2,225)	(3,509)
Transfers to restricted cash		–	–	(14,368)
Transfers from restricted cash		–	–	4,427
Share capital contribution		24,310	13,273	–
Other		(8,466)	(5,553)	–
Net cash flows from financing activities		434,271	393,367	228,039

	Notes	Year ended 31 December 2023	2024	2025
		KZT'million	*KZT'million*	*KZT'million*
Net increase/(decrease) in cash and cash equivalents		(62,113)	(4,097)	42,569
Cash and cash equivalents at the beginning of the year	9	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	9	204,614	198,578	232,973
Non-cash transactions:				
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	14	114,106	67,738	272,755
Advances paid for property, plant and equipment and contract liabilities arising from the disposal of subsidiary		40,000	–	–

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Assets				
Non-current assets				
Property, plant, and equipment	6	2,053,645	2,504,560	3,090,677
Intangible assets		11,999	10,196	9,397
Investments in subsidiaries	28	1,102,214	1,274,476	1,658,624
Investments in joint ventures	7	4	78	223
Investments in associates	7	3,262	3,262	3,262
Loans issued	26	540,977	424,161	193,209
Other non-current assets	8	216,829	191,520	440,419
Total non-current assets		3,928,930	4,408,253	5,395,811
Current assets				
Inventories	10	27,732	26,841	36,407
Other current assets	12	13,767	11,720	49,413
VAT recoverable		3,096	12,122	14,565
Loans issued	26	104,224	83,244	113,391
Trade accounts receivable	11	182,643	302,737	346,312
Cash and cash equivalents	9	139,416	126,139	122,018
Total current assets		470,878	562,803	682,106
Total assets		4,399,808	4,971,056	6,077,917
Equity and liabilities				
Equity				
Share capital	13	1,110,634	1,123,907	1,152,698
Foreign currency translation reserve	13	59	(69)	(669)
Retained earnings		1,141,228	1,340,623	1,753,643
Total equity		2,251,921	2,464,461	2,905,672

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Non-current liabilities				
Borrowings	14	1,368,470	1,250,512	1,873,712
Lease liabilities	15	2,764	15,985	11,628
Deferred tax liabilities	17	258,072	289,171	374,212
Liabilities under financial guarantee contracts		52,306	70,475	–
Employee benefit obligations	16	7,805	11,692	16,358
Derivative financial instruments		35,719	–	–
Total non-current liabilities		1,725,136	1,637,835	2,275,910
Current liabilities				
Trade accounts payable	18	64,340	105,344	220,086
Other taxes payable		5,226	4,681	7,944
Other current liabilities	20	24,550	31,456	157,135
Contract liabilities	19	3,113	3,801	2,788
Borrowings	14	318,255	673,881	404,398
Lease liabilities	15	5,694	14,600	8,979
Derivative financial instruments	30	–	32,697	91,496
Employee benefit obligations	16	1,573	2,300	3,509
Total current liabilities		422,751	868,760	896,335
Net current assets/(liabilities)		48,127	(305,957)	(214,229)
Total liabilities		2,147,887	2,506,595	3,172,245
Total equity and liabilities		4,399,808	4,971,056	6,077,917

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Joint Stock Company «National Company «Kazakhstan Temir Zholy» ("the Company") was created in the Republic of Kazakhstan (hereinafter – "Kazakhstan") in accordance with Resolutions of the Kazakhstan Government ("the Ultimate Shareholder") to establish a holding company for management of railway industry assets. The Company was registered on 15 May 2002. The Historical Financial Information include the results of the operations of the Company and its controlled subsidiaries (collectively – "the Group"). The address of the Company's registered office is 6 D. Kunayev Street, Astana, 010000, Republic of Kazakhstan.

Joint Stock Company «Samruk-Kazyna» Sovereign Wealth Fund» ("the Shareholder") is the Company's sole shareholder.

The Group operates the state railway system, providing freight and passenger transportation services, the main railway network services, and ensuring the operation, maintenance and modernization of the main railway network in Kazakhstan. The railways industry is subject to regulations by the state, according to statutory acts ("Kazakhstan Entrepreneurial Code" etc.) the government approves railway network services tariffs and provides grants for partially subsidising passenger transportation on socially important routes. The level of regulated tariffs differs based on the type of freight transported. The government does not regulate international transit and container freight transportation tariffs. In addition to its core freight and passenger transportation services, the Group generates other revenue from supplementary services, mainly the sale of goods, loading and unloading services, vehicle servicing and leasing of carriages and other property, plant and equipment under operating leases. The majority of the other revenue is attributable to the Freight Transportation operating segment as described in note 5. The principal activities of the principal subsidiaries are disclosed in Note 28.

2. BASIS OF PREPARATION

Statement of compliance

The Group's Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Going concern

The Group's Historical Financial Information 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 2025, current liabilities of the Group exceeded its current assets by KZT963,015 million.

As at 31 December 2025, current liabilities include borrowings of KZT488,658 million that are payable within twelve months after the reporting date. At the same time, profit for the year ended 31 December 2025 amounted to KZT343,646 million, and cash inflows from operating activities amounted to KZT746,797 million.

Group management has assessed the Group's needs 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 of Kazakhstan 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 within twelve months after the reporting date. Please refer to note 34 for the loans obtained and debt securities issued subsequent to 31 December 2025.

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, provided that the Company remains a subsidiary of the Shareholder, the Shareholder intends and is able to provide the Group with sufficient financial support to enable it to continue its normal operations for at least 12 months from the date of this report. As at 31 December 2025, the Group has available credit lines with an undrawn balance in a total amount of KZT259,680 million (Note 30), which has been partially utilised in the subsequent period (Note 34). As at 31 December 2025, part of the Group's liabilities are represented by loans from the Shareholder in the amount of KZT975,160 million (Note 29) including a current portion in the amount of KZT37,630 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 the Shareholder, if necessary. After completing the relevant analysis including management's review of the Group's working capital forecast and the assessment of the available mitigating actions to management 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 Historical Financial Information.

Basis for measurement

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value as at the reporting date.

Basis of consolidation

The Historical Financial Information comprise the financial statements of the Company and entities controlled by it and by the subsidiaries listed in Note 28. The Group's investments in which it has significant influence are accounted for using the equity method. All intragroup transactions, balances, and unrealised gains and losses of the Group are eliminated on consolidation.

Functional and presentation currency

The Group's Historical Financial Information is presented in Kazakhstan Tenge ("KZT"). The assets and liabilities of foreign operations, where the functional currency is different to KZT, are translated into KZT at the exchange rate prevailing on the reporting date, while profit and loss items are translated into KZT at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded to other comprehensive income. On disposal of a foreign operation, all accumulated foreign exchange differences related to this specific foreign operation are recognised in profit or loss.

KZT is not a fully convertible currency outside of the Republic of Kazakhstan. Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the market rate effective at the transaction date using market rates set by the Kazakhstan Stock Exchange ("KASE"). For foreign currencies not quoted by KASE, exchange rates are set by the National Bank of Kazakhstan using cross-rates to the US dollar ("US$") in accordance with quotations received from Reuters.

Monetary assets and liabilities denominated in foreign currencies are translated to the entity's functional currency at the exchange rate effective at the reporting date. All differences arising from a change in exchange rates subsequent to the transaction date recognised in profit or loss, except for exchange differences from translation recognised in other comprehensive income and exchange differences on loans that are directly attributable to the acquisition, construction or production of an asset, meeting certain requirements included in the cost of this asset. Non-monetary assets and liabilities denominated in foreign currencies that are carried at fair value are remeasured at the rates prevailing at the date when fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are carried at historical cost are not remeasured. Foreign exchange gains or losses in profit or loss are presented separately in the consolidated statement of profit or loss and other comprehensive income.

The following table presents foreign currency exchange rates to KZT:

	31 December 2023	**Average rate for 2023**	**31 December 2024**	**Average rate for 2024**	**31 December 2025**	**Average rate for 2025**
US$	454.56	456.31	525.11	469.44	505.53	521.59
Euro	502.24	493.33	546.74	507.86	593.44	590.15
Swiss Francs	541.08	508.16	580.68	533.96	637.33	630.43
Russian Roubles	5.06	5.40	4.88	5.08	6.34	6.28

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of the Historical Financial Information, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Description of the standard and interpretation	**Applicable to annual periods beginning on or after**
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined by the IASB
Amendments to IFRS 7 and IFRS 9 *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to IFRS 7 and IFRS 9 *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11: IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
Amendments to IAS 21 *Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency*	1 January 2027
IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18")	1 January 2027
IFRS 19 and its amendments *Subsidiaries without Public Accountability: Disclosures and Amendments thereof*	1 January 2027
IFRS 20 *Regulatory Assets and Regulatory Liabilities*	1 January 2029

Management does not expect that the adoption of standards above will have a significant impact on the consolidated financial statements of the Group in the future periods.

The management is in the process of analysing the impact of IFRS 18 on the consolidated financial statements of the Group.

Material accounting policy information

Property, plant, and equipment

Property, plant and equipment is stated at historical cost less subsequent accumulated depreciation and impairment losses. Depreciation is charged once the asset becomes available for its intended use.

Subsequent costs

The costs of the day-to-day servicing incurred during an asset's useful life (regular maintenance to ensure the asset remains in a working condition, technical inspections, etc.) are recorded in profit or loss when incurred.

Costs incurred subsequent to the acquisition of an item of property, plant and equipment that meets the recognition criteria in accordance with IAS 16 *Property, Plant and Equipment* are capitalised, and the replaced items of property, plant and equipment are written off.

Construction in progress

Construction-in-progress comprises costs directly related to the acquisition and construction of property, plant and equipment, including the appropriate allocation of directly attributable variable overheads incurred during construction. The carrying value of construction-in-progress is regularly reviewed for impairment.

Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset.

The Group capitalises borrowing costs on general purpose borrowings to the extent they are used to obtain a qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year and used to construct and produce a qualifying asset, other than borrowings received specifically for the purpose of obtaining a qualifying asset.

Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. As a result, capitalised borrowing costs denominated in foreign currencies, adjusted for exchange differences, cannot exceed the borrowing costs that would have been capitalised if the borrowing had been denominated in the functional currency. Any excess exchange difference is recognised in profit or loss.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

The Group as lessee

For the lease contracts (or separate components of the contracts), under which the Group is granted the right to control the use of an identified asset (as defined by IFRS 16 *Leases*) for a certain period of time in exchange for consideration, the Group recognises a right-of-use asset and a corresponding lease liability at the inception of the contract. Non-lease components of the contracts are accounted for in accordance with other relevant standards.

In accordance with IFRS 16, the Group applies practical exemption for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, and for the leases of low original value assets (less than KZT2 million). However, an asset may have a low value only if it is not highly dependent on or highly interrelated with other assets. The Group recognises short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted by using the Group incremental borrowing rate, except when the rate is implicit in the lease and can be readily determined.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- Lease payments change due to index or rate changes or a change in expected payments under a guaranteed residual value, in which cases lease liabilities are remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a floating interest rate change, in which case a revised discount rate is used);

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

At the commencement date, the Group measures the right-of-use asset at cost that includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured according to the accounting policy that is applied for own assets, including for depreciation and amortisation and impairment measurement.

The recognised right-of-use asset is depreciated over the shorter period of expected useful life of the underlying asset or lease term. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the Group's intent to purchase, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The Group presents lease liabilities in the consolidated statement of financial position as a separate line (Note 15), while right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned, i.e. within property, plant and equipment (Note 6).

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items (Notes 6 and 22).

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are valued at the lower of cost or net realisable value. Costs comprise of charges incurred to bring the inventory to its present location and condition for its intended use. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Inventory, being used in production, for sale or other disposal, is valued on a weighted-average cost basis.

Financial instruments

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

With the exception of trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical exception, financial assets and financial liabilities are initially measured at fair value plus or minus, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers*.

All recognised financial assets are measured subsequently either at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Wherein:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and

- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

For the Relevant Periods, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are further evaluated for impairment.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Gains or losses on insubstantial modification of financial liabilities at amortised cost are recognised in profit or loss. A gain or loss is determined as the difference between the carrying value at the date of modification and the present value of the estimated future cash flows discounted using an initial effective interest rate of the financial instrument.

A substantial modification should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments

The Group uses the currency swap derivative financial instrument to manage its currency risk on borrowings. These derivative financial instruments were designated into hedging relationships in the consolidated financial statements.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Gains or losses arising from changes in the fair value of derivative instruments designated as hedging instruments are recognised directly in other comprehensive income, accumulated in the cash flow hedge reserve, and subsequently reclassified to profit or loss in the period in which the hedged item affects profit or loss, except for the ineffective portion of the cash flow hedge, which is recognised in profit or loss.

If derivatives are not designated into hedging relationships, the resulting gain or loss is recognised in profit or loss immediately. The net gain or loss incorporates interest income on derivative financial instruments and is included in the finance income. The change in fair value of derivative financial instruments, which are not designated into hedging relationships, is reflected in finance income or finance costs (Note 25).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Instruments for hedging foreign currency risk on liabilities under future transactions are recognised as cash flow hedging instruments.

The Group documents relationship between the hedging instrument and the hedged item from the date of their designation in accordance with the risk management and hedging strategies. In addition, at the date of designation of the hedging relationship and thereafter the Group documents the efficiency of the hedging instrument from the perspective of compensation of changes in the hedged item's fair value or cash flows in relation to the hedged risk.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flows hedging

The Group uses a combination of certain foreign-currency borrowings and, where applicable, related swap agreements to hedge its exposure to foreign exchange risk associated with forecast transactions, as described in Note 30.

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. A gain or loss relating to the ineffective portion is recognised immediately in profit or loss for the reporting period, and is included in the finance costs line item. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when:

(a) the Group revokes the hedging relationship;

(b) the hedging instrument expires or is sold, terminated, or exercised; or

(c) it no longer qualifies for hedge accounting.

If the cash flow hedge is discontinued, the amount accumulated in other comprehensive income remains in other comprehensive income if future cash flows that are the hedged item are still expected to occur. Otherwise, amount is immediately reclassified to profit or loss.

The Group uses currency swaps and non-derivative foreign currency financial liabilities (e.g. bonds and loans) as hedge of its exposure to foreign currency risk in forecast sales transactions (Note 13).

Equity

Share capital

Common shares are classified as equity. Costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from equity proceeds. All non-cash contributions to share capital are assessed by an independent appraiser at fair value as at the date of the contribution.

Other contributions

The Group enters into equity transactions with the Shareholder, such as asset transfers, adjustments for below market interest loans and others that would not relate to the acquisition of additional equity interest in the Group. The Group recognises such transactions through equity within retained earnings (Note 13).

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants that compensate for expenses incurred

Government grants that reimburse costs that have already been incurred are recognised in profit or loss on a systematic basis at the same time when these costs are recognised in profit or loss.

In particular, the government of the Republic of Kazakhstan allows the Group to receive subsidies in the form of government grants to partially cover the cost of transporting passengers including locomotive traction on socially important routes in Kazakhstan. Government grants are recognised on a systematic basis over the periods as the subsidies are used to cover carrier costs to transport passengers on socially important routes.

Government grants for the acquisition of long-term assets (interest rate subsidies under finance lease agreements)

Government grants partly subsidising interest rates on loans are recognised in finance income during the periods when the Group recognises the corresponding finance costs.

When grants relate to long-term assets, their fair value is recognized as deferred income in profit or loss on a systematic basis over the expected useful lives of the respective long-term assets.

In particular, the Group participates in a government program that provides interest rates subsidies under finance lease agreements (hereinafter, "lease agreements") for the acquisition of railcars. Grants are recognised when there is reasonable assurance that all conditions of the program will be met. The amount of government grants is determined as the present value of future compensation, discounted at the rate stipulated in the lease agreements.

Revenue

The Group recognises revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised less VAT.

Revenue from freight transportation services

Freight transportation service revenue is recognised over time. The extent of completion of the freight transportation process is calculated as the ratio of transportation provided as at the reporting date to total transportation.

The Group provides services on monthly 100% prepayment terms, as agreed in contracts with customers. Prepayments received from customers for transportation services not yet rendered are typically short-term and recognised as advances received within contract liabilities at the date of receipt.

Advances received from customers for domestic, international import, international export and international transit freight transportation services are recognised as deferred income within contract liabilities once transportation has started. Deferred income is credited to revenue of the reporting period as the services are provided.

There is no significant financing component in contracts with the Group's customers due to the short time elapsed between the transfer of the promised services to the customer and the moment the customer pays for these services.

The contracts that are in the scope of the Committee for Regulation of Natural Monopolies (CRNM) Order on "approval of the temporary reducing coefficient to the tariff for regulated mainline railway network services of freight transportation" provide for discounts depending on the volume of service consumed. Revenue from these services is recognised based on contractual prices less estimated discounts. The Group uses the expected value method to estimate the discount amount.

As at the end of each of the Relevant Periods, the Group has no obligations to counterparties associated with provision of discounts.

The Group discloses handling service revenue in freight transportation service revenue and recognises it by the extent of completion of the services at the reporting date, as the performance obligation is satisfied over time and customers receive and use the benefits of the Group's performance simultaneously. The extent of service completion is calculated as the ratio of transportation volume, provided as at the reporting date to total transportation volumes.

Rolling stock handling services are provided, as a rule, based on prepayments, which are recognised as advances received within contract liabilities.

Additional charges related to the transportation process and other revenue from freight transportation are recognised over time.

Revenue from passenger transportation services

Revenue from passenger transportation services is recognised over time by the extent of completion of transportation at the reporting date. Proceeds from ticket sales are recognised as deferred income, accounted for as contract liabilities, which is transferred to revenue from the time of departure of a passenger. Prepayments received from customers for transportation services not yet rendered are recorded within advances at the time of their receipt. Upon receipt of applications for passenger transportation and issuing tickets, advances approximating the expected estimated revenue from the services are transferred to deferred income. Deferred income is similarly transferred to revenue as passengers depart.

Passenger transportation services are generally completed within several hours/days. An analysis of past experience has shown that passenger transportation in progress at the reporting date is insignificant.

Other revenue

Other revenue includes penalties received, revenues from the sale of goods, materials, scrap metal, loading and unloading services and vehicle servicing.

Other revenue from the provision of services is recognised over time as the services are provided. When a performance obligation is not satisfied over time (sale of goods, materials and scrap metals and others), the performance obligation is satisfied at a point in time.

The Group when accounting for significant contracts under which the period between the transfer of the promised goods or services to the customer and the respective payment exceeds one year, adjusts the transaction price for the time value of money.

Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15.

Under IFRS 15, if a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the seller-lessee does not meet the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to proceeds for the transfer by applying IFRS 9 *Financial Instruments*.

Other employee benefits

Defined benefit plans

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the collective agreements between the Group entities and their employees and internal regulations, including Early Retirement Rules ("Rules No. 1"), workforce reduction compensation rules ("Rules No. 2") and sectoral old-age benefit rules ("Rules No. 3").

Pursuant to these documents, the Group provides benefits under an unfunded scheme, including one-off retirement and early termination payments (depending on length of service), monthly or lump-sum payments ranging from KZT 70,000 to KZT 200,000 under Rules No. 1 and Rules No. 2, sectoral old-age allowances under Rules No. 3, and various benefits to pensioners and employees, such as financial support, sanatorium treatment, anniversary and funeral payments, dental assistance and reimbursement of railway ticket expenses.

The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of the benefits associated with one-off retirement payments and similar post-employment benefits are accrued over the period of employment using the projected unit credit method, consistent with the accounting methodology applied for defined benefit post-employment plans. Actuarial gains and losses arising in the year are recognized in other comprehensive income. Actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising from differences between previous actuarial assumptions and actual outcomes. Other movements, including current service cost, past service cost and the effects of curtailments or settlements, are recognized in profit or loss in the period in which they arise. The unwinding of the discount is recognized as a finance cost in the consolidated statement of comprehensive income.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate and mortality assumptions. The discount rate is used to determine the present value of future liabilities, while mortality assumptions are used to project the future stream of benefit payments, which is then discounted to arrive at the present value of the obligations.

Employee benefits other than one-off retirement payments and similar post-employment benefits are considered as other long-term employee benefits, including compensation payable in connection with early termination of employment under Rules No. 1 and Rules No. 2, sectoral old-age benefits under Rules No. 3 prior to retirement, as well as other benefits such as sanatorium-resort treatment support, dental assistance, anniversary payments and reimbursement of railway ticket expenses.

The expected cost of these benefits is accrued over the period of employment using the projected unit credit method. Actuarial gains and losses on other long-term employee benefits are recognized immediately in profit or loss.

These obligations are valued by independent qualified actuaries on an annual basis. The programs are unfunded, do not require employee contributions, and the Group does not maintain plan assets to cover these obligations.

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate.

The Group considers any potential effects on the Group associated both with physical risks (shallowing of the Caspian Sea, change in the climate's physical parameters) and transition risks (related legislation and regulations, changes in customer behaviour, use of new technologies, etc.). While the Group believes that its business model and services will remain competitive after the transition to a low-carbon economy, climate-related factors increase uncertainty about the estimates and assumptions underlying some items in the financial statements. Although climate-related risks may not currently have a significant impact on the assessment, the Group closely monitors relevant changes and developments, such as the adoption of new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful lives of property and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk, in particular, such as climate-related legislation and regulations and changes in demand for the Group's services;

- Decommissioning liability. The Group has no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group (Note 27);

- Emission rights. The Group is not subject to state regulation and GHG emission quotas system in the RK, and it is not among the entities receiving free allowances for CO_2 and other GHG emissions. Therefore, the Group is not exposed to the risks associated with the need to acquire additional allowances or pay fines for excess emissions within the state quotas system.

The Group's management analysed potential impact of climate-related factors on the consolidated financial statements and concluded that no material impact on the estimates and indicators was identified as at the reporting date.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in *Note 3*, management of the Group is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised in the Historical Financial Information and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Control assessment

Subsidiaries are those entities controlled by the Group. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Losses are attributed to non-controlling interests in full, even if this results in a debit balance ("deficit").

Under the trust management agreement with the Shareholder, the Shareholder transferred 100% shares in National Company Aktau International Sea Commercial Port JSC in the Shareholder's ownership to the Company for trust management and granted wide powers to the Company for managing operations and this shareholding. The Company recognised National Company Aktau International Sea Commercial Port JSC as its subsidiary because the agreement allows it to manage relevant activities of this entity and receive dividends practically at its sole discretion.

Loans at a rate below the market interest rate

The Group receives loans from the Shareholder/Ultimate Shareholder at a rate below the market rate for similar loans. These loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The Group calculates the fair value (amortised cost) of these loans using market rates on governmental long-term treasury bonds with comparable maturities, given the Group's status as a monopolist in the Kazakhstan railway industry and 100% state ownership, and recognises an adjustment to the loan value (less the related deferred tax) within equity. When no comparable maturities exist, the Group extrapolates the most comparable market rates to the life of the loan received by the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The benefit from government loans with an interest rate below the market, where the Group, upon receipt of loans, qualifying under certain criteria established by the Republic of Kazakhstan for all market participants, is recognised by the Group as a government grant. In other cases, the Group considers these loans as transactions with the Ultimate Shareholder and accounts for the fair value adjustments of the loans received at a rate below market through equity.

Identifying the cash-generating units

In accordance with IAS 36 *Impairment of Assets*, a cash-generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Taking into account the Group's current operating model and industry tariff regulation in the Republic of Kazakhstan (Note 1), the Group's management concluded that freight transportation, passenger transportation, mainline railway infrastructure and ancillary assets intended to support the operational functioning of the infrastructure form a single CGU ("Transportation Operations CGU"), as the cash inflows from these operations are not largely independent.

The Group's operations are influenced by the following factors:

- State tariff regulation of trunk railway network services. Tariffs are approved by the CRNM and are not formed in an active market. The Group has no ability to change prices at its own discretion, as stipulated by the Law of the Republic of Kazakhstan "On Railway Transport";

- Mechanism of the temporary balancing fee, approved by the Law of the Republic of Kazakhstan On Railway Transport and paid to the Passenger Traction Operator and the National Infrastructure Operator from the revenues of the National Freight Carrier from transit traffic in accordance with the Rules for calculating and paying the temporary balancing fee;

- Temporary reduction factor applied to tariffs for regulated services of the mainline railway network on socially significant passenger routes, approved by the CRNM in accordance with the legislation on natural monopolies. The application of the temporary reduction factor serves as a regulatory mechanism for cross-subsidizing passenger transportation on socially significant routes;

- The legal and functional indivisibility of the mainline railway network, since the mainline railway network is not subject to privatization and is classified as property transferred to national institutions in accordance with the procedure established by authorised bodies pursuant to the Law of the Republic of Kazakhstan On Railway Transport. Consequently, there is no objective and reliable basis for allocating infrastructure assets among different modes of transportation.

The factors above influence the redistribution of revenues from the freight segment in favor of passenger transportation and infrastructure and create a systemic economic interdependence of cash inflows, which precludes the generation of independent and distinct inflows for each of these segments.

Based on the foregoing, currently, the lowest level at which cash inflows can be identified as largely independent (as defined in IAS 36) is the combination of these business segments into a single CGU.

The Group also identified separate CGUs for other business activities where cash flows are generated independently of the mainline railway infrastructure, freight transportation, passenger transportation, and ancillary services intended to support the operational functioning of the infrastructure.

The rules for identifying CGUs are applied consistently and reviewed when facts and circumstances change (completion of privatization/structural reforms approved by the Government of the Republic of Kazakhstan; changes in the tariff structure/subsidy mechanisms; the emergence of an active market generating independent cash inflows, etc.).

The Group notes that changes in the operating model or the completion of restructuring processes in future periods may result in a revision of the identified CGUs and, accordingly, may impact the carrying amount of the Group's long-term assets in future periods.

Assessment of impairment indicators of property, plant and equipment

When assessing impairment indicators of property, plant and equipment the Group considers external and internal impairment indicators. The management of the Group considered external and internal impairment indicators to determine if any events or changes in circumstances demonstrate that the carrying amount of property, plant and equipment is not recoverable.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in market rates, in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service provision, current replacement costs and other changes in circumstances.

As at the end of each of the Relevant Periods, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of KZT to the Swiss Francs, as the transit tariff is set in Swiss Francs.

The assessment of whether each external and internal factor is an indication of impairment requires significant management judgement. Management's key judgement is based on the fact that amid the current geopolitical situation and disruption of traditional transportation and logistics chains, the country's transit potential is a key factor in the promotion of transcontinental trade.

The management of the Group did not identify any events that occurred during the years ended 31 December 2023 and 2024 that could be considered as an indicator of the impairment of the single CGU as at 31 December 2023 and 2024.

As at 31 December 2025, the Group's management did not identify any events that occurred during the year that could be considered an indicator of impairment of the "Transportation Operations CGU" and other CGUs except for two CGUs. The Group's management determined the recoverable amounts of these two CGUs and no impairment losses were recognised during the year. As at 31 December 2025, the Group's management did not identify any events that occurred during the year. that could be considered an indicator of impairment of other CGUs except for two CGUs. The Group's management determined the recoverable amounts of these two CGUs and no impairment losses were recognised during the year.

Accounting for finance agreements with Industrial Development Fund JSC

The Group, represented by Joint Stock Company «Passenger Transportation» and Railway Passenger Coach Construction Plant LLP (disposed in 2023), entered into a number of trilateral purchase-sale and finance lease agreements with Industrial Development Fund JSC, which is under the common control of the Ultimate Shareholder, to renew its passenger carriage fleet. Under the agreements, Industrial Development Fund JSC finances Railway Passenger Coach Construction Plant LLP's construction of passenger carriages on a 100% prepayment basis for ownership with a further finance lease to Joint Stock Company «Passenger Transportation JSC».

Management of the Group concluded that the transaction between Railway Passenger Coach Construction Plant LLP and Industrial Development Fund JSC does not meet the requirements of IFRS 15 to account for the asset sale at the Group level, as control over passenger carriages is not transferred to Industrial Development Fund JSC, but remains with the Group.

Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation that arose to Industrial Development Fund JSC before the loss of control over the Railway Passenger Coach Construction Plant LLP as a financial liability (borrowing) according to IFRS 9 and recognises passenger carriages as property, plant and equipment items and construction in progress in accordance with IFRS 16 (Note 3).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment, intangible assets and goodwill

The Group assesses at each reporting date whether there is an indication that the carrying amount of property, plant and equipment and intangible assets may be impaired.

If any such an indication exists, the recoverable amount of the assets or CGU is estimated and compared to its carrying amount. Impairment is recognised should the carrying amount exceed the recoverable amount of assets. The recoverable amount is the greater of fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its relevant recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (WACC rate) that management believes reflects the current market assessment of the time value of money and the risks specific to the assets. The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment being recognised in future periods.

As at 31 December 2025, for certain individual CGUs, comprising other business activities, due to the presence of impairment indicators, the Group's management determined the recoverable amount and identified no impairment.

In addition, the Group's management assesses the recoverability of goodwill annually as at 31 December or whenever there are indicators of impairment of the CGU which includes the assets of its Joint Stock Company «Kedentransservice JSC». As at 31 December 2025 the carrying amount of goodwill amounted to KZT15,520 million.

To assess the impairment of goodwill, the Group's management performed an impairment test as at 31 December 2025 and determined the recoverable amount based on a value in use calculation.

The cash flow estimates incorporate a number of subjective factors, including operational and financial factors, using the best available evidence. These plans and forecasts are typically prepared for a 10-year period and are extrapolated to the subsequent medium-term period using projected inflation rates and projected growth rates for freight and passenger traffic, and tariffs. For longer periods, a long-term growth rate is determined, which is applied to projected future cash flows in the long-term period.

The Group applied a 10-year cash flow forecasting period, as the Group develops a general development strategy for a 10-year period and makes forecasts within the framework of this strategy, incorporating into the forecast the growth in the volume of services provided (operations, freight forwarding and logistics, transshipment and terminal activities) based on the GDP growth rates of the Republic of Kazakhstan and neighboring regions, as such correlation was observed in prior periods. Given the availability of 10-year GDP growth rate forecasts, the Group's management believes it can reliably forecast its cash flows over a 10-year period and extrapolate beyond that using the projected inflation rate and projected long-term growth rate.

Financial assumptions include significant estimates related to the projected level and growth of tariffs and discounts provided. The discount rate (WACC) used to calculate the value in use was 12.46%, and cash flows beyond the 10-year period were extrapolated using a growth rate of 3.31%, which corresponds to the long-term average growth rate of the industry.

The Group's management concluded that the recoverable amount of the CGU to which goodwill has been allocated was higher than its carrying amount as at 31 December 2025.

In calculating value in use, the most significant assumptions were those made with respect to the discount rate and the volume of operations and freight forwarding and logistics services.

The Group's management believes that a reasonably possible change in the key assumptions underlying the calculation of the recoverable amount of goodwill would not cause the carrying amount of goodwill to exceed its recoverable amount.

Recoverability of VAT

At each reporting date, the Group estimates its provision for non-recoverable VAT incurred from the provision of international transportation services. The Group cannot charge VAT to customers and, accordingly, can only realise it 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. The remaining part of the accrued VAT is subject to refund based on the results of the tax audit, within 5 years. In 2024, the Group conducted an analysis of major suppliers and did not identify any signs of unreliability in accordance with the criteria of the Rules for the refund of excess VAT. Based on this analysis, the Group indicated a requirement to conduct a thematic tax audit for the period from first quarter of 2020 to fourth quarter 2023 in the amount of KZT142,427 million in order to confirm the amounts of excess VAT and receive a refund. In January 2025, an order was received from the tax authorities to conduct a tax audit to confirm the amounts of excess VAT from 1 January 2020 to 30 September 2024 in accordance with the Kazakhstan tax legislation. In April 2025, as a result of the tax audit, the tax authority confirmed the amount of VAT excess eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023, amounting to KZT137,949 million. As at 31 December 2025, the Group recognised a provision of KZT4,478 million for the unconfirmed excess VAT amount that is eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023.

To assess VAT recoverability, the Group considers information from its internal tax department on projected VAT collection, correspondence with the tax authorities and historical recovery experience, any amount considered not recoverable is recognised as impairment of VAT recoverable in the profit or loss. Actual VAT amounts recovered could differ materially from Group estimates, which could affect future operating results significantly.

As at 31 December 2023, 2024 and 2025, total VAT recoverable amounted to KZT204,656 million, KZT315,184 million and KZT421,676 million, respectively, of which KZT49,618 million, KZT120,475 million and KZT48,789 million, respectively, were classified as current assets. The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable and believes that the total VAT receivable is fully recoverable.

Depreciation of property, plant and equipment and amortisation of intangible assets

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over estimated useful lives, The estimates of useful lives, residual values and depreciation methods are reviewed at each reporting date and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimates. Estimates of the useful lives and residual value of these assets are based on expected economic use, repair and maintenance programmes, and activity levels, technological advancements and other business conditions. A change in these assumptions could result in significantly different depreciation amounts than those previously recognised.

The estimated useful lives applied by the Group are as follows (in years):

Buildings and constructions	10–140
Railway track infrastructure	5–100
Machinery and equipment	3–35
Vehicles	4– 40
Other	2–50
Intangible assets	1–10

Taxation

Various Kazakhstan legislative acts and regulations are not always clearly written. Instances of inconsistent opinions between local, regional and national tax authorities are possible. Where additional taxes are imposed by the tax authorities, fines and interest applied are significant; fines are generally assessed at 80% of additional taxes accrued, and interest is in average assessed at 19.69%, 18.27% and 20.75% for years ended 31 December 2023, 2024 and 2025 of additional accruals or overdue taxes. As a result, penalties and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, penalties and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2023, 2024 and 2025. Any difference between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

Fair value of derivative financial instruments

In 2022, the Company entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to partially manage the exposure to foreign exchange risk of borrowings denominated in US dollars. The Company pays a fixed amount of Swiss Francs in exchange for a fixed amount of US dollars. Fair value of the derivative financial instruments was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Company and counterparties.

In estimating the fair value of derivative financial instruments, the Company uses market-observable data to the extent it is available. The valuation is particularly sensitive to the change in forward exchange rates observable at the end of the reporting period. Forward exchange rates are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's separate financial statements within the next year. As at 31 December 2023, the liability reflected as a fair value of derivative financial instruments was estimated of KZT35,719 million using the market-observable forward exchange rates, which management believes are the most relevant.

As at 31 December 2023, the management of the Company performed analysis and applied the most relevant forward exchange rates, however, uncertainty exists related to geopolitical and market risks (including currency risk) and their impact on the world economy and the economy of Kazakhstan, which is likely to result in significant adjustments to the fair value of derivative financial instruments in future periods (Note 30).

5. SEGMENT INFORMATION

The Group's operating segments are based on services provided. The Group has two reportable segments, namely freight transportation and passenger transportation. All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds, are thus not separately disclosed and combined into "Others".

Key management personnel (the Management Board and the Board of Directors of the Company) are identified as the chief operating decision maker (CODM) and are responsible for monitoring the operating performance of each business unit separately. The Group's management assesses the performance of its business units using various profitability measures, such as profit/loss before tax, profit/loss for the year, and gross profit, prepared in accordance with IFRS Accounting Standards. An analysis of segment assets and liabilities is not presented, as management does not regularly review such information for the purposes of resource allocation and performance assessment. Accordingly, only segment revenue and segment results are disclosed.

Intra-segment and inter-segment transactions may not be conducted on the same terms, conditions, or amounts as transactions with third parties. Inter-segment revenues and income, as well as the related margins, are eliminated upon consolidation.

Year ended 31 December 2023

	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
For the year ended 31 December 2023						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,682,550	101,682	1,784,232	–	–	1,784,232
Transportation revenue from intersegment transactions	1,443	67,151	68,594	–	(68,594)	–
Government grants	–	38,912	38,912	–	–	38,912
Other income from third parties	86,988	5,353	92,341	18,610	–	110,951
Other income from intersegment transactions	35,982	798	36,780	9,679	(46,459)	–
Total revenue and other income	1,806,963	213,896	2,020,859	28,289	(115,053)	1,934,095
Cost of sales	(1,389,101)	(201,563)	(1,590,664)	(21,441)	113,522	(1,498,583)
Gross profit	417,862	12,333	430,195	6,848	(1,531)	435,512
General and administrative expenses	(94,722)	(9,592)	(104,314)	(3,585)	1,405	(106,494)
Finance income	36,847	1,440	38,287	1,122	(7,188)	32,221
Finance costs	(188,846)	(22,382)	(211,228)	(396)	3,259	(208,365)
Foreign exchange (loss)/gain	(12,324)	(1,732)	(14,056)	(69)	1	(14,124)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	6,283	–	–	6,283
Share of the profit of associates and joint ventures	8,144	–	8,144	–	–	8,144
Impairment reversal of financial assets and contract assets	2,487	11	2,498	28	136	2,662
Impairment reversal/(impairment) of non-financial assets	1,734	(373)	1,361	(212)	–	1,149
Other profit and losses	3,930	1,078	5,008	17	(630)	4,395
Profit/(loss) before tax	181,395	(19,217)	162,178	3,753	(4,548)	161,383
Corporate income tax (expense)/benefit	(34,229)	5,362	(28,867)	(509)	4,777	(24,599)
Profit/(loss) for the year	147,166	(13,855)	133,311	3,244	229	136,784
Other key segment information						
Capital expenditure	628,238	76,151	704,389	540	–	704,929
Depreciation of property, plant and equipment *(Note 6)*	139,365	16,172	155,537	1,647	(6)	157,178

Year ended 31 December 2024

	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
For the year ended 31 December 2024						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,875,558	110,523	1,986,081	–	–	1,986,081
Transportation revenue from intersegment transactions	1,702	90,490	92,192	–	(92,192)	–
Government grants	–	41,124	41,124	–	–	41,124
Other income from third parties	114,078	5,454	119,532	17,205	–	136,737
Other income from intersegment transactions	38,943	1,000	39,943	13,640	(53,583)	–
Total revenue and other income	2,030,281	248,591	2,278,872	30,845	(145,775)	2,163,942
Cost of sales	(1,512,468)	(226,168)	(1,738,636)	(26,176)	144,795	(1,620,017)
Gross profit	517,813	22,423	540,236	4,669	(980)	543,925
General and administrative expenses	(110,625)	(12,574)	(123,199)	(6,442)	1,251	(128,390)
Finance income	55,738	3,870	59,608	737	(7,390)	52,955
Finance costs	(158,367)	(29,278)	(187,645)	(247)	2,908	(184,984)
Foreign exchange (loss)/gain	(58,551)	(12,226)	(70,777)	435	722	(69,620)
Share of the profit of associates and joint ventures	10,772	–	10,772	–	–	10,772
Impairment reversal/(impairment) of financial assets and contract assets	1,730	(226)	1,504	207	(110)	1,601
Impairment of non-financial assets	(5,162)	(1,906)	(7,068)	(268)	–	(7,336)
Other profit and losses	3,588	1,712	5,300	258	(952)	4,606
Profit/(loss) before tax	256,936	(28,205)	228,731	(651)	(4,551)	223,529
Corporate income tax expense	(47,986)	(976)	(48,962)	(3,343)	(10,419)	(62,724)
Profit/(loss) for the year	208,950	(29,181)	179,769	(3,994)	(14,970)	160,805
Other key segment information						
Capital expenditure	1,006,018	110,003	1,116,021	54,217	–	1,170,238
Depreciation of property, plant and equipment *(Note 6)*	150,379	20,489	170,868	2,055	(2)	172,921

Year ended 31 December 2025

	Freight transportation *KZT'million*	Passenger transportation *KZT'million*	Reportable segments *KZT'million*	Others *KZT'million*	Eliminations *KZT'million*	Total *KZT'million*
Key operating indicators						
Revenue and other income						
Transportation revenue from third parties *(Note 21)*	2,463,197	129,250	2,592,447	–	–	2,592,447
Government grants	(2,581)	45,856	43,275	–	–	43,275
Other revenue from third parties	94,501	6,437	100,938	20,423	–	121,361
Inter-segment transactions	43,871	105,961	149,832	14,792	(164,624)	–
Total revenue and other income	2,598,988	287,504	2,886,492	35,215	(164,624)	2,757,083
Cost of sales	(1,807,010)	(252,171)	(2,059,181)	(28,627)	163,757	(1,924,051)
Gross profit	791,978	35,333	827,311	6,588	(867)	833,032
General and administrative expenses	(130,574)	(12,577)	(143,151)	(4,145)	1,459	(145,837)
Finance income	107,311	2,893	110,204	747	(22,333)	88,618
Finance costs	(213,787)	(45,777)	(259,564)	(319)	14,039	(245,844)
Foreign exchange (loss)/gain	(12,858)	(9,348)	(22,206)	68	2,148	(19,990)
Share of profit of associates and joint ventures	1,634	–	1,634	–	–	1,634
(impairment)/Impairment reversal of financial assets and contract asset	(6,327)	20	(6,307)	(713)	3,127	(3,893)
(impairment)/Impairment reversal of non-financial assets	(11,737)	183	(11,554)	74	–	(11,480)
Other profit and losses	3,055	294	3,349	(480)	(88)	2,781
Profit/(loss) before tax	528,695	(28,979)	499,716	1,820	(2,515)	499,021
Income tax expenses	(138,522)	(8,047)	(146,569)	(31)	(8,775)	(155,375)
Profit/(loss) for the year	390,173	(37,026)	353,147	1,789	(11,290)	343,646
Other key segment information						
Capital expenditures on property, plant and equipment	1,239,973	37,323	1,277,296	2,355	–	1,279,651
Depreciation of property, plant and equipment *(Note 6)*	172,779	24,240	197,019	3,248	(3)	200,264

Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on customer country of domicile for the years ended 31 December:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Kazakhstan	1,875,851	2,077,544	2,643,614
Russia	28,412	37,356	47,251
China	9,329	28,419	39,801
Germany	16,708	8,531	4,070
Others	3,795	12,092	22,347
Total	1,934,095	2,163,942	2,757,083

Information about the Group's non-current assets, excluded financial instruments and deferred tax assets, is presented based on the geographical location of the assets as below:

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Kazakhstan	4,498,938	5,449,449	7,034,262
Russia	17,881	19,541	38,598
China	16,828	18,545	15,757
Total	4,533,647	5,487,535	7,088,617

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the years ended 31 December 2023, 2024 and 2025.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,291,479	295,342	245,620	1,267,851	3,959	10,937	126,317	3,241,505
Additions	591	653	11,408	39,776	2	1,399	603,471	657,300
Lease additions	–	48	1,073	45,237	–	1	–	46,359
Lease modifications	–	(76)	5,251	8,092	–	–	–	13,267
Disposals	(73)	(1,019)	(2,975)	(10,582)	(59)	(1,091)	(1,467)	(17,266)
Depreciation charge *(Note 5)*	(41,980)	(7,701)	(35,032)	(70,565)	–	(1,900)	–	(157,178)
Depreciation on disposal	57	492	2,742	10,528	–	1,089	–	14,908
Impairment reversal/(impairment)	29	(23)	(80)	254	–	(108)	(1,062)	(990)
Other movements and transfers *(note)*	165,641	25,749	19,967	316,959	(31)	173	(531,884)	(3,426)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Cost	1,779,867	389,889	575,524	2,254,692	3,871	31,315	207,150	5,242,308
Accumulated depreciation and impairment	(364,123)	(76,424)	(327,550)	(647,142)	–	(20,815)	(11,775)	(1,447,829)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Including:								
Right-of-use assets: Cost	–	1,843	42,735	111,578	–	7,320	–	163,476
Accumulated depreciation and impairment	–	(845)	(36,823)	(6,803)	–	(3,900)	–	(48,371)
Carrying value	–	998	5,912	104,775	–	3,420	–	115,105

Note: Other movements and transfers also include transfers to/from inventories.

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Additions	365	4,909	20,711	4,162	28	1,526	965,112	996,813
Lease additions	–	6	27,261	144,260	–	–	–	171,527
Lease modifications	–	117	(383)	(41)	–	–	–	(307)
Disposals	(457)	(1,912)	(38,630)	(2,202)	(7)	(640)	(1,768)	(45,616)
Depreciation charge *(Note 5)*	(42,240)	(7,129)	(35,863)	(85,408)	–	(2,281)	–	(172,921)
Depreciation on disposal	296	724	36,242	2,168	–	601	–	40,031
(Impairment)/impairment reversal	(59)	(298)	(36)	(23)	–	104	(229)	(541)
Other movements and transfers	162,460	40,402	20,106	453,662	–	1,278	(679,146)	(1,238)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Cost	1,933,491	433,876	605,303	2,857,264	3,892	33,660	490,175	6,357,661
Accumulated depreciation and impairment	(397,382)	(83,592)	(327,921)	(733,136)	–	(22,572)	(10,831)	(1,575,434)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Including:								
Right-of-use assets: Cost	–	1,889	44,754	255,797	–	7,955	–	310,395
Accumulated depreciation and impairment	–	(1,165)	(20,386)	(11,738)	–	(4,815)	–	(38,104)
Carrying value	–	724	24,368	244,059	–	3,140	–	272,291

The Company

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction in progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying amount as at 1 January 2025	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Purchases	20	4,832	13,071	12,241	4	298	1,061,777	1,092,243
Contribution to the share capital	8,056	1,275	7,345	224	–	11,891	–	28,791
Lease additions	–	22	107	186,082	–	–	–	186,211
Lease modifications	–	1,055	(9)	(504)	–	(624)	–	(82)
Disposals	(2,881)	(2,652)	(9,706)	(5,626)	(1,089)	(532)	(353)	(22,839)
Depreciation charge *(Note 5)*	(49,192)	(8,336)	(37,208)	(101,980)	–	(3,548)	–	(200,264)
Depreciation on disposal	1,476	1,333	8,729	5,022	–	530	–	17,090
Impairment reversal/(impairment)	11	(61)	(244)	(141)	–	(619)	(3,532)	(4,586)
Other movements and transfers	553,793	30,900	172,569	411,400	–	257	(1,172,263)	(3,344)
Carrying amount as at 31 December 2025	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Cost	2,485,112	469,206	788,817	3,445,837	2,807	45,043	378,987	7,615,809
Accumulated depreciation and impairment	(437,720)	(90,554)	(356,781)	(814,991)	–	(26,302)	(14,014)	(1,740,362)
Carrying amount as at 31 December 2025	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Including:								
Right of use assets:								
Cost	–	2,682	40,087	441,332	–	7,374	–	491,475
Accumulated depreciation and impairment	–	(1,165)	(24,029)	(22,489)	–	(7,125)	–	(54,808)
Carrying amount	–	1,517	16,058	418,843	–	249	–	436,667
Property, plant, and equipment that are subject to operating lease (Group as the lessor)	537	7,130	5	60,282	38	2	–	67,994

The Company

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,319,450	180,512	214,220	22,129	913	3,595	121,855	1,862,674
Additions	591	613	9,186	4,623	2	1,479	273,536	290,030
Lease additions	–	48	1,073	–	–	–	–	1,121
Lease modifications	–	20	5,251	8,093	–	–	–	13,364
Disposals	(72)	(448)	(1,560)	(9,673)	(59)	(988)	(9)	(12,809)
Depreciation charge	(42,463)	(4,277)	(30,533)	(4,245)	–	(874)	–	(82,392)
Depreciation on disposal	57	185	1,500	9,673	–	987	–	12,402
Impairment reversal/(impairment)	28	(9)	(80)	77	–	(107)	(1,011)	(1,102)
Contribution to the share capital of subsidiaries	(926)	(103)	(4)	(7)	(3)	–	–	(1,043)
Transfer to other non-current assets *(Note 8)*	–	–	–	–	–	–	(23,000)	(23,000)
Other movements and transfers	167,044	2,524	14,582	5,963	–	7	(195,720)	(5,600)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Cost	1,809,023	229,554	509,000	79,005	853	15,129	185,829	2,828,393
Accumulated depreciation and impairment	(365,314)	(50,489)	(295,365)	(42,372)	–	(11,030)	(10,178)	(774,748)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Including:								
Right-of-use assets: Cost	–	285	46,519	–	–	–	–	46,804
Accumulated depreciation and impairment	–	(199)	(42,286)	–	–	–	–	(42,485)
Carrying value	–	86	4,233	–	–	–	–	4,319

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Additions	365	4,815	19,315	4,731	28	1,397	501,431	532,082
Lease additions	–	1	27,261	–	–	–	–	27,262
Lease modifications	–	26	(382)	–	–	–	–	(356)
Disposals	(456)	(483)	(35,801)	(159)	(6)	(444)	(559)	(37,908)
Depreciation charge	(42,707)	(4,118)	(30,234)	(4,394)	–	(1,188)	–	(82,641)
Depreciation on disposal	296	284	34,053	158	–	440	–	35,231
(Impairment)/impairment reversal	(58)	(294)	(30)	3	–	103	(208)	(484)
Contribution to the share capital of subsidiaries	(35)	(820)	(92)	–	–	–	–	(947)
Transfer to other non-current assets *(note 8)*	–	–	–	–	–	–	(17,493)	(17,493)
Other movements and transfers	162,529	6,063	11,444	8,560	–	412	(192,839)	(3,831)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Cost	1,962,647	239,370	530,496	92,009	875	16,198	475,201	3,316,796
Accumulated depreciation and impairment	(399,004)	(54,831)	(291,327)	(46,477)	–	(11,379)	(9,218)	(812,236)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Including:								
Right-of-use assets: Cost	–	312	41,697	–	–	–	–	42,009
Accumulated depreciation and impairment	–	(256)	(18,069)	–	–	–	–	(18,325)
Carrying value	–	56	23,628	–	–	–	–	23,684

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction in progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying value as at 1 January 2025	1,563,643	184,540	239,169	45,532	874	4,819	465,983	2,504,560
Additions	26	4,962	12,046	8,889	3	261	645,301	671,488
Share capital contribution	8,056	1,275	7,345	224	–	11,891	–	28,791
Lease additions	–	22	–	–	–	–	–	22
Lease modifications	–	2	(306)	–	–	–	–	(304)
Disposals	(2,812)	(1,493)	(3,198)	(451)	(2)	(411)	–	(8,367)
Depreciation charge	(49,198)	(5,113)	(31,500)	(5,064)	–	(1,240)	–	(92,115)
Depreciation on disposal	1,476	654	2,549	365	–	411	–	5,455
Impairment reversal/(impairment)	10	(39)	(243)	(65)	–	3	(3,520)	(3,854)
Contribution to the share capital of subsidiaries	–	–	(14)	–	–	–	–	(14)
Transfers to other non-current assets *(Note 8)*	–	–	–	–	–	–	(10,221)	(10,221)
Other movements and transfers	553,720	9,072	169,567	11,527	–	81	(748,731)	(4,764)
Carrying value as at 31 December 2025	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Cost	2,514,268	253,095	716,024	112,374	875	28,085	361,278	3,985,999
Accumulated depreciation and impairment	(439,347)	(59,213)	(320,609)	(51,417)	–	(12,270)	(12,466)	(895,322)
Carrying value as at 31 December 2025	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Including:								
Right of use assets:								
Cost	–	319	41,390	–	–	–	–	41,709
Accumulated depreciation and impairment	–	(297)	(25,432)	–	–	–	–	(25,729)
Carrying value	–	22	15,958	–	–	–	–	15,980

As at 31 December 2025, the Group's and the Company's construction-in-progress mainly consists of project costs for the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Dostyk–Alashankou, Darbaza–Maktaaral, Moiynty–Kyzylzhar and Bakhty–Ayagoz railway lines, a bypass railway line bypassing the Almaty station and other railway reconstruction infrastructure.

As at 31 December 2023, 2024 and 2025, the Group's property, plant and equipment with a carrying amount of KZT10,881 million, KZT95,258 million and KZT82,275 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2023, 2024 and 2025, the Company has no property, plant and equipment used as collateral for loans.

For the years ended 31 December 2023, 2024 and 2025, the Group recognised depreciation expenses on right-of-use assets of KZT14,181 million, KZT7,543 million and KZT21,109 million, respectively. For the year ended 31 December 2023, 2024 and 2025, the Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT9,795 million, KZT7,543 million and KZT7,420 million, respectively.

For the years ended 31 December 2023, 2024 and 2025, the Group's capitalised borrowing costs amounted to KZT26,591 million, KZT52,177 million and KZT68,453 million, respectively. The average capitalization rate for the Group was between 3.25% and 19.35%, between 5.29% and 14.5%, and 8.8%, respectively. For the years ended 31 December 2023, 2024 and 2025, the Company's capitalised borrowing costs amounted to KZT15,749 million, KZT34,761 million and KZT55,349 million, respectively. The average capitalisation rate for the Company between 5.36% and 14.5%, and 11.61%, respectively.

As at 31 December 2023, 2024 and 2025, the cost of the Group's fully depreciated property, plant and equipment in use was KZT372,174 million, KZT375,511 million and KZT396,684 million, respectively. As at 31 December 2023, 2024 and 2025, the cost of the Company's fully depreciated property, plant and equipment in use is KZT348,619 million, KZT350,193 million and KZT367,468 million, respectively.

As at 31 December 2023, 2024 and 2025, all undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with tenants are due within one year.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

Name	Primary activity	Main country of operation/ country of registration	31 December 2023 Carrying amount	Ownership
			KZT'million	
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	15,890	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	10,768	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,195	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	5,136	49%
Others			–	40–47%
Total investments in associates			38,989	
Joint ventures				
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China/ Kazakhstan	1,078	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	497	50%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	4	33.33%*
Total investments in joint ventures			1,579	

Name	Primary activity	Main country of operation/ country of registration	31 December 2024 Carrying amount	Ownership
			KZT'million	
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	16,963	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	15,607	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	8,712	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	5,818	49%
Others			1,578	40–49%
Total investments in associates			48,678	
Joint ventures				
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China	876	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	277	50%
CRK-Terminal LLC	Organisation of domestic and international freight transportation, provision of multimodal and transport and logistics services, freight forwarding services, construction of terminal and warehouse infrastructure, reconstruction and renewal of fixed assets	Russia	165	33.3%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	78	33.33%*
Total investments in joint ventures			1,396	

Name	Primary activity	Main country of operation/ country of registration	31 December 2025 Carrying amount *KZT'million*	Ownership
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	20,475	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	14,398	25%
Aktau International Container Hub LLP	Container loading and unloading to/from railway transport and cargo shipping through existing Aktau sea trade port on various routes.	Kazakhstan	7,668	49%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,457	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	6,357	49%
Others			109	40-49%
Total investments in associates			56,464	
Joint ventures				
Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.	Management of freight transportation on domestic and international routes, multimodal transportation, rendering of freight forwarding and warehousing services.	Kazakhstan	10,747	49.9%
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China	464	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	300	50%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	126	33.33%*
CRK-Terminal LLC	Russia		–	33.3%*
Total investments in joint ventures			11,637	

* *Decisions regarding relevant activities are made unanimously by all participants of the joint venture*

The Company

Name	Primary activity	Main country of operation/ country of registration	31 December 2023 Carrying amount *KZT'million*	Ownership
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	4	33.33%*
Total investments in joint ventures			4	

Name	Primary activity	Main country of operation/ country of registration	31 December 2024 Carrying amount *KZT'million*	Ownership
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	78	33.33%*
Total investments in joint ventures			78	

Name	Primary activity	Main country of operation/ country of registration	31 December 2025 Carrying amount	Ownership
			KZT'million	
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
			8,720	
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	223	33.33%*
Total investments in joint ventures			223	

* *Decisions relating to the relevant activities are subject to the unanimous approval of all joint venture participants*

For the preparation of the Company's financial statements, investment in associates and joint ventures are amounted for as cost less impairment.

Movements in investments in associates and joint ventures are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Associates			
As at 1 January	28,634	38,989	48,678
Acquisition	5,196	1,578	6,211
Foreign currency translation	(4,588)	1,927	5,314
Share of profit	8,190	10,962	2,414
Reversal of impairment/(Impairment)	4,697	(298)	(1,508)
Dividends receivable	(3,140)	(4,480)	(4,645)
As at 31 December	38,989	48,678	56,464
Joint ventures			
As at 1 January	165	1,579	1,396
Acquisition	5	–	6,576
Foreign currency translation	–	(5)	–
Fair value of the remaining interest upon loss of control over the subsidiary Private company KPMC Ltd.	1	–	–
Adjustment of unrealised gain	–	–	(2,698)
Contributions to charter capital	1,111	243	7,143
Reversal of impairment/((Impairment)	343	(231)	–
Share of loss	(46)	(190)	(780)
As at 31 December	1,579	1,396	11,637

During 2023, the Group, represented by its subsidiary Kedentransservice JSC, made a cash contribution in the amount of 80,740,632 yuan (KZT5,196 million) to the charter capital of China-Kazakhstan Trade and Logistics Company LLC (Xi'an), the Group's share of ownership in the associate is 49%.

In October 2023, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", sold to a third party a 51% interest in its subsidiary, Private Company KPMC Ltd., for 1,000 US Dollars (KZT0.5 million). The gain from the disposal of the subsidiary amounted to KZT1 million. As a result, the Group lost control over this subsidiary and recognised the remaining 49% interest at fair value as an investment in joint venture. In December 2023, the Group made a cash contribution, without changing the share of ownership, in the amount of KZT1,111 million to the charter capital of this entity.

In December 2023, the Group, represented by the Company, made a cash contribution in the amount of KZT5 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd., which was equally distributed between the Company, Azerbaijan Railways CJSC and Georgian Railway JSC. The Group's share in the joint venture is 33.33%.

During 2024, the Group, represented by the Company, made an additional cash contribution of KZT75 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd.

During 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of 33,303,330 Russian Roubles (KZT168 million) to the charter capital of the joint venture CRK-Terminal LLC. The Group's ownership interest in the joint venture is 33.3%.

During 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of KZT1,578 million to the charter capital of Aktau International Container Hub LLP, which is distributed between the Group, represented by subsidiaries Joint Stock Company "KTZ Express" and NC Aktau International Sea Trade Port JSC, and Shanhai (Hong Kong) Investment & Development Co. Ltd. The Group's ownership interest in the associate is 49%.

During 2025, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of KZT6,161 million to the share capital of an associate Aktau International Container Hub LLP, which is distributed between the Group, represented by subsidiaries Joint Stock Company "KTZ Express" and NC Aktau International Commercial Seaport JSC, and Shanghai (Hong Kong) Investment & Development Co. Ltd. As at 31 December 2025, the share capital of Aktau International Container Hub LLP is not fully formed, the Group's actual contribution is 42.26%, while the Group's ownership interest remains unchanged at 49%. The remaining part of the ownership stake of the Group in NC Aktau International Commercial Seaport JSC amounting to KZT2,418 million will be contributed and recorded in subsequent periods.

During 2025, the Group represented by its subsidiary Kedentransservice JSC, made a contribution of assets with the fair value of KZT6,576 million and an additional contribution of cash, without changing the ownership interest, in the amount of KZT7,000 million to the share capital of a joint venture Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd., which is distributed between the Group and Xi'an Free Trade Port Construction and Operation Co., Ltd. As at 31 December 2025, the share capital of Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. is not fully formed, the Group's actual contribution is 56.29%, while the Group's ownership interest remains unchanged at 49.9%.

Summary financial information on material associates as at and for the years ended 31 December:

	2023				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Current assets	11,635	6,975	734	43,441	51,595
Non-current assets	–	21,998	35,215	146,464	54,398
Total assets	11,635	28,973	35,949	189,905	105,993
Current liabilities	34	1,447	5,347	114,014	20,564
Non-current liabilities	1,119	248	32,102	41,713	37,758
Total liabilities	1,153	1,695	37,449	155,727	58,322
Total net assets/(liabilities)	10,482	27,278	(1,500)	34,178	47,671

	2023				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,136	13,367	(600)	8,545	15,890
Accumulated impairment	–	(6,172)	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,136	7,195	(600)	8,545	15,890
Accumulated unrecognised loss	–	–	600	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	2,223	–
Carrying amount of investment	5,136	7,195	–	10,768	15,890
Revenue	153	10,588	3,912	84,186	298,970
Profit/(loss) and total comprehensive income/(loss) for the year	(54)	334	6,887	9,063	17,362
Recognised share of the Group in profit/(loss)	(26)	163	–	2,266	5,787

	2024				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Current assets	8,781	8,704	1,026	51,979	53,561
Non-current assets	4,698	23,852	33,776	72,970	51,462
Total assets	13,479	32,556	34,802	124,949	105,023
Current liabilities	347	1,235	13,217	29,296	19,162
Non-current liabilities	1,259	337	31,073	42,120	34,973
Total liabilities	1,606	1,572	44,290	71,416	54,135
Total net assets/(liabilities)	11,873	30,984	(9,488)	53,533	50,888
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,818	15,182	(3,795)	13,384	16,963
Accumulated impairment	–	(6,470)	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,818	8,712	(3,795)	13,384	16,963
Accumulated unrecognised loss	–	–	3,795	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	2,223	–
Carrying amount of investment	5,818	8,712	–	15,607	16,963
Revenue	216	2,531	3,121	86,174	378,196
Profit/(loss) and total comprehensive income/(loss) for the year	72	266	(7,988)	19,358	17,871
Recognised share of the Group in profit	36	130	–	4,839	5,957

	2025					
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Aktau International Container Hub LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Current assets	11,727	10,200	613	4,976	37,902	49,806
Non-current assets	7,131	23,020	32,361	16,484	77,236	64,493
Total assets	18,858	33,220	32,974	21,460	115,138	114,299
Current liabilities	2,206	1,449	21,693	3,317	25,753	22,736
Non-current liabilities	3,678	272	35,782	–	40,689	30,136
Total liabilities	5,884	1,721	57,475	3,317	66,442	52,872
Total net assets/(liabilities)	12,974	31,499	(24,501)	18,143	48,696	61,427
Ownership interest	49%	49%	40%	42.26%	25%	33.33%
Net assets/(liabilities) attributable to the Group	6,357	15,435	(9,800)	7,668	12,175	20,475
Accumulated impairment	–	(7,978)	–	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	6,357	7,457	(9,800)	7,668	12,175	20,475
Accumulated unrecognised loss	–	–	(9,800)	–	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	–	2,223	–
Carrying amount of investment	6,357	7,457	–	7,668	14,398	20,475
Revenue	19,560	7,049	5,444	–	79,978	15,215
Profit/(loss) and total comprehensive income/(loss) for the year	1,040	348	(15,014)	(168)	1,163	4,366
Recognised share of the Group in profit/(loss)	509	171	–	(71)	291	1,455

Summary financial information on significant joint venture as at and for the year ended 31 December 2025:

	2025 Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. *KZT'million*
Cash and cash equivalents	280
Other current assets	1,703
Current assets	1,983
Non-current assets	25,810
Total assets	27,793
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	
Current liabilities	3,874
Total liabilities	3,874
Total net assets	23,919
Ownership interest	56.29%
Net assets attributable to the Group	13,463
Net assets attributable to the Group, including impairment	13,463
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	(18)
Unrealised profit accumulated	(2,698)
Carrying amount of investment	10,747
Depreciation and amortisation	18
Loss and total comprehensive loss for the year	(232)
Recognised share of the Group in loss	(131)

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Associates			
Share of the associates' profit for the year	–	–	59
Share of the associates' total comprehensive income	–	–	59
Aggregate carrying amount of the Group's investments in the associates	–	1,578	109
Joint ventures			
Share of the joint ventures' loss for the year	(46)	(190)	(649)
Share of the joint ventures' total comprehensive loss	(46)	(190)	(649)
Aggregate carrying amount of the Group's investments in the joint ventures	1,579	1,396	890

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	463,044	384,165	731,026
VAT recoverable	167,275	207,246	390,051
Investment properties *(note i)*	8,379	8,765	8,565
Withholding corporate income tax	40,121	36,441	3,408
Other	4,290	6,006	4,350
Less: allowance for non-recoverable VAT	(12,237)	(12,537)	(17,164)
Less: allowance for withholding corporate income tax	–	(1,028)	(1,167)
Less: allowance for advances to vendors for property, plant and equipment	(1,616)	(522)	(470)
Less: allowance for other non-current non-financial assets	–	(72)	(72)
Total other non-financial assets	669,256	628,464	1,118,527
Restricted cash *(note ii)*	14,175	13,932	14,069
Loans to employees	3,819	3,163	2,366
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	1,432	654	676
Loans issued	3,938	–	–
Long-term trade accounts receivable *(Note 11)*	26	–	–
Other	1,144	1,757	1,533
Less: allowance for loans issued	(3,092)	–	–
Less: allowance for other non-current financial assets	(539)	(487)	(383)
Total other financial assets	20,903	19,019	18,261
	690,159	647,483	1,136,788

Note i: The fair value of the Group's investment property at 31 December 2023, 2024 and 2025 was KZT10,317 million, KZT10,273 million and KZT16,658 million, respectively. The fair value has been arrived at based on valuation carried out by three independent valuers not connected with the Group.

Note ii: The Group's restricted cash is mostly denominated in Euros and is used as security on non-current part of loans from HSBC Continental Europe. The restriction on cash will be released once the loans have been repaid.

For the years ended 31 December 2023, 2024 and 2025, the Group accrued depreciation expense on investment properties in the amount of KZT150 million, KZT145 million and KZT133 million, respectively.

As at 31 December 2024, the Group performed an analysis of assets related to corporate income tax withheld at the source of payment due to the accumulated carried forward corporate income tax losses. These assets expire for tax purposes within 10 years from the date of their occurrence. As at 31 December 2024, the Group and classified corporate income tax withheld assets for the amount of KZT35,441 million as non-current, as the Group does not expect that it will be able to utilise them within the next twelve months in accordance with the effective Kazakhstan tax legislation. The Group revised the classification of assets related to corporate income tax withheld.

As at 31 December 2025, the Group reclassified a portion of the withholding corporate income tax to other current assets in the amount of KZT34,388 million (Note 12).

As at 31 December 2023, 2024 and 2025 advances paid for property, plant and equipment included:

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Construction of the railway	133,923	128,984	289,072
Passenger carriages supply	163,014	163,047	206,144
Electric locomotive supplies	90,447	82,510	113,959
Railroad switch supplies	9,981	4,991	–
Diesel locomotive supplies	61,262	2,017	–
Construction of automatic train control systems	–	–	68,598
Modernization of railway station infrastructure	––	–	26,469
Construction of rolling stock accounting and control system	–	–	6,427
Acquisition of rails	–	–	5,341
Others	4,397	2,616	15,016
	463,044	384,165	731,026

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	145,499	134,946	407,562
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	29,286	17,493	27,714
Corporate income tax withheld	38,584	35,231	2,048
Other	63	625	605
Less: allowance for expected credit losses on other non-current non-financial assets	(894)	(406)	(355)
Total other non-financial assets	212,538	187,889	437,574
Loans to employees	2,565	2,131	1,842
Other	1,814	1,604	1,082
Less: allowance for expected credit losses on other non-current financial assets	(88)	(104)	(79)
Total other financial assets	4,291	3,631	2,845
	216,829	191,520	440,419

As at 31 December 2023, 2024 and 2025, the Group's advances to suppliers for property, plant and equipment mostly included advances paid for the construction of railway lines in the amount to KZT133,923 million, KZT128,984 million and KTZ289,072 million, respectively, for acquisition of passenger carriages supply amounted to KZT163,034 million, KZT163,047 million and nil, respectively, for the construction of railroad switches in the amount of nil, nil and KZT68,598 million, respectively, and for the modernisation of railway stations in the amount of nil, nil, and KZT26,469 million.

During the years ended 2023, 2024 and 2025, the Company transferred to non-current assets construction projects of the ferry complex at the Kuryk port in the amount of KZT23,000 million, KZT17,493 million and KZT10,221 million, respectively, which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

As at 31 December 2025 the Company reclassified to other current assets a part of withholding corporate income tax in the amount of KZT34,388 million (Note 12).

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Short-term bank deposits in KZT	60,761	61,779	175,890
Short-term bank deposits in US$	6,365	2,339	4,532
Short-term bank deposits in other currencies	165	–	34
Cash in digital accounts in KZT	–	116,635	22,882
Cash in current accounts in KZT	120,497	7,326	16,462
Cash in current bank accounts in US$	13,075	4,763	6,806
Cash in current bank accounts in Russian Rubles	1,245	2,484	3,392
Cash in current bank accounts in Chinese Yuan	782	1,182	2,714
Cash in current bank accounts in other currencies	1,731	2,070	277
Cash on hand	9	10	2
Subtotal	204,630	198,588	232,991
Less: allowance for expected credit losses on cash and cash equivalents	(16)	(10)	(18)
Cash and cash equivalents	204,614	198,578	232,973

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Short-term bank deposits in KZT	21,443	6,772	87,131
Cash on digital accounts in KZT	–	116,635	22,882
Cash in current accounts in KZT	117,979	2,627	11,896
Cash in current bank accounts in other currencies	2	110	120
Subtotal	139,424	126,144	122,029
Less: allowance for expected credit losses on cash and cash equivalents	(8)	(5)	(11)
Cash and cash equivalents	139,416	126,139	122,018

As at 31 December 2024 and 2025, the Group's and the Company's cash on digital accounts represents programmable digital KZT only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder.

As at 31 December 2023, the Group's weighted average interest rate on cash in current accounts was 0.68% in KZT and 1.5% in other currencies. As at 31 December 2024, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies. And as at 31 December 2025, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies.

As at 31 December 2023, 2024 and 2025, the Company's weighted average interest rate on cash in current accounts in KZT was 0.68%, 8.62% and 7.43%, respectively.

The Group's short-term KZT and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 December 2023, the Group's weighted average interest rate on short-term bank deposits was 15.62% in KZT and 3% in US$ and 12% in other currencies. As as 31 December 2024, the Group's weighted average interest rate on short-term bank deposits was 14.9% in KZT and 3% in US$. And as at 31 December 2025, the Group's weighted average interest rate on short-term bank deposits was 17.68% in KZT, 2.36% in US$, 11.75% in other currencies. As at 31 December 2023, 2024 and 2025, the Company's weighted average interest rate on short-term bank deposits was 15.02%, 14.93% and 17.73%, respectively.

And as at 31 December 2023, the corresponding balances were KZT112,141 million for Kazpost JSC and nil for the National Bank of Kazakhstan. (Note 33). As at 31 December 2024, the carrying value of cash placed by the Company on digital accounts in the National Bank of Kazakhstan, which is a related party of the Company, amounted to KZT116,631 million, whereas the corresponding balance was nil as at 31 December 2023. (Notes 33 and 34). In addition, the Group and the Company place cash and cash equivalents in banks and other financial institutions rated from A+ to BB- as at 31 December 2024 and from A+ to B- as at 31 December 2023.

As at 31 December 2024, the carrying value of cash placed by the Group on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Group, amounted to KZT1 million and 116,631 million, respectively.

As at 31 December 2025, the carrying value of cash placed by the Company on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Company, amounted to KZT254 million and KZT22,882 million, respectively (Notes 29 and 30). In addition, the Company places cash and cash equivalents in banks and other financial institutions rated from AA to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 December 2023, 2024 and 2025 is low.

The Group's and Company's allowance for expected credit losses on cash and cash equivalents is based on 12-month expected credit losses, which matches their maturity date.

10. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Fuel and lubricants (at cost)	20,028	13,553	30,827
Track structure materials (at cost)	18,786	15,648	26,862
Raw and other materials (at cost)	13,452	15,454	13,825
Spare parts (at cost)	8,421	8,743	11,015
Construction materials (at cost)	1,559	1,453	1,128
Others (at cost)	4,135	4,409	3,745
Subtotal	66,381	59,260	87,402
Less: Provision for inventory	(2,019)	(1,440)	(980)
Total	64,362	57,820	86,422

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Track structure materials (at cost)	18,726	15,586	26,793
Materials and supplies (at cost)	6,201	7,749	5,152
Fuel and lubricants (at cost)	889	1,211	1,843
Spare parts (at cost)	427	595	778
Construction materials (at cost)	445	551	424
Others (at cost)	1,044	1,149	1,417
Total	27,732	26,841	36,407

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
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
Current portion of trade accounts receivable	16,326	21,666	18,009
Long-term portion of trade accounts receivable *(Note 8)*	26	–	–
Total	16,352	21,666	18,009

As at 1 January 2023, trade receivables from contract with customers amounted to KZT14,276 million.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Trade accounts receivable	182,671	302,830	346,646
Less: allowance for credit losses	(28)	(93)	(334)
Net carrying amount	182,643	302,737	346,312

As at 1 January 2023, the Group's and the Company's trade accounts receivable arising from contract with customers amounted to KZT14,276 million and KZT46,441 million, respectively.

The Group's and the Company's trading terms with customers are generally on a prepayment basis; however, in certain cases, credit terms are granted. For customers on credit terms, payment in advance is not required. The credit terms granted generally range from 3 to 30 days, depending on the specific terms set out in each contract. Each customer is assigned a maximum credit limit. The Group and the Company seek to maintain strict control over their outstanding receivables in order to minimise credit risk, and overdue balances are regularly reviewed by senior management. In view of the foregoing and the fact that the Group's and the Company's trade accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group and the Company do not hold any collateral or other credit enhancements over their trade accounts receivable balances. Trade accounts receivable are non-interest-bearing.

An ageing analysis of the trade accounts receivable as at 31 December 2023, 2024 and 2025, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	9,991	18,683	8,418
1–3 months	4,708	1,441	6,819
3–6 months	1,262	1,049	2,288
6 months to 1 year	952	426	442
Over 1 year	69	67	42
Total	16,352	21,666	18,009

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	182,420	302,413	345,761
1–3 months	125	193	494
3–6 months	46	93	57
6 months to 1 year	52	38	–
Total	186,643	302,737	346,312

The movements in the loss allowance for impairment of trade accounts receivables during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
At 1 January	7,593	3,964	3,507
Reversal of impairment/(Impairment) during the year, net	(1,166)	1,194	2,132
Amount written off as uncollectible	(2,463)	(1,651)	(783)
At 31 December	3,964	3,507	4,856

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
At 1 January	22	28	93
Impairment during the year, net	11	65	247
Amount written off as uncollectible	(5)	–	(6)
At 31 December	28	93	334

For trade accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade accounts receivable, used to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

The Group

As at 31 December 2023

		Past due					
	Current	**Within 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	2.32%	3.04%	4.94%	15.48%	53.32%	98.87%	19.51%
Gross carrying amount *(KZT'million)*	8,865	1,973	3,780	465	1,594	2,565	20,316
Expected credit losses *(KZT'million)*	(206)	(60)	(170)	(72)	(850)	(2,536)	(3,964)

As at 31 December 2024

		Past due					
	Current	**Within 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	1.53%	1.08%	10.27%	17.28%	77.00%	99.63%	13.93%
Gross carrying amount *(KZT'million)*	18,487	1,938	935	324	1,874	1,615	25,173
Expected credit losses *(KZT'million)*	(282)	(21)	(96)	(56)	(1,443)	(1,609)	(3,507)

As at 31 December 2025

		Past due					
	Current	**Within 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	2.51%	2.69%	16.02%	19.13%	74.69%	99.89%	21.24%
Gross carrying amount *(KZT'million)*	8,641	1,225	6,781	2,833	1,600	1,785	22,865
Expected credit losses *(KZT'million)*	(217)	(33)	(1,086)	(542)	(1,195)	(1,783)	(4,856)

The Company

As at 31 December 2023

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.001%	0.00%	1.75%	2.74%	16.67%	100%	0.02%
Gross carrying amount *(KZT'million)*	182,334	112	80	73	60	12	182,671
Expected credit losses *(KZT'million)*	(3)	–	(1)	(2)	(10)	(12)	(28)

As at 31 December 2024

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.002%	1.20%	2.00%–10.53%	20.83%	53.01%	94.74%	0.03%
Gross carrying amount *(KZT'million)*	302,298	251	107	72	83	19	302,830
Expected credit losses *(KZT'million)*	(6)	(3)	(7)	(15)	(44)	(18)	(93)

As at 31 December 2025

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.01%	2.52%	9.30%	42.86%	83.25%	100%	0.10%
Gross carrying amount *(KZT'million)*	345,679	515	129	21	197	105	346,646
Expected credit losses *(KZT'million)*	(31)	(13)	(12)	(9)	(164)	(105)	(334)

12. OTHER CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	36,392
Advances paid	25,736	20,183	26,713
Other taxes prepaid	4,207	6,190	4,089
Prepaid expenses	2,448	2,690	1,037
Other	5,494	5,670	5,488
Less: allowance for corporate income tax withheld	–	(4,229)	–
Less: allowance for the impairment of advances paid	(1,761)	(2,665)	(2,328)
Less: allowance for the impairment of other current non-financial assets	(4,635)	(5,086)	(5,089)
Total other non-financial assets	31,489	22,753	66,302
Restricted cash	6,789	16,235	25,009
Claims, interest and fines	3,974	2,409	1,947
Due from employees	1,665	1,416	1,628
Others	5,191	5,766	5,160
Less: allowance for expected credit losses on other current financial assets	(3,120)	(3,172)	(4,207)
Total other financial assets	14,499	22,654	29,537
	45,988	45,407	95,839

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	35,596
Advances paid	2,843	4,303	8,108
Other taxes prepaid	1,639	4,973	501
Prepaid expenses	1,431	1,500	289
Income tax prepaid	266	266	36
Others	2,946	3,072	3,080
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,062)	(7,461)	(3,375)
Total other non-financial assets	6,063	6,653	44,235
Restricted cash	6,037	3,677	3,606
Claims, interest and fines	520	398	898
Loans to employees	703	548	627
Others	727	665	1,105
Less: allowance for expected credit losses on other current financial assets	(283)	(221)	(1,058)
Total other financial assets	7,704	5,067	5,178
	13,767	11,720	49,413

As at 31 December 2023, the Group reclassified a portion of other taxes prepaid of KZT40,121 million to other non-current assets (Note 8). As at 31 December 2023, the Company reclassified a portion of other taxes prepaid of KZT38,584 million to other non-current assets (Note 8).

As at 31 December 2025, the Group and the Company reclassified from other long-term assets a portion of corporate income tax withheld at source in the amount of KZT34,388 million, expected to be offset against corporate income tax payable for the year ended 31 December 2026 (Note 8).

During 2025, due to the expiration of the ten-year period established by the tax legislation of the Republic of Kazakhstan for offset against corporate income tax payable, the Group and the Company wrote off a portion of corporate income tax withheld at source in the amount of KZT4,229 million and KZT4,123 million against a previously recognized provision, respectively.

The Group's restricted cash is mainly denominated in US dollars and is used as collateral for current part of loans received from Citibank. The restriction will be removed upon repayment of these loans.

13. EQUITY

As at 31 December 2023, 2024 and 2025, share capital was presented as follows:

	Number of shares authorised for issue	Number of shares, issued and paid	Share capital
			KZT'million
As at 1 January 2023	502,040,458	496,692,666	1,086,324
Placed shares	–	1,000	24,310
As at 31 December 2023 and 1 January 2024	502,040,458	496,693,666	1,110,634
Placed shares	–	1,000	13,273
As at 31 December 2024 and 1 January 2025	502,040,458	496,694,666	1,123,907
Placed shares	–	1,010	28,791
As at 31 December 2025	502,040,458	496,695,676	1,152,698

The Company's share capital was formed through a series of emissions of shares in exchange for cash, items of property, plant and equipment, intangible assets or share ownership. The Shareholder is entitled to dividends, a part of the Company's assets in the event of liquidation, and preference in purchasing the Company's shares or other securities convertible into Company shares.

Share issuance

During the years ended 31 December 2023 and 2024, the Company issued 1,000 shares that was paid in cash of KZT24,130 million and KZT13,273 million by the Shareholder, respectively.

During the year ended 31 December 2025, the Group issued 1,010 shares paid by the Shareholder by contributing non-current assets with a total fair value of KZT28,791 million.

Other contributions

During the year ended 31 December 2023, the corresponding fair value adjustment amounted to KZT177,932 million, which was net of a deferred tax effect of KZT35,586 million. During the year ended 31 December 2024, the Company recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of KZT89,395 million net of deferred tax effect for KZT17,879 million. During the year ended 31 December 2025, the Group recognised a difference between loans received from Shareholder at rates lower than market and fair value of KZT73,195 million less the deferred tax effect of KZT14,639 million (Notes 14 and 17).

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the Historical Financial Information.

Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

During the year ended 31 December 2023, the Group did not implement hedging policy.

During the years ended 31 December 2024 and 2025, the Group implemented a cash flow hedge to reduce the risk of changes in KZT equivalent revenue from freight transit transportation denominated in Swiss Francs, as part of two strategies. To confirm highly probable transactions, the Group relied on the existence of a history of cash flows from freight transit transportation in Swiss Francs, sufficient infrastructure, as well as a favourable geographical location for freight transit transportation. The Group has a monopoly in terms of access to the main railway network and dominates in freight transportation services.

Strategy 1 (effective from 1 October 2024)

Eurobonds with the nominal amount of 882,978,000 US dollars issued in October 2022 on the Kazakhstan Stock Exchange in favour of the Shareholder, and due on 28 October 2025, as well as cross-currency swaps in the amount of 881,881,000 Swiss Francs with maturity date on 25 October 2025 are hedging instruments that are separately identifiable and reliably measurable. The hedged item in this respect is the probable revenue from freight transit transportation of 875,066,510 Swiss Francs for the period from 1 January 2025 to 22 October 2025.

In August 2025, due to signing of memorandum on the extension of Eurobonds' maturity from 2025 to 2028 and on the change of the coupon rate from 2% to 3% (Note 14), the Group discontinued hedge accounting where the hedging instrument was represented by Eurobonds maturing on 28 October 2025. In 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item; therefore, the accumulated loss in the amount of KZT72,260 million attributable to the hedging instrument was reclassified from other comprehensive loss to freight transportation revenue (Note 21). The deferred income tax effect amounted to KZT14,452 million (Note 17).

In 2024 and 2025, the effective portion, including the effective portion of changes in the fair value of the derivative instrument, totaling of KZT28,226 million and KZT44,034 million, respectively, was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT5,645 and KZT8,807 million (Note 17), respectively. The ineffective portion in the amount of KZT3,609 million and KZT44,857 million, respectively, was reclassified to finance costs (Note 25).

Strategy 2 (effective from 21 November 2024)

The principal debt of the Group's loans of 1,070,208,399 Swiss Francs, with fixed repayment schedules fully consistent with projected freight transit revenue flows in Swiss Francs, is a hedging instrument that is separately identifiable and reliably measurable. As at 31 December 2025, the carrying value of these loans amounted to KZT534,250 million. The hedged item in this respect is the highly probable revenue from transit freight transportation of 1,070,208,399 Swiss Francs for the period from 21 November 2024 to 15 November 2034, of which 139,167,166 Swiss Francs are repayable in 2025.

In 2024 and 2025, the effective portion of KZT20,399 million and KZT53,550 million, respectively, was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT4,080 million and KZT10,710 million, respectively (Note 17).

In 2024 and 2025, the revenue from freight transportation in international (transit) route, which is the cash flow hedged item, was received, and respectively, the accumulated loss of KZT412 million and KZT8,521 million, respectively, attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 21). The deferred income tax effect amounted to KZT82 million and KZT1,704 million (Note 17), respectively.

The Company

A summary of the Company's reserves is as follows:

	Foreign currency translation reserve *KZT'million*	Retained earnings *KZT'million*	Total *KZT'million*
As at 1 January 2023	326	834,172	834,498
Profit for the year	–	164,578	164,578
Other comprehensive (loss)/income	(267)	133	(134)
Total comprehensive (loss)/income for the year	(267)	164,711	164,444
Other contributions	–	142,345	142,345
As at 31 December 2023 and 1 January 2024	59	1,141,228	1,141,287
Profit for the year	–	128,024	128,024
Other comprehensive loss	(128)	(145)	(273)
Total comprehensive (loss)/income for the year	(128)	127,879	127,751
Other contributions	–	71,516	71,516
As at 31 December 2024 and 1 January 2025	(69)	1,340,623	1,340,554
Profit for the year	–	356,210	356,210
Other comprehensive loss	(600)	(1,746)	(2,346)
Total comprehensive (loss)/income for the year	(600)	354,464	353,864
Issue of share capital			
Other contributions	–	58,556	58,556
As at 31 December 2025	(669)	1,753,643	1,752,974

14. BORROWINGS

The Group

	31 December 2023	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– in KZT	223,035	8.69
– in Russian Roubles	51,206	5.94
– in Euros	59,611	5.31
Debt securities issued		
– in KZT	707,590	11.41
– in US$	372,174	6.43
Floating interest rate borrowings		
Loans obtained		
– in KZT	122,925	18.83
– in Swiss Francs	256,070	3.55
– in Euros	139,143	5.32
Issued debt securities		
– in KZT	185,793	19.02
	2,117,547	
Current portion of borrowings	354,115	
Long-term portion of borrowings	1,763,432	
	2,117,547	

The Group

	31 December 2024	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– in KZT	285,231	10.88
– in Russian Roubles	79,276	9.02
– in Euros	51,253	5.85
– in Swiss Francs	59,483	3.40
Debt securities issued		
– in KZT	759,017	11.78
– in US$	448,785	6.42
Floating interest rate borrowings		
Loans obtained		
– in KZT	40,232	19.24
– in Swiss Francs	628,339	3.04
– in Euros	217,682	7.34
Issued debt securities		
– in KZT	84,090	14.78
	2,653,388	
Current portion of borrowings	812,965	
Long-term portion of borrowings	1,840,423	
	2,653,388	

The Group

	31 December 2025	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– in KZT	245,854	11.58
– in Russian Roubles	92,153	8.04
– in Euros	40,909	6.75
– in Swiss Francs	–	–
Debt securities issued		
– in KZT	783,334	12.16
– in US$	409,012	6.52
Floating interest rate borrowings		
Loans obtained		
– in Swiss Francs	1,126,780	2.37
– in Euros	371,351	5.90
– in Chinese Yuan	32,738	5.61
Issued debt securities		
– in KZT	83,886	13.63
	3,186,017	
Current portion of borrowings	488,658	
Long-term portion of borrowings	2,697,359	
	3,186,017	

The Company

	31 December 2023	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– in KZT	165,099	4.89
Debt securities issued		
– in KZT	707,590	11.41
– in US$	372,174	6.43
Floating interest rate borrowings		
Loans received		
– in Swiss Francs	256,069	3.55
Debt securities issued		
– in KZT	185,793	19.02
	1,686,725	
Current portion of borrowings	318,255	
Non-current portion of borrowings	1,368,470	
	1,686,725	

The Company

	31 December 2024	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– in KZT	165,588	9.68
– in Swiss Francs	59,483	3.40
Debt securities issued		
– in KZT	759,018	11.78
– in US$	448,785	6.42
Floating interest rate borrowings		
Loans received		
– in Swiss Francs	407,429	3.32
Debt securities issued		
– in KZT	84,090	14.78
	1,924,393	
Current portion of borrowings	673,881	
Non-current portion of borrowings	1,250,512	
	1,924,393	

The Company

	31 December 2025	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– in KZT	219,729	9.95
– in Swiss Francs	–	–
Debt securities issued		
– in KZT	783,334	12.16
– in US$	409,012	6.52
Floating interest rate borrowings		
Loans received		
– in Swiss Francs	782,149	1.92
Debt securities issued		
– in KZT	83,886	13.63
	2,278,110	
Current portion of borrowings	404,398	
Non-current portion of borrowings	1,873,712	
	2,278,110	

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within one year	354,115	812,965	488,658
Within a period of more than one year but not exceeding two years	449,040	214,519	189,515
Within a period of more than two years but not exceeding five years	303,109	397,039	1,168,059
Within a period of more than five years	1,011,283	1,228,865	1,339,785
	2,117,547	2,653,388	3,186,017

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within one year	318,255	673,881	404,398
Within a period of more than one year but not exceeding two years	400,946	135,085	84,975
Within a period of more than two years but not exceeding five years	163,595	176,300	852,105
Within a period of more than five years	803,929	939,127	936,632
	1,686,725	1,924,393	2,278,110

Loans received

Shareholder

In May 2023, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 19 May 2023, received borrowings in the total amount of KZT162,600 million to finance the acquisition of passenger carriages. Interest is paid annually at 0.05%. Principal is paid annually until full repayment in 2053. The loan was received at a below market interest rate and the fair value of the loan received was calculated based on the market rate of 11.59%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT139,498 million, net of deferred tax in the amount of KZT27,900 million through equity in retained earnings as other contributions (Note 13).

In January 2024, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 21 October 2010, to finance the construction of railways "Khorgos-Zhetygen" and "Uzen-Turkmenistan Border" for a total amount of KZT30,000 million, signed an additional agreement to extend the repayment period from 2024 until 2044 and change the interest rate from 2% to 9.25%. Interest on the loan is repaid in semi-annual payments. Due to a significant change in the terms of the loan, the Group and the Company recorded the transaction as a derecognition of the original financial liability and recognition of a new financial liability. The fair value was calculated based on the market rate of 12.25%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT6,003 million, net of deferred tax in the amount of KZT1,200 million through equity in retained earnings as other contributions (Note 13).

In 2025, the Group, represented by the Company, received borrowings amounting to KZT 65,480 million under a loan agreement with the Shareholder concluded on 19 May 2025 to finance the purchase of passenger carriages. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT 56,989 million, net of deferred tax in the amount of KZT11,398 million through equity in retained earnings as other contributions (Note 13).

Societe Generale and Natixis

In 2023, the Group, represented by its Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 329,415,953 Euros (equivalent to approximately KZT162,473 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

In 2024, the Group borrowed 134,375,973 Euros (equivalent to approximately KZT67,738 million) (including BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m+1.15% margin. Principal is repaid semi-annually until full repayment in 2035.

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 280,445,323 Euros (KZT159,028 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation LLP» and Limited Liability Partnership «KTZ-Passenger Locomotives», its subsidiaries, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 56,854,843 Euros (KZT33,441 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

Citibank Kazakhstan JSC

In June 2023, the Group, represented by a subsidiary Limited Liability Partnership «KTZ-Freight Transportation LLP», within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT13,000 million with an interest rate of 17.7%. The principal is repayable in full in June 2024. In July 2024, the Group received borrowings in the total amount of KZT14,000 million with an interest rate on 15%. In December 2024, the Group signed an additional agreement to extend the maturity until July 2025 and to change the interest rate from 15% to 16.5%.

In July 2025, the Group, represented by a subsidiary Limited Liability Partnership «KTZ-Freight Transportation», within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT14,000 million with an interest rate of 18%. The Group has made early repayment of the loan.

HSBC Continental Europe

In 2023, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under the Master Framework Agreement with HSBC Continental Europe, together with HSBC Bank Plc and HSBC Kazakhstan Subsidiary Bank JSC, and with the support of the COFACE export-credit agency, dated 31 May 2012 to finance the acquisition of freight and passenger locomotives for a total of 880,877,000 Euros and its addendums, borrowed 4,350,789 Euros (KZT2,137 million) (including the COFACE premium). Loan interest is paid semi annually at EUR CIRR + 0.4% margin, which is fixed at each tranche date. Principal is repaid semiannually until full repayment in 2031.

Citibank

In 2024, the Group, represented by the Company, under the credit line Agreement with Citibank, dated 4 April 2024, borrowed funds in the total amount of 150,000,000 Swiss Francs (77,828 million Tenge) with an interest rate from 3.21% to 3.4% and a repayment period of up to one year.

In 2024, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of US$593,952,912 in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (KZT234,670 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. The principal is repayable quarterly until full repayment in 2034.

In 2025, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation», under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US$ in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (KZT49,328 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at Swiss Average Rate Overnight ("SARON") 3m + 0.75% margin. Principal is repayable quarterly until full repayment in 2035.

In 2025, the Group, represented by the Company, under the credit line agreement with Citibank dated 4 April 2024, borrowed funds in the total amount of 250,000,000 Swiss Francs (KZT159,514 million) with an interest rate of SARON + 2% and a maturity of up to one year. The Group has made partial early repayment of the loans received in the amount of 62,000,000 Swiss Francs (KZT41,418 million).

Citibank and Santander

In November 2023, the Group, represented by the Company, under the credit agreement with Citibank and Santander and the guarantee of MIGA, dated 19 September 2023 to finance the acquisition of electric locomotives, passenger carriages, capital and current repairs of railway tracks, borrowed 513,491,580 Swiss Francs (KZT264,633 million) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95%. Principal is repaid semi-annually until full repayment in 2033. The grace period for repayment of principal debt is 1 year.

ForteBank JSC

In 2023, the Group, represented by the Company, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, received KZT36,100 million with an interest rate of 17.5% to 18% and maturity up to six months. The Group made full early repayment of loans received. In 2024, the Group. In 2024, the Group receive ed KZT97,000 million with an interest rate of 15.75% to 16.75% and maturity up to six months. The Group made full/partial repayment of loans received in the amount of KZT55,000 million.

In 2025, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with ForteBank JSC concluded on 13 June 2022, drew down borrowings in the amount of KZT80,000 million with an interest rate of 18% to 19.50% and maturity up to six months. The Group has made partial early repayment of loans received in the amount of KZT102,000 million.

Halyk Bank JSC

In 2023, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT89,000 million with an interest rate of 18.5% to 18.75% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT70,000 million. In 2024, the Group borrowed KZT97,000 million with an interest rate of 15.75% to 17.25% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT78,000 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, received KZT3,156 million to finance the acquisition of freight diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2032.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, received KZT10,034 million to finance the acquisition of passenger diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2029.

In 2023, the Company, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT10,000 million with an interest rate of 18.75% and a maturity of up to six months. The Group has made full early repayment of loans received. In 2024, the Company borrowed KZT30,000 million with an interest rate of 15.75% to 16.75% and a maturity of up to one year.

In 2025, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank JSC, concluded on 26 February 2015, drew down borrowings in the total amount of KZT160,000 million with an interest rate of 16.75% to 19.50% and a maturity of up to one year. The Group has made partial early repayment of loans received in the total amount of KZT158,000 million.

Eurasian Development Bank ("EDB")

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles borrowed 10,045,278,800 Russian Roubles (equivalent to approximately KZT50,345 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034. In 2024, the Group borrowed 7,640,071,200 Russian Roubles (equivalent to approximately KZT37,956 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

European Bank for Reconstruction and Development ("EBRD")

In 2024, the Group, represented by the Company, under the credit line agreement with EBRD, dated 4 July 2024, borrowed funds in the total amount of 200,000,000 Swiss Francs (KZT107,986 million). Interest is repaid semi-annually at SARON 6m + 1.80% margin. The principal is repayable semi-annually until full repayment in 2029.

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

In August 2025, the Group, represented by the Company, under a loan agreement with Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC dated 18 July 2025, to finance the construction of large scale railway infrastructure projects and the modernisation of existing railway lines, for a total amount of 600,000,000 US Dollars in Swiss Francs equivalent, received borrowed funds of 484,680,000 Swiss Francs (KZT324,954 million). Loan interest is repaid quarterly at SARON 6m + 1.6%. Principal is repayable in a single payment in July 2028.

The Export-Import Bank of China and China Development Bank

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese yuan, borrowed 571,716,269 Chinese yuan (KZT43,322 million). Loan interest is paid semi-annually at Loan Prime Rate ("LPR") 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

Deutsche Bank Luxembourg, S.A. and Banco Santander, S.A.

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 146,246,583 Swiss Francs (KZT94,956 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2035

Freedom Bank Kazakhstan JSC

In December 2025, the Group, represented by the Company, under the credit line agreement dated 30 October 2025 with Freedom Bank Kazakhstan JSC drew down borrowings in a total amount of KZT10,000 million with an interest rate of 19.50% and maturity of up to one year.

Early repayment of non-current borrowings

In 2023, the Group, represented by its subsidiaries Joint Stock Company "KTZ Express" and Limited Liability Partnership «KTZ-Passenger Locomotives», under loan agreement with Eurasian Bank for Reconstruction and Development, dated 18 September 2014 made an early repayment of borrowings received in the amount of KZT8,095 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, made an early partial repayment of borrowings received of KZT18,262 million. In 2024, the Group made an early full repayment of borrowings received of KZT60,540 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, made an early partial repayment of borrowings received of KZT6,483 million. In 2024, the Group made an early partial repayment of borrowings received of KZT9,198 million.

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

	Repayment date	Exchanges	2023 *KZT'million*
Debt securities, by price*			
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855
Inflation rate + 2.52% (12.03%)	25 April 2026	KASE	56,302
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in KZT	22 July 2024	KASE	129,491
9.25% Bonds (100%) in KZT	15 November 2024	KASE	76,831
Total debt securities issued			1,265,557

	Repayment date	Exchanges	2023 *KZT'million*
Current portion of debt securities issued			232,078
Long-term portion of debt securities issued			1,033,479
			1,265,557

The Group and the Company

	Repayment date	Exchanges	2024 *KZT'million*
Debt securities, by price*			
2% Eurobonds (100%) in US$	28 October 2025	KASE	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	101,717
Inflation rate + 2.52% (12.03%)	25 April 2026	KASE	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
NBRK Base rate+0.75% (16%) Bonds (100%) in KZT	30 January 2026	AIX	30,000
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	10,889
Total debt securities issued			1,291,892
Current portion of debt securities issued			471,552
Long-term portion of debt securities issued			820,340
			1,291,892

	Repayment date	Exchanges	2025 *KZT'million*
Debt securities, by price*			
3% Eurobonds (100%) in US$	28 October 2028	KASE	409,012
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	137,356
9.25% Bonds (100%) in KZT	24 June 2044	KASE	115,316
7.37% Bonds (100%) in KZT	30 December 2042	KASE	96,698
Inflation rate + 2.52% (11.42%) Bonds (100%) in KZT	25 April 2026	KASE	53,886
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
NBRK Base rate+0.75% (18.75%) Bonds (100%) in KZT	30 January 2026	Astana Stock Exchange (AIX)	30,000
9.37% Bonds (100%) in KZT	11 December 2045	KASE	26,329
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	20,271
1.8% Bonds (100%) in KZT	10 July 2044	AIX	11,367
Total debt securities issued			1,276,232
Current portion of debt securities issued			99,115
Non-current portion of debt securities issued			1,177,117
			1,276,232

* *Percentages in brackets represent the cost of issuing bonds/Eurobonds from par value (at premium/with discount or at par)*

In June and December 2023, the Group, represented by the Company, to implement the project Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT73,709 million and KZT100,000 million, respectively, with a coupon rate of 8.74% per annum and a maturity date in 2043. Coupon payment – twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 11.59% and 12.25%, respectively. The Group recognised an adjustment to fair value of the bonds in the amount of KZT38,434 million, net of deferred tax in the amount of KZT7,687 million through equity in retained earnings as other contributions (Note 13).

In June and December 2024, the Group, represented by the Company, to implement the project Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT20,316 million and KZT143,653 million, respectively, with a coupon rate of 9.25% per annum and a maturity date in 2044. Coupon payment - twice a year. Digital KZT were used in this issue (Note 8). The bonds were issued with coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34% and 14.50%, respectively. The Group and the Company recognised an adjustment to fair value of the bonds in the amount of KZT49,499 million, net of deferred tax in the amount of KZT9,900 million through equity in retained earnings as other contributions (Note 13).

In July 2024, the Group, represented by the Company, to implement the project "Construction of Darbaza-Maktaaral railway line", issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT44,200 million, with a coupon rate of 1.8% per annum and a maturity date in 2044. Coupon payment – twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT33,893 million, net of deferred tax in the amount of KZT6,779 million through equity in retained earnings as other contributions (Note 13).

In December 2024, the Group, represented by the Company, to refinance obligations, issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT30,000 million, with a coupon rate of Base rate of National Bank of Kazakhstan + 0.75% margin per annum and a maturity date in 2026. Coupon payment - twice a year.

In August 2025, the Group, represented by the Company, as part of the Eurobonds issuance on the Kazakhstan Stock Exchange in favor of the Shareholder in the amount of 882,978,000 US$ dated 28 October 2022, signed a memorandum to extend the maturity of the Eurobonds from 2025 to 2028 and to change the coupon rate from 2% to 3%. Coupon rate – twice a year. As the modification is considered insignificant, the Group recognized an adjustment to the carrying amount of the bonds issued within finance income in the amount of 80,296,949 US$ (KZT43,226 million) (Note 25).

In December 2025, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Moiynty, issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT42,326 million with a coupon rate of 9.37% per annum and a maturity date in 2045. Coupon payment – twice a year. Digital KZT were used in this issue (Note 8). The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 16.30%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT16,206 million, net of deferred tax in the amount of KZT3,241 million through equity in retained earnings as other contributions (Note 13).

State subsidy of the interest rate

In May 2020, the Group, represented by the Company, entered into a contract with the Ministry of Industry and Construction of the Republic of Kazakhstan to subsidise part of the coupon rate in the amount of KZT307,194 million, on bonds issued in 2019 at the coupon rate of 11.5% per annum and used for early repayment of Eurobonds issued in 2017 in the amount of 780,000,000 US$, which in turn were attracted and utilised for infrastructure modernisation, updating locomotives and freight carriages. The Agreement stipulates that the amount of subsidy should be provided for 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" (hereinafter – "the Program"). Since the budget Program is available to all transportation companies that have the status of a "carrier" in accordance with the Law on Railway Transport, the Group's management accounts for the financing under this Program as a government grant recognised within finance income.

In 2024, the Group and the Company recognised income from government subsidies under the Program in the amount of KZT22,300 million as part of finance income (Note 26). No income from government subsidies was recognised by the Group and the Company under the Program in 2023.

The fair value of borrowings and debt securities issued is presented in Note 30.

Credit agreements and breaches of credit agreements

The long-term loan agreements with the carrying amount of KZT1,543,241 million as at 31 December 2025 require compliance with certain financial and non-financial covenants. Non compliance with these covenants may result in an obligation to repay the loans early at the request of creditors.

The Group and the Company complied with all covenants required to be met as at 31 December 2025, and management does not expect any breaches in periods subsequent to the reporting date. Covenants that are required to be met after 31 December 2025 do not affect the classification of these borrowings as at 31 December 2025.

Loan agreements with HSBC Continental Europe include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31

December 2023, 2024 and 2025, the carrying value of this loan is KZT59,611 million, KZT51,253 million and KZT40,909 million, respectively.

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2023, 2024 and 2025, the carrying value of this loan is KZT139,143 million, KZT217,682 million and KZT371,351 million, respectively.

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met. As at 31 December 2023, 2024 and 2025, the carrying value of this loan is KZT51,206 million, KZT79,276 million and KZT92,152 million, respectively.

Loan agreement with Citibank and Santander under the MIGA guarantee includes compliance with certain financial covenants such as EBITDA to interest expense and Total debt to EBITDA (with the share of subsidiaries' debt to third parties not exceeding 35% of total debt) calculated based on the consolidated results of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2023, 2024 and 2025, the Group's and the Company's carrying value of this loan is KZT256,069 million, KZT274,190 million and KZT267,740 million, respectively.

Loan agreement with EBRD includes compliance with financial covenant of Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2024 and 2025, the Group's and the Company's carrying value of this loan is KZT103,881 million and KZT88,641 million, respectively.

Under the loan agreement with Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank), as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives LLP» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024 and 2025, these covenants were met. As at 31 December 2024 and 2025, the carrying value of this loan is KZT220,910 million and KZT32,738 million, respectively.

Under the terms of the loan received from the Export-Import Bank of China and China Development Bank, guaranteed by Sinosure, China Credit and Export Insurance Corporation, the Group is required to comply with the Interest Coverage Ratio financial ratio (covenant), calculated based on the Group's annual consolidated data. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT32,738 million (31 December 2024: KZT220,910 million, 31 December 2023: Nil).

Under the terms of the loan received from Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC the Group is required to comply with certain financial covenants, such as Net Debt/EBITDA and EBITDA/Interest Expense, calculated based on the Group's semi-annual consolidated data. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT308,081 million.

Under the loan agreement with Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT82,810 million.

Debt securities contain covenants that place certain limitations on the Company including, but not limited to, business changes and assets disposal, limitations on mergers and consolidations with other legal entities. In the event of default, as defined by the debt securities' indenture, investors are entitled to require repayment of the debt securities.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated statements of cash flows from financing activities.

Reconciliation of changes in liabilities and cash flows from financing activity:

The Group

	2023		
	Borrowings and debt securities issued	**Lease liabilities** *(Note 15)*	**Total**
	KZT'million	*KZT'million*	*KZT'million*
As at 1 January	1,687,331	53,082	1,740,413
Changes due to cash flows from financing activities			
Loan principal payments	(367,320)	–	(367,320)
Proceeds from borrowings	808,731	–	808,731
Lease liability payments	–	(21,690)	(21,690)
Total changes due to cash flows from financing activities	441,411	(21,690)	419,721
Other changes			
Effect of changes in foreign exchange rates	13,862	43	13,905
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	114,106	–	114,106
New lease agreements	–	24,334	24,334
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(177,932)	–	(177,932)
Interest costs and unwinding of discount, including capitalised	188,583	8,995	197,578
Interest paid	(144,301)	(6,252)	(150,553)
Other changes	(5,513)	12,994	7,481
Total other changes related to liabilities	(11,195)	40,114	28,919
At 31 December	2,117,547	71,506	2,189,053

	2024		
	Borrowings and debt securities issued	**Lease liabilities** *(Note 15)*	**Total**
	KZT'million	*KZT'million*	*KZT'million*
As at 1 January	2,117,547	71,506	2,189,053
Changes due to cash flows from financing activities			
Loan principal payments	(480,532)	–	(480,532)
Proceeds from borrowings	879,762	–	879,762
Lease liability payments	–	(11,358)	(11,358)
Total changes due to cash flows from financing activities	399,230	(11,358)	387,872
Other changes			
Effect of changes in foreign exchange rates	68,605	34	68,639
Cash flows hedging	62,215	–	62,215
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	67,738	–	67,738
New lease agreements	–	107,742	107,742
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(89,395)	–	(89,395)
Interest costs and unwinding of discount, including capitalised	204,960	19,502	224,462
Interest paid	(171,648)	(12,050)	(183,698)
Other changes	(5,864)	(394)	(6,258)
Total other changes related to liabilities	136,611	114,834	251,445
At 31 December	2,653,388	174,982	2,828,370

	2025		
	Borrowings and debt securities issued	**Lease liabilities** *(Note 15)*	**Total**
	KZT'million	*KZT'million*	*KZT'million*
As at 1 January	2,653,388	174,982	2,828,370
Changes due to cash flows from financing activities			
Loan principal payments	(648,674)	–	(648,674)
Proceeds from borrowings	908,235	–	908,235
Lease liability payments	–	(18,072)	(18,072)
Total changes due to cash flows from financing activities	259,561	(18,072)	241,489
Other changes			
Effect of changes in foreign exchange rates	16,531	(54)	16,477
Cash flows hedging	77,848	–	77,848
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	272,755	–	272,755
New lease agreements	–	104,369	104,369
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(73,195)	–	(73,195)
Effect of the modification of debt liabilities that does not result in derecognition *(Note 25)*	(43,226)	–	(43,226)
Interest costs and unwinding of discount, including capitalised	221,887	36,307	258,194
Interest paid	(184,142)	(23,976)	(208,118)
Other changes	(15,390)	(3,474)	(18,864)
Total other changes related to liabilities	273,068	113,172	386,240
At 31 December	3,186,017	270,082	3,456,099

15. LEASE LIABILITIES

As at 31 December the Group's and the Company's lease liabilities included:

The Group

	2023	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	18,461	16,951
Within a period of more than one year but not exceeding two years	10,989	8,491
Within a period of more than two years but not exceeding five years	36,077	18,439
Within a period of more than five years	100,304	27,625
Total	165,831	71,506
Less unearned interest	(94,325)	–
Present value of lease liabilities	71,506	71,506
Less amounts due within 12 months		(16,951)
Amounts to be repaid after 12 months		54,555

	2024	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	38,423	35,517
Within a period of more than one year but not exceeding two years	31,758	24,037
Within a period of more than two years but not exceeding five years	110,231	59,350
Within a period of more than five years	232,330	56,078
Total	412,742	174,982
Less unearned interest	(237,760)	–
Present value of lease liabilities	174,982	174,982
Less amounts due within 12 months		(35,517)
Amounts to be repaid after 12 months		139,465

	2025	
	Lease payments	**Present value of lease payments**
	KZT'million	*KZT'million*
Within one year	49,804	45,146
Within a period of more than one year but not exceeding two years	51,350	38,201
Within a period of more than two years but not exceeding five years	174,229	93,896
Within a period of more than five years	392,427	92,839
Total	667,810	270,082
Less unearned interest	(397,728)	–
Present value of lease liabilities	270,082	270,082
Less amounts due within 12 months		(45,146)
Amounts to be repaid after 12 months		224,936

The Company

	2023	
	Lease payments	**Present value of lease payments**
	KZT'million	*KZT'million*
Within one year	5,964	5,694
Within a period of more than one year but not exceeding two years	3,473	2,760
Within a period of more than two years but not exceeding five years	6	4
Total	9,443	8,458
Less unearned interest	(985)	–
Present cost of lease liabilities	8,458	8,458
Less amounts due within 12 months		(5,694)
Amounts to be repaid after 12 months		2,764

	2024	
	Lease payments	**Present value of lease payments**
	KZT'million	*KZT'million*
Within one year	15,683	14,600
Within a period of more than one year but not exceeding two years	8,495	6,362
Within a period of more than two years but not exceeding five years	16,973	9,623
Total	41,151	30,585
Less unearned interest	(10,566)	–
Present cost of lease liabilities	30,585	30,585
Less amounts due within 12 months		(14,600)
Amounts to be repaid after 12 months		15,985

	2025	
	Lease payments	**Present value of lease payments**
	KZT'million	*KZT'million*
Within one year	9,793	8,979
Within a period of more than one year but not exceeding two years	8,495	6,362
Within a period of more than two years but not exceeding five years	8,491	5,266
Total	26,779	20,607
Less unearned interest	(6,172)	–
Present cost of lease liabilities	20,607	20,607
Less amounts due within 12 months		(8,979)
Amounts to be repaid after 12 months		11,628

As at 31 December 2023, 2024 and 2025, the Group's interest calculations are based on effective interest rates of between 2.5% and 21.69%, 2.5% and 21.69%, and 1.68% and 26.72%, respectively. As at 31 December 2023, 2024 and 2025, the Company's interest is calculated based on effective interest rates varying from 15% to 20.4%, 15% to 19% and 15% to 21.6%, respectively.

The Group's lease liabilities are mainly denominated in KZT, except for lease liabilities for other equipment, which are denominated in US$. The Company's lease liabilities are denominated in KZT.

Lease agreements with Industrial Development Fund JSC

Flat carriages

In November 2020, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 flat carriages with a total value of KZT47,391 million (taking into account the additional agreement dated 29 September 2023) and at interest of 15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

In 2023, within the framework of the agreement, the Group received 393 flat carriages and recognised right-of-use assets of KZT9,683 million for 32 years and a lease liability of KZT4,759 million for 15 years. In 2024, the Group received 193 flat carriages and recognised right-of-use assets of KZT5,077 million for 32 years and a lease liability of KZT2,734 million for 15 years.

In July 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 flat carriages with a total value of KZT63,356 million and at interest of 13.75% per annum, of which 7% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee.

In 2024, within the framework of this agreement, the Group received 373 flat carriages and recognised right-of-use assets of KZT12,108 million for 32 years and a lease liability of KZT7,583 million for 15 years.

In 2025, within the framework of the agreement, the Group received 1,254 flat carriages and recognised right-of-use assets of KZT40,064 million for 32 years and a lease liability of KZT24,715 million for 15 years.

Passenger carriages

In December 2022, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», under the implementation of the investment project "Purchase of passenger carriages", entered into an agreement for the lease of 11 passenger carriages with a total value of KZT7,427 million and an interest rate of 1.5% per annum. The grace period for the principal is 6 years, the Group acts as a lessee. In 2023, under this agreement, the Group received 6 passenger carriages and recognised right-of-use assets of KZT4,043 million for 28 years and a lease liability of KZT2,581 million for 20 years.

In September 2023, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 100 passenger carriages with a total value of KZT65,796 million and an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. In 2023, under this agreement, the Group received 38 passenger carriages and recognised right-of-use assets of KZT24,402 million for 40 years and a lease liability of 10,832 million for 15 years. During 2024, under this agreement, the Group received 62 passenger carriages and recognised right-of-use assets in the amount of KZT41,244 million for 40 years and a lease liability in the amount of KZT19,581 million for 15 years.

In May 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 157 passenger carriages with a total value of KZT103,432 million and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. During 2024, under this agreement, the Group received 50 passenger carriages and recognised right-of-use assets in the amount of KZT32,830 million for 40 years and a lease liability of KZT15,235 million for 15 years.

During 2025, under this agreement, the Group received 107 passenger carriages and recognised right-of-use assets in the amount of KZT70,382 million for 40 years and a lease liability in the amount of KZT33,325 million for 14 years.

In August 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into a lease agreement for 3 electric trains with a total amount of KZT11,802 million (taking into account the additional agreement dated 29 August 2024) and an interest rate of 14.5% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee.

During 2024 and 2025, under this agreement, the Group received 1 and 2 electric trains, respectively, and recognised right-of-use asset of KTZ3,911 million and KZT7,848 million, respectively, for 40 years and a lease liability of KTZ1,817 million and KZT3,734 million, respectively, for 15 years.

In October 2025, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into a lease agreement for 100 passenger carriages with a total amount of KZT92,095 million and an interest rate of 16% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 3 years. The Group acts as a lessee.

During 2025, under this agreement, the Group received 42 passenger carriages and recognised right-of-use assets of KZT36,386 million for 40 years and a lease liability of KZT19,746 million for 15 years.

Freight open wagons

In July 2023, the Group, represented by its subsidiary Joint Stock Company «Kaztemirtrans», entered into an agreement for the lease of 3,000 open wagons with a total value of KZT88,125 million and an interest rate of 13.15% per annum, of which 6% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

During 2023, under this agreement, the Group received 242 open wagons and recognised right-of-use assets of KZT7,109 million for 22 years and a lease liability of KZT5,040 million for 14 years. In 2024, under this agreement, the Group received 1,689 open wagons and recognised right-of-use assets of KZT49,090 million for 22 years and a lease liability of KZT33,524 million for 14 years.

During 2025, under this agreement, the Group received 1,069 open wagons and recognised right-of-use assets of KZT31,402 million for 22 years and a lease liability of KZT22,473 million for 13 years.

The terms and conditions of lease agreements

The terms and conditions of lease agreements of the Group, represented by subsidiaries Joint Stock Company "KTZ Express", Joint Stock Company «Passenger Transportation» and Joint Stock Company «Kaztemirtrans», with Industrial Development Fund JSC, includes compliance with the financial covenant "Debt Security Coverage Ratio" calculated on the basis of the annual consolidated results of the Group. As at 31 December 2024 and 2025, this condition was met.

In addition, the requirements of the Group's lease agreements, represented by the subsidiaries Joint Stock Company "KTZ Express", Joint Stock Company «Passenger Transportation» and Joint Stock Company «Kaztemirtrans», with Industrial Development Fund JSC, incorporate restrictive terms with respect to changing legal status through voluntary liquidation; concluding a transaction or several transactions where the value exceeds 10–25% of the carrying amount of assets; subleasing lease subjects or a part of them. In the event of a default as defined by the lease agreements, the lessor is entitled to demand the indisputable requisition of lease items.

During 2024, the Group, represented by the Company, entered into a lease agreement of communication channels with its associate Transtelecom JSC and recognised right-of-use assets and a lease liability in the amount of KZT27,261 million for 5 years.

In 2025, under lease agreements and agreements on subsidizing interest rates on loans and financial leases with Industrial Development Fund JSC, the payment dates for the subsidized portion of the remuneration (interest) payable by the Ministry of Transport of the Republic of Kazakhstan were extended until 2026. As at 31 December 2025, the Group signed the relevant additional agreements to the lease contracts with Industrial Development Fund JSC.

16. EMPLOYEE BENEFIT OBLIGATIONS

Post-employment defined employee benefits and other long-term employee benefits

Under Kazakhstan law, pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement, apart from those described below.

In 2019, the Group introduced Early Retirement Rules ("Rules No. 1"), which determine the procedure for paying compensation to persons of pre-retirement age with whom employment contracts have been terminated early by agreement of the parties.

In 2021, the Group approved Rules for the payment of compensation to employees of the Company and its subsidiaries ("Rules No. 2"), which determine the procedure for paying compensation to employees whose positions are affected by reductions and with whom employment agreements have been terminated by agreement of the parties.

In 2024, the Company approved the Rules for the payment of sectoral old-age benefits ("Rules No. 3"), which determine the procedure for payment of industry age benefits to the Company's employees holding certain positions and who have three or less years left until reaching retirement age. Rules No. 3 were adopted in order to ensure traffic safety in railway transport, reduce the risk of occupational injuries at work with harmful and difficult working conditions, and comply with the socio-economic and legal guarantees provided to the Company's employees.

Employee retirement compensation and other long-term employment benefits are paid in accordance with Rules No. 1, Rules No. 2, Rules No. 3 and a collective agreement for 2024-2026 between the Group and its staff, and other documents.

Pursuant to these documents, the Group provides the following benefits under an unfunded scheme:

Post-employment benefit obligations:

- A one-time retirement payment;
- A one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;
- A payment of between KZT70 thousand and KZT200 thousand per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;
- A benefit payment depending on work experience in the industry over six months – twenty four months from the date of the termination of an employment agreement of between KZT70 thousand and KZT200 thousand per month, in accordance with Rules No. 2;
- Sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules No. 3;
- Financial support to pensioners for the holidays;
- Vouchers for sanatorium-resort treatment to pensioners;
- Funeral aid of pensioners;
- A one-time payment to pensioners on special anniversaries;
- The reimbursement for denture treatment costs to pensioners;

- The reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- Financial support for sanatorium-resort treatment to employees;
- Financial assistance on denture treatment to employees;
- A one-time payment to employees on anniversaries;
- The reimbursement of railway ticket expense to employees.

The programs are unfunded. The Group's and the Company's policy towards these programs does not assume the accumulation of assets to cover obligations. The programs do not require employee contributions.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2025 by Rinat Shakenov, License №49 dated 17.09.2007 FSA Republic of Kazakhstan, using the projected unit credit actuarial valuation method.

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	37,396	41,105	41,027
Current portion of employee benefit obligations	7,608	7,598	8,167
Total liabilities as at the end of the year	45,004	48,703	49,194

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	7,805	11,692	16,358
Current portion of employee benefit obligations	1,573	2,300	3,509
Total liabilities as at the end of the year	9,378	13,992	19,867

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respective of these defined benefit plans during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current service cost	1,888	2,254	2,267
Past service cost	–	9,694	1,473
Interest costs	4,624	5,108	6,039
Actuarial gain on other long-term employee benefits	427	(2,394)	(459)
Total expenses recognised in profit or loss	6,939	14,662	9,320
Actuarial revaluation recognised in other comprehensive income:			
– *experience-based adjustments*	(330)	856	8,581
– *change in demographic assumptions*	(922)	(1,850)	1,503
– *change in financial assumptions*	1,792	(2,694)	(10,360)
Total expenses recognised in other comprehensive (expense)/income	540	(3,688)	(276)
Total	7,479	10,974	9,044

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current service cost	522	677	1,202
Past service cost	–	4,986	4,067
Interest costs	1,000	1,064	1,735
Actuarial gain on other long-term employee benefits	41	(293)	(274)
Total expenses recognised in profit or loss	1,563	6,434	6,730
Actuarial revaluation recognised in other comprehensive income:			
– *experience-based adjustments*	5	76	5,290
– *change in demographic assumptions*	(1,083)	688	241
– *change in financial assumptions*	945	(620)	(3,785)
Total expenses recognised in other comprehensive (expense)/income	(133)	144	1,746
Total	1,430	6,578	8,476

Movement in the present value of obligations for each of the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year	43,619	45,004	48,703
Current service cost	1,888	2,254	2,267
Past service cost	–	9,694	1,473
Interest costs	4,624	5,108	6,039
Actuarial gain on other long-term employee benefits	427	(2,394)	(459)
Actuarial revaluation recognised in other comprehensive income:	540	(3,688	(276)
Payments made for the year	(6,094)	(7,275)	(8,553)
Total liabilities as at the end of the year	45,004	48,703	49,194

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year	9,437	9,378	13,993
Current service cost	522	677	1,202
Past service cost	–	4,986	4,067
Interest costs	1,000	1,064	1,735
Actuarial gain on other long-term employee benefits	41	(293)	(274)
Actuarial revaluation recognised in other comprehensive income:	(133)	144	1,746
Payments made for the year	(1,489)	(1,964)	(2,602)
Total liabilities as at the end of the year	9,378	13,992	19,867

The total post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the Relevant Periods are as follows:

The Group

		As at 31 December	
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Finance costs *(Note 25)*	–	–	6,039
Cost of sales *(Note 23(a))*	6,611	14,150	3,069
General and administrative expenses *(Note 23(b))*	328	512	212
Total recognised in profit or loss for the year	6,939	14,662	9,320

The Company

		As at 31 December	
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Cost of sales *(Note 23(a))*	1,406	6,247	4,839
Finance costs *(Note 25)*	–	–	1,735
General and administrative expenses *(Note 23(b))*	156	187	156
Total recognised in profit or loss for the year	1,562	6,434	6,730

The calculation of the Group's and the Company's obligation has been prepared on the basis of published mortality statistics, as well as the Group's actual data on the number, age, gender and years of service of employees and retirees, and statistics on changes in the number of employees, the expectation that all employees who will be given the opportunity to benefit from the Rules No. 1, Rules No. 2 and Rules No. 3 will take advantage of them. The average longevity after retirement age for current and former employees who have retired is 8.33 years for men and 16.42 years for women. The average longevity after retirement age for the Group's and the Company's current and former employees who have retired is 14.6 years for men and 18.7 years for women, 15.6 years for men and 19.6 years for women and 8.33 years for men and 16.42 years for women for years ended 31 December 2023, 2024 and 2025, respectively.

Other significant actuarial assumptions used by the Group and the Company are as follows:

		Year ended 31 December	
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Discount rate	11.9%	12.4%	16.8%
Expected annual growth in material aid in the future	5.2% (average)	5.3% (average)	6.4% (average)
Expected annual minimum salary growth in the future	6.6% (average)	6.6% (average)	7.7% (average)
Expected annual future growth in rail ticket cost	5.9% (average)	7.6%(average)	8.6% (average)

The expected repayment schedule for defined benefit obligations for the years ended 31 December is presented below:

The Group

		As at 31 December	
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within the next 12 months	7,608	7,598	8,167
2 to 5 years	15,376	16,901	16,869
5 to 10 years	10,568	11,616	11,594
Beyond 10 years	11,452	12,588	12,564
Total expected payments	45,004	48,703	49,194

The Company

		As at 31 December	
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within the next 12 months	1,573	2,301	3,509
2 to 5 years	3,209	4,807	6,726
5 to 10 years	2,206	3,304	4,623
Beyond 10 years	2,390	3,581	5,009
Total expected payments	9,378	13,993	19,867

According to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.9%/(7.7%), 8.5%/(7.4%) and 8.7%/(7.6%), respectively, caused by an inflation rate increase/decrease of 1%, and 8.3%/(7.3%), 7.9%/(6.9%) and 8.1%/(7.1%)) caused by a discount rate decrease/increase of 1% for the year ended 2023, 2024 and 2025, respectively.

The Company's maximum increase/decrease in employee benefit obligations is 7.1%/(6.3%)), 6.7%/(6.0%) and 6.9%/(6.1%)) caused by an inflation rate increase/decrease of 1%, and 6.7%/(5.8%)), 6.4%/(5.5%) and 6.5%/(5.6%)) caused by a discount rate decrease/increase of 1% for the year ended 2023, 2024 and 2025, respectively.

The given above analysis may not reflect actual changes in post-employment defined employee benefit obligations, as changes in assumptions separate from each other are unlikely (some assumptions are interrelated).

In addition, for the sensitivity analysis, the present value of post-employment defined employee benefit obligations was calculated using the projected unit credit method as at the reporting date. The same method was applied when calculating post-employment defined employee benefit obligations reflected in the consolidated statement of financial position.

The methods and assumptions used in the sensitivity analysis do not differ from those used in prior years.

17. CORPORATE INCOME TAX

Income tax expenses during the Relevant Periods included:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current income tax expense	6,013	14,969	19,343
Adjustment of income tax for prior years	(227)	(217)	477
Deferred income tax expense	17,450	37,811	123,184
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371
	24,599	62,724	155,375

The table below provides a reconciliation of income tax expenses based on accounting profit before tax at the statutory rate against income tax expenses reported during the Relevant Periods:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Profit before tax	161,383	223,529	499,021
Statutory tax rate	20%	20%	20%
Calculated corporate income tax expense at the official rate	32,277	44,706	99,804
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:			
Adjustment of income tax for prior years	(227)	(217)	477
Non-deductible expenses	(8,814)	8,074	42,723
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371
Corporate income tax expense recognised in profit or loss	24,599	62,724	155,375

The amounts of deferred income tax calculated by applying the statutory tax rate in effect at the respective dates of the consolidated statement of financial position to temporary differences between the tax basis for assets and liabilities and amounts reported in the consolidated financial statements are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Deferred tax assets:			
Tax losses carried forward	125,893	128,414	162,891
Deferred revenue	–	–	21,675
Derivative financial instruments	7,036	6,432	18,299
Accrued employee obligations	7,135	7,912	9,847
Financial guarantee agreement liabilities	5,707	5,490	4,909
Lease liabilities	2,640	7,010	4,831
Difference in receivables	3,959	3,889	3,487
Other	2,634	2,692	2,272
	155,004	161,839	228,211
Less: deferred tax assets offset with deferred tax liabilities	(154,944)	(161,818)	(227,899)
Deferred tax assets	60	21	312
Deferred tax liabilities:			
Property, plant and equipment and other non-current assets	(457,336)	(507,804)	(679,716)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(109,488)	(122,066)	(137,268)
Lease liabilities	–	–	(26,011)
Other	(8)	(5)	(85)
	(566,832)	(629,875)	(843,080)
Less: deferred tax liabilities offset with deferred tax assets	154,944	161,818	227,899
Deferred tax liabilities	(411,888)	(468,057)	(615,181)
Total net deferred tax liabilities	(411,828)	(468,036)	(614,869)

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Net deferred tax liabilities as at the beginning of the year	(357,428)	(411,828)	(468,036)
Recognised in profit or loss	(18,813)	(47,972)	(135,555)
Recognised in equity *(Note 13)*	(35,587)	(17,879)	(14,639)
Recognised in other comprehensive income *(Note 13)*	–	9,643	3,361
Net deferred tax liabilities as at the end of the year	(411,828)	(468,036)	(614,869)

The Group has not recognised deferred tax assets relating to the portion of tax losses carried forward of subsidiaries. Management believes it is improbable that there will be sufficient taxable income available in the future against which any such deferred tax assets can be utilised. As at 31 December 2023, 2024 and 2025, the total tax effect of unrecognised tax losses carried forward amounted to KZT420 million, KZT9,470 million and KZT18,753 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Deferred tax assets:			
Tax losses carried forward	63,448	42,116	67,568
Fair value adjustment to loans issued	31,053	30,076	39,119
Liabilities under financial guarantee contracts	1,751	15,514	24,062
Derivative financial instruments	7,036	6,432	18,299
Lease liabilities	11,136	6,215	4,122
Other	4,796	5,248	7,448
Deferred tax assets	119,220	105,601	160,618
Deferred tax liabilities			
Property, plant and equipment and other non-current assets	(277,435)	(281,486)	(405,451)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(99,849)	(113,281)	(129,377)
Other	(8)	(5)	(2)
Deferred tax liabilities	(377,292)	(394,772)	(534,830)
Total net deferred tax liabilities	(278,072)	(289,171)	(374,212)

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Net deferred tax liabilities as at the beginning of the year	(231,832)	(258,072)	(289,171)
Recognised in profit or loss	(21,293)	(18,872)	(92,541)
Recognised in equity *(Note 13)*	(35,586)	(17,879)	(14,639)
Recognised in investments in subsidiaries *(Note 13)*	30,639	5,652	22,139
Net deferred tax liabilities as at the end of the year	(258,072)	(289,171)	(374,212)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	157,159	209,240	376,893
1 to 3 months	30,562	13,669	128,990
3 to 6 months	5,973	4,546	1,180
6 months to 1 year	5,759	1,958	15,059
Over 1 year	1,516	1,938	3,648
	200,969	231,351	525,770

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	45,890	98,844	130,932
1 to 3 months	14,129	2,143	85,693
3 to 6 months	3,413	2,192	830
6 months to 1 year	325	1,052	761
Over 1 year	583	1,113	1,870
	64,340	105,344	220,086

The Group's and the Company's trade accounts payable are interest free and are normally settled on 15 to 30-day terms.

19. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Freight transportation	110,568	125,382	142,565
Passenger transportation	3,542	4,258	5,083
Others	1,758	3,530	1,548
	115,868	133,170	149,196

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Freight transportation	2,133	2,000	2,788
Others	980	1,801	–
	3,113	3,801	2,788

As at 1 January 2023, the Group's and the Company's, contract liabilities amounted to KZT119,393 million and KZT2,439 million, respectively.

The Group's and the Company's revenue recognised during the Relevant Periods, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023, 2024 and 2025 amounted to KZT100,494 million, KZT95,811 million and KZT122,072 million, and KZT2,436 million, KZT3,109 million and KZT3,793 million, respectively.

The Group's and the Company's contract liabilities as at 31 December 2023, 2024 and 2025 will be recognised in revenue during 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Other non-financial liabilities			
Deferred income (government grants)	44,804	99,999	183,321
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	12,530	14,302	15,816
Other	16,023	12,779	2,696
	73,357	127,080	201,833
Other financial liabilities			
Unused vacation and other employee benefits	36,225	40,069	49,671
Financial guarantee agreement liabilities	28,536	27,449	24,545
Salary payables	15,511	18,966	15,188
Other	15,059	17,833	16,026
	95,331	104,317	105,430
	168,688	231,397	307,263
Current portion of other liabilities	98,910	112,627	129,821
Non-current portion of other liabilities	69,778	118,770	177,442
	168,688	231,397	307,263

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Other non-financial liabilities			
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	3,559	4,231	7,530
Others	236	424	404
	3,795	4,655	7,934
Other financial liabilities			
Unused vacation and other employee benefits	15,058	17,337	26,248
Financial guarantee agreement liabilities	3,377	7,096	120,314
Others	2,320	2,368	2,639
	20,755	26,801	149,201
	24,550	31,456	157,135
Current portion of other liabilities	24,550	31,456	157,135

As disclosed in Note 27, the Group and the Company have provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 December 2023, 2024 and 2025, liabilities under financial guarantee agreements amounted to KZT13,315 million, KZT14,897 million KZT13,521 million for Nursultan Nazarbayev International Airport JSC and KZT13,202 million, KZT12,553 million and KZT11,024 million for Aktobe Rail and Section Mill Plant LLP, respectively.

In addition, the Company recognised liabilities under financial guarantee contracts on the finance lease agreements and borrowings of certain subsidiaries. As at 31 December 2023, 2024 and 2025, the liability under these financial guarantees was KZT27,148 million, KZT50,121 million and KZT95,768 million, respectively. (Note 27).

At the end of each of the Relevant Periods, the Group's and the Company's other financial liabilities were mainly denominated in KZT.

21. REVENUE

During each of the Relevant Periods, revenue from freight transportation included:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Revenue from contracts with customers:			
International (transit) routes	655,888	698,797	827,178
Domestic routes	439,857	507,501	687,325
International (export) routes	274,069	322,631	489,375
International (import) routes	185,758	194,279	276,243
Additional charges related to the transportation process	60,675	67,769	65,194
Other revenue from freight transportation	66,303	84,581	117,882
	1,682,550	1,875,558	2,463,197

During 2024 and 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of KZT412 million and KZT80,781 million, respectively, attributable to the hedging instrument was reclassified from other comprehensive income to freight transportation revenue (Note 13).

Revenue from freight transportation is recognised over time.

During each of the Relevant Periods, revenue from passenger transportation included:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Revenue from contracts with customers:			
Passenger transportation	89,866	94,003	110,746
Other revenue from passenger transportation	11,816	16,520	18,504
	101,682	110,523	129,250

For the years ended 31 December 2023, 2024 and 2025, revenue from passenger transportation of KZT1,449 million, KZT1,763 million and KZT2,753 respectively, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, and KZT100,233 million, KZT108,760 million and KZT126,497 million, respectively, was recognised over time.

22. OTHER REVENUE

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Revenue from the sale of goods and provision of other services	49,615	61,172	69,285
Revenue from the lease of carriages	45,953	63,368	39,007
Revenue from fines	10,475	6,382	7,940
Revenue from the lease of other property, plant and equipment	4,908	5,815	5,129
	110,951	136,737	121,361

Revenue from the sale of goods and the provision of other services mainly consists of revenue from loading and unloading services, vehicle servicing and the sale of materials and scrap metal.

The Group leases out carriages and other property, plant and equipment under operating lease agreements. Accounts receivable under operating leases are payable within one year. Operating leases do not include an extension or early termination option. The Group is not exposed to currency risk as a result of operating leases, as all leases are denominated in KTZ. The lessee does not have an option to purchase carriages and other property, plant and equipment at the end of the lease term.

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

The major portion of other revenue is attributable to the Freight Transportation segment.

For the years ended 31 December 2023, 2024 and 2025, revenue of KZT21,479 million, KZT18,544 million and KZT21,627 million, respectively, is recognised at a point in time, and of KZT38,611 million, KZT49,010 million and KZT55,598 million, respectively – over time.

23. COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES, OTHER PROFIT AND LOSSES AND IMPAIRMENT OF FINANCIAL ASSETS, CONTRACT ASSETS AND NON-FINANCIAL ASSETS

(a) Cost of sales

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Employee benefit expense			
Wages, salaries, bonuses and other benefits	616,248	702,500	835,907
Pension scheme costs (defined benefit scheme) *(Note 16)*	6,611	14,150	3,069
	622,859	716,650	838,976
Fuel and lubricants	219,739	195,945	265,916
Repairs and maintenance	229,398	234,961	242,842
Depreciation of property, plant and equipment	136,620	151,235	171,382
Depreciation of right-of-use assets	13,873	13,814	20,867
Amortisation of intangible assets	1,100	876	648
Electrical power	64,980	90,967	139,014
Materials and supplies	58,190	62,300	78,083
Work and services of a production nature	77,113	71,246	76,540
Property tax and other taxes, excluding social tax and social contributions	27,655	29,816	31,979
Utilities and building maintenance	5,891	7,730	9,423
Communication services	2,631	3,125	3,127
Other expenses	38,534	41,352	45,254
	1,498,583	1,620,017	1,924,051

(b) General and administrative expenses

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages, salaries, bonuses and other benefits	67,433	79,497	94,523
Pension scheme costs (defined benefit scheme) *(Note 16)*	328	512	212
	67,761	78,985	94,735
Property tax and other taxes, excluding social tax and social contributions	7,853	17,942	15,458
Other third-party services	–	–	5,649
Consulting, audit and legal services	955	2,304	5,626
Expenses for holding festive and cultural events	2,717	3,273	4,712
Depreciation of property, plant and equipment	2,738	2,583	2,442
Depreciation of right-of-use assets	313	346	282
Amortisation of intangible assets	1,647	1,517	465
Business trips	1,945	2,590	2,502
Membership fees	855	1,299	1,641
Utilities and building maintenance	752	1,170	1,587
Short-term lease expenses	936	1,133	1,548
Insurance	583	636	745
Communication services	659	653	698
Expenses to maintain social sphere facilities	405	431	539
Banking services	431	442	453
Repairs and maintenance	1,310	1,216	431
Third parties expenses	4,299	3,809	–
Auditor's remuneration	566	569	–
Charity	–	2,000	–
Other expenses	9,729	5,492	6,324
	106,494	128,390	145,837

(c) Other profit and losses

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Loss on disposal of items of property, plant and equipment	(654)	(3,849)	(3,872)
Gain on contribution of assets to an associate	–	–	2,709
Depreciation of investment properties	–	–	(133)
Income from investment property	1,355	1,544	1,736
Reversal/(accrual) of provisions	(174)	2,484	35
Others	3,868	4,417	2,306
	4,395	4,606	2,781

(d) Impairment of financial assets and contract assets

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Impairment loss recognised on			
– loans issued	21	1,729	497
– financial assets at amortised cost	964	1,263	53
– contract assets	445	448	100
– cash and cash equivalents	17	6	7
– trade accounts receivable	1,166	(1,194)	2,132
– other receivables	49	(651)	1,104
	2,662	1,601	3,893

(e) Impairment of non-financial assets

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Impairment loss recognised on			
– corporate income tax withheld	–	(4,229)	–
– VAT receivables	(414)	(300)	4,781
– property, plant and equipment	(990)	(541)	4,586
– investments in associates	4,697	(298)	1,508
– investments in joint venture	343	(231)	–
– intangibles assets (except for goodwill)	(1,322)	(160)	23
– other non-current non-financial assets	(560)	(6)	87
– other current non-financial assets	(605)	(1570)	495
	1,149	(7,336)	11,480

24. EARNING PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the year. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. During 2025, there were no antidilutive instruments outstanding.

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Weighted average quantity of common shares	496,692,677	496,693,715	496,695,065
Profit for the year attributable to the Shareholder, in KZT'million	133,508	157,818	339,919
Basic and diluted earnings per common share, in KZT	269	318	684

25. FINANCE INCOME AND COSTS

	Year ended 31 December		
	2023	2024	2025
	KZT'million	*KZT'million*	*KZT'million*
Finance income			
Effect of the modification of debt liabilities that does not result in derecognition *(Note 14)*	2,220	28,019	43,226
Interest income on cash and cash equivalents	12,209	11,517	21,770
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,491	10,010	10,745
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	–	–	7,196
Income from guarantees issued	1,427	1,322	2,850
Other finance income	5,874	2,087	2,831
	32,221	52,955	88,618

	Year ended 31 December		
	2023	2024	2025
	KZT'million	*KZT'million*	*KZT'million*
Finance costs			
Interest costs and unwinding of discount on loans	161,945	152,777	153,443
Lease interest expenses	8,995	19,502	36,307
Interest expense on employee benefit obligations *(Note 16)*	–	–	6,039
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	35,182	6,363	–
Other finance costs	2,243	2,733	5,198
	208,365	182,251	200,987
Loss from the ineffective part of hedging instruments *(Note 13)*	–	3,609	44,857
	208,365	184,984	245,844

26. LOANS ISSUED

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current loans:			
Limited Liability Partnership «KTZ-Freight Transportation»	10,115	17,187	43,478
Limited Liability Partnership «KTZ-Passenger Locomotives»	3,048	25,078	30,764
Joint Stock Company «Passenger Transportation»	514	2,292	14,622
Joint Stock Company "KTZ Express"	1,702	–	9
Other	171	–	–
Other	124	124	124
Less: allowance for impairment	(132)	(132)	(151)
Total current loans	15,542	44,549	88,846
Non-current loans:			
Joint Stock Company «Passenger Transportation»	52,437	53,754	53,417
Vostokmashzavod JSC	7,669	4,054	1,860
Less: allowance for impairment	(3,180))	(1,406)	(1,902)
Total non-current loans	56,926	56,402	53,375
Debt securities			
Issued by subsidiaries:			
Limited Liability Partnership «KTZ-Passenger Locomotives»	33,381	29,853	68,228
Joint Stock Company «Kaztemirtrans»	135,651	99,676	61,459
Limited Liability Partnership «KTZ-Freight Transportation»	255,526	239,380	26,652
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	–	–	4,227
Joint Stock Company «Passenger Transportation»	33,891	36,363	–
Joint Stock Company "KTZ Express"	115,340	1,565	3,949
Less: allowance for impairment	(1,056)	(383)	(136)
Total debt securities	572,733	406,454	164,379
Total loans issued and debt securities issued by subsidiaries	645,201	507,405	306,600
Current portion of loans	104,224	83,244	113,391
Non-current portion of loans	540,977	424,161	193,209
Total	645,201	507,405	306,600

Short-term loans were issued to subsidiaries under the "cash pooling" mechanism with the possibility of early repayment at any time at the discretion of the participants (Note 31).

As at 31 December 2023, 2024 and 2025, loans issued are expressed in Tenge, while debt securities issued by subsidiaries Aktau International Sea Trade Port NC JSC, KTZ-Passenger Locomotives LLP and Joint Stock Company "KTZ Express" in the total amount of KZT176,667 million, KZT191,197 million and KZT43,549 million, respectively, indexed to the Swiss Francs.

Loans issued

Joint Stock Company «Passenger Transportation»

In May 2025, the Company issued a loan to its subsidiary Joint Stock Company «Passenger Transportation» for acquisition of passenger carriages in the amount of the special-purpose loan of KZT65,480,002 thousand received from the Shareholder. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Company recognised a fair value adjustment in the amount of KZT56,981,592 thousand, net of deferred tax in the amount of KZT11,396,317 thousand, within investments into subsidiaries (Note 6).

In December 2025, the subsidiary Joint Stock Company «Passenger Transportation» partly repaid a number of loans received from the Company for the total of KZT17,860,093 thousand. As a result, the Company recognised the write-off of the unamortised part of the discount on loans for the total amount of KZT6,477,449 thousand within finance income.

Debt securities issued by subsidiaries

Joint Stock Company "KTZ Express"

In December 2023, the Company concluded a trilateral agreement with its subsidiaries Kedentransservice JSC and Joint Stock Company "KTZ Express" to replace the issuer Kedentransservice JSC with Joint Stock Company "KTZ Express" for debt securities with a nominal value of KZT21,848 million with a maturity on 15 November 2029 and coupon rate of 9.25% per annum.

During 2024, the Company extended the maturity date until 10 July 2029 of debt securities issued by a subsidiary Joint Stock Company "KTZ Express" and subject to redemption on 10 July 2024. In addition, the Company converted debt securities into KZT indexed to the Swiss Franc at the rate of 535.5 KZT per 1 Swiss franc. Due to a material change in the terms of debt securities, the Company recorded this transaction as the derecognition of the original financial asset and the recognition of a new financial asset. As a result, the new financial asset as at the conversion date amounted to KZT85,572 million with the coupon rate "SARON 6m + margin 2.2%". Coupon payment is made twice a year.

In December 2024, a subsidiary Joint Stock Company "KTZ Express", in order to refinance these debt securities, made a targeted reissue in favor of the Company of debt securities without a fixed maturity date ('perpetual') in the amount of KZT90,540 million indexed to Swiss Francs and with the coupon rate of "SARON 6m + margin 2.2%". Coupon payment – twice a year. The Company classified these perpetual debt securities as investments in subsidiaries.

In December 2024, the Company, as part of the Liquidity Management Program on the Astana International Exchange (AIX), purchased debt securities issued by a subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Franc in the amount of KZT1,578 million with a coupon rate of "SARON 3m + margin 2%". The coupon and principal debt are repaid in quarterly installments until full repayment in 2027.

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Francs, for the amount of KZT3,500,736 thousand with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2027.

Wagonservice JSC

In June 2023, the Company replaced the previously issued financial aid to the subsidiary Wagonservice JSC in the amount of KZT6,176 million with debt securities issued with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In September 2023, the Company, as part of the project on the acquisition of carriages, acquired debt securities issued by the subsidiary Wagonservice JSC with a nominal value of KZT26,077 million and coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

KTZ-Freight Transportation LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT48,500 million issued by its subsidiary KTZ-Freight Transportation LLP with a coupon rate of SARON 6m + 3% margin. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In December 2023, the Company extended the maturity of debt securities indexed to the Swiss Franc issued by its subsidiary KTZ-Freight Transportation LLP and due on 5 December 2023. In addition, the Company changed the coupon rate from 3.25% to SARON 6m + 3% margin. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of a new financial asset. As a result, the new financial asset at the date of recognition amounted to KZT89,036 million. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In December 2025, for the purpose of refinancing of debt securities purchased by the Company in 2020, as part of the second issue of the First Bond Program at AIX, the subsidiary KTZ-Freight Transportation LLP re-issued perpetual debt securities for the amount of KZT82,969,095 thousand, with the coupon rate of 14.58%, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries (Note 6).

In December 2025, for the purpose of refinancing of debt securities with indexation to Swiss Francs purchased by the Company in 2023, as part of Liquidity Management Program at AIX, the subsidiary KTZ-Freight Transportation LLP re-issued perpetual debt securities for the amount of KZT152,048,357 thousand, with indexation to Swiss Francs, with the coupon rate of SARON 6m + 3.0% margin, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries (Note 6).

KTZ-Passenger Locomotives LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT32,340 million issued by its subsidiary KTZ-Passenger Locomotives LLP with maturity on 6 November 2033 and a coupon rate of SARON 6m + 0.95% margin. Coupon payment – twice a year.

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary KTZ-Passenger Locomotives LLP for the amount of KZT17,000,000 thousand with the coupon rate of the base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin. Principal and coupon are repayable semi-annually until full repayment in 2028.

In December 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary KTZ-Passenger Locomotives LLP for the amount of KZT18,000,000 thousand with the coupon rate of the base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin. Principal and coupon are repayable semi-annually until full repayment in 2032.

Joint Stock Company «Kaztemirtrans»

In July 2023, a subsidiary Joint Stock Company «Kaztemirtrans», in order to refinance debt securities indexed to the US dollar acquired by the Company on 15 June 2020, as part of the second issue of the First Bond Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX) in the amount KZT397,560 million, made a targeted re-issue of the debt securities in favor of the Company without a specified maturity date ('perpetual'), with a payment of the premium in the amount of KZT14,750 million which was reflected in finance income. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of new financial assets. As a result, the Company acquired perpetual debt securities indexed to the US dollar in the amount of KZT397,481 million with a coupon rate of 2% per annum and perpetual debt securities in the amount of KZT67,429 million with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Coupon payment – twice a year. The US dollar indexed perpetual debt securities were issued with a coupon rate below market and the fair value was calculated based on the market rate of 11%. The Company recognised an adjustment to US dollar indexed perpetual debt securities to fair value in the amount of KZT321,282 million as an investment in subsidiaries.

In August 2023, the Company decided to reduce the coupon rate: from 2% to 0.4% per annum, for the period from 29 July 2023 to 28 October 2023, for indexed perpetual debt securities; from 18.75% to 0.5% per annum, for the period from 29 July 2023 to 31 December 2023, for perpetual debt securities in Tenge. As a result, the Company recognised an adjustment to the carrying amount of perpetual debt securities due to the modification in the amount of KZT2,384 million as an investment in subsidiaries.

In December 2023, the terms and conditions of perpetual debt securities have been changed providing the Joint Stock Company «Kaztemirtrans» with an unconditional right, in its sole discretion, to defer the coupon payment (in whole or in part) in favor of the Company. The Company reclassified perpetual debt securities at carrying value in the total amount of KZT146,068 million as an investment in subsidiaries.

Joint Stock Company "KTZ Express"

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Francs, for the amount of KZT3,501 million with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2027.

Aktau International Sea Trade Port NC JSC

In July 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary NC Aktau International Sea Trade Port JSC with indexation to the Swiss Francs, for the amount of KZT4,485,467 thousand with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2031.

27. FINANCIAL AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2023 and 2024, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, the construction of a bypass railway line bypassing the Almaty station, 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 a total amount of KZT1,867,649 million and KZT2,427,217 million, respectively.

As at 31 December 2025, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor; the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of second tracks on the Dostyk–Alashankou railway section; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic 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 a total amount of KZT2,427,217 million excluding VAT.

Liabilities under lease agreements with Industrial Development Fund JSC

In August 2017, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into lease agreements with Industrial Development Fund JSC to lease 1,995 platform carriages for KZT29,700 million for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, platform carriages with a total value of 23,984 million Tenge had not been delivered. The Group is working on the addendum to the lease agreement to reduce the volume of supply to the actually delivered quantity as at 31 December 2023 in the amount of KZT5,716 million. As at 31 December 2024, the remaining delivery are completed.

In November 2020, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 platform carriages for 47,391 million Tenge, for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered platform carriages was KZT5,077 million. As at 31 December 2024, the remaining platform carriages are delivered.

In September 2023, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 100 passenger carriages with a total value of 65,796 million Tenge. The lease term is 15 years, with an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered passenger carriages was KZT40,947 million. As at 31 December 2024, the remaining passenger carriages are delivered.

In August 2023, the Group, represented by its subsidiary Joint Stock Company «Kaztemirtrans», entered into an agreement for the lease of 3,000 open wagons with a total value of 88,125 million Tenge. The lease term is 14 years, with an interest rate of 13.15% per annum, of which 6% per annum is subsidized by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered open wagons was KZT81,016 million. As at 31 December 2024, the remaining open wagons are delivered.

Other commitments

As at 31 December 2023, 2024 and 2025, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 December 2023, 2024 and 2025, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities

Litigations

The Group is subject to various legal proceedings related to its business operations, such as property damage claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 December 2025, 2024 and 2023. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

The Group's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

Insurance

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, the Group's management has analysed and classified the Group's assets that belong to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified into the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these consolidated financial statements as the Group's management assesses that there are no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group.

Guarantees

As at 31 December 2023, guarantees were presented as follows:

The Group

Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT million*
Development Bank of Kazakhstan JSC	Execute the Obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	17,125
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	22,408
Development Bank of Kazakhstan JSC	Execute the obligations of an associate Transtelecom JSC for the implementation of ACS of Energy Dispatching Traction	30 June 2014	until 2024	1,497

As at 31 December 2024, guarantees were presented as follows:

The Group

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
Development Bank of Kazakhstan JSC	Execute the Obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	15,907
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	21,940

As at 31 December 2025, guarantees were presented as follows:

The Group

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
Development Bank of Kazakhstan JSC	Execute the obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	14,498
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana airport	28 March 2018	until 2033	20,252

As at 31 December 2023, guarantees were presented as follows:

As at 31 December 2023

The Company

Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013 and 3 September 2018	Until 31 December 2027 to 30 October 2032	48,107 (96 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	Until 31December 2027 to 30 October 2032	19,804 (39 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 and 6 September 2024	Until 20 December 2036 to 10 December 2042	131,044
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 and 30 November 2020	Until 28 August 2032 to 30 November 2035	25,072
	Joint Stock Company "KTZ Express JSC" under finance lease agreements	28 August 2017 and 30 November 2020	Until 28 August 2032 to 30 November 2035	56,028
	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	22,408
	Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe Wagonservice JSC, a subsidiary of Passenger	4 July 2013	until 5 July 2033	17,125
Development Bank of Kazakhstan JSC	Transtelecom JSC to finance the project for the construction of hardware and software complex communication platform along the railway lines	30 June 2014	until 2024	1,497

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
	Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035
	Joint Stock Company «Passenger Transportation» under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	87,400
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	until 2 August 2038	111,680
Halyk Bank of Kazakhstan JSC	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	58,996
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel and electric locomotives	3 November 2022	until 3 November 2032	65,284
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	10,137 (51,292 million Russia Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	until 27 June 2025	13,013
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	119,805 (237 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	47,945 (96 million Euros)

As at 31 December 2024

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013 and 3 September 2018	until 31 December 2027 to 30 October 2032	42,668 (78 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	Until 31 December 2027 to 30 October 2032	15,965 (29 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 and 6 September 2024	until 20 December 2036 to 10 December 2042	141,947
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	21,224
	Joint Stock Company "KTZ Express" under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	56,352
	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	21,940
	Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe Wagonservice JSC, a subsidiary of Passenger	4 July 2013	until 5 July 2033	15,907
Development Bank of Kazakhstan JSC	Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
	Joint Stock Company «Passenger Transportation» under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	226,722
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	until 2 August 2038	111,680
Halyk Bank of Kazakhstan JSC	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	40,713
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	16,260 (79,350 million Russia Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	until 27 June 2025	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	164,075 (300 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	81,602 (149 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	until 15 May 2034	189,806 (327 million Euros)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	until 15 May 2034	58,824 (101, 302 Euros)

As at 31 December 2025

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	35,785 (60 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	11,256 (19 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 – 6 September 2024	20 December 2036 – 10 December 2042	240,649
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	21,189
Industrial Development Fund JSC	Joint Stock Company "KTZ Express" under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	110,166
	Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana	28 March 2018	28 March 2033	20,252
	Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	5 July 2033	14,497
	Wagonservice JSC, a subsidiary of Joint Stock Company «Passenger Transportation» to finance the acquisition of passenger carriages	7 August 2015	5 March 2035	4,795
	Joint Stock Company «Passenger Transportation» under finance lease Agreements	31 August 2023, 13 May 2024	13 May 2039 – 31 August 2039	226,722
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	2 August 2038	111,680

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
Development Bank of Kazakhstan JSC	Joint Stock Company «Kaztemirtrans» under finance lease agreements	5 July 2024	29 August 2040	85,594
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	92,238 (14,548 million Russian Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	No date	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	28 February 2035	160,809 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2036	111,208 (187 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	167,924 (283 million Swiss Francs)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 February 2034	57,460 (90 million Swiss Francs)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 August 2034	236,344 (371 million Swiss Francs)
The Export-Import Bank of China and China Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	7 February 2025	21 March 2040	41,691 (576 million Chinese Yuan)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
Deutsche Bank Luxembourg, S.A., Banco Santander, S.A., EXIM Bank US	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	26 November 2025	20 February 2035	93,219 (146 million Swiss Francs)
European Bank for Reconstruction and Development (EBRD)	Joint Stock Company «National Company «International Sea Trade Port of Aktau» for financing the reconstruction of berths	26 November 2025	20 February 2035	20,770 (35 million Euros)

Note 20 discloses the Group's and the Company's carrying value of these guarantees.

As at 31 December 2023, 2024 and 2025, the Group and the Company had no cases of using the financial guarantees listed above.

Finance lease agreements with Development Bank of Kazakhstan JSC provide for the Company's compliance with certain financial covenants, such as debt to EBITDA and interest coverage ratio on an annual basis, as well as compliance with the condition that the Company has any two of the three corporate ratings (S&P, Fitch, Moody's) at a level not lower than BB-. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with arrangements with HSBC Continental Europe in relation to financial and non-financial covenants on loans received by subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP in the amount of KZT67,911 million, KZT58,633 million and KZT47,042 million, respectively, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group and comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with the loan agreement with EDB, obtained by the subsidiary KTZ-Freight Transportation LLP for KZT51,292 million, KZT79,350 million and KZT92,238 million, respectively, the Company has to comply with certain financial covenants such as Debt to EBITDA and Interest Coverage Ratio calculated semi-annually based on the consolidated results of the Group as well as compliance with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with loan agreements with Societe Generale and Natixis, obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT167,030 million, KZT245,676 million and KZT439,942 million), the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met.

As at 31 December 2024 and 2025, under the loans from Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank) obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT248,630 million and KZT293,804 million, respectively, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024 and 2025, these covenants were met.

Under the loans from The Export-Import Bank of China (agent and creditor) China Development Bank (creditor) received by the subsidiary KTZ-Freight Transportation LLP in the amount of KZT41,691 million, the Company has to comply with financial covenant Interest Coverage Ratio calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States received by the subsidiary KTZ-Freight Transportation LLP in the total amount of 93,219 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from EBRD obtained by the subsidiary Aktau International Sea Trade Port NC JSC for 20,770 million, the Company has to comply with certain financial covenants such as Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, these covenants were met.

28. SUBSIDIARIES

As the end of the Relevant Periods, the Company had direct interests in its principal subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries of the Company are set out below:

Name	Notes	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital (KZT'million)			Percentage of equity attributable to the Company (%)			Principal activities
			2023	2024	2025	2023	2024	2025	
Joint Stock Company «Kaztemirtrans»	(a),(d)	Kazakhstan; 21 October 2003	70,239	70,239	70,239	100%	100%	100%	Freight carriage operation
Joint Stock Company «Passenger Transportation»	(a),(d)	Kazakhstan; 21 May 2002	93,849	93,849	93,866	100%	100%	100%	Passenger Transportation
Limited Liability Partnership «KTZ-Freight Transportation»	(a),(d)	Kazakhstan; 14 October 2003	63,296	78,064	78,064	100%	100%	100%	Freight transportation and locomotive haulage
Joint Stock Company "KTZ Express"	(a),(e)	Kazakhstan; 15 July 2003	47,914	47,914	47,914	100%	100%	100%	Multimodal
Joint Stock Company «Kedentransservice»	(b),(d)	Kazakhstan; 11 December 1997	3,402	3,402	3,402	100%	100%	100%	Freight forwarding services, rolling stock operation, terminal services
Joint Stock Company «National Company «International Sea Trade Port of Aktau»*	(a),(e)	Kazakhstan; 11 October 1996	25,480	25,480	25,480	100%	100%	100%	Vessel loading and unloading work, vessel servicing
Limited Liability Partnership «Port Kuryk»	(c),(e)	Kazakhstan; 23 July 2012	12,993	60,005	66,308	100%	100%	100%	Freight transhipment and vessel servicing
Limited Liability Partnership «KTZ-Passenger Locomotives»	(a),(d)	Kazakhstan; 31 August 2021	96,891	96,891	96,891	100%	100%	100%	Locomotive rolling stock services

* In November 2013, the Shareholder transferred a 100% ownership interest in National Company Aktau International Sea Commercial Port JSC to the Group's trust management. National Company Aktau International Sea Commercial Port JSC is recognised as a Group subsidiary although the Group does not legally hold shares in it.

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance with International Financial Reporting Standards and order #404 of Minister of Finance. These entities were audited by Deloitte LLP, independent audit firm registered in the Republic of Kazakhstan.

(b) The statutory financial statements of this entity for the years ended 31 December 2024 and 2023 were prepared in accordance International Financial Reporting Standards and order #404 of Minister of Finance. This entity were audited by Ernest & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(c) The statutory financial statements of these entities for the years ended 31 December 2025 were prepared in accordance with International Financial Reporting Standards and order #404 of Minister of Finance. Entities were audited by Ernst & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(d) The statutory financial statement of this entity for the years ended 31 December 2025 were prepared in accordance with International Financial Reporting Standards and order #404 of Minister of Finance. Entities were audited by Alma Audit LLP, independent audit firms registered in the Republic of Kazakhstan.

(e) The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as of the date of this report.

29. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In addition, parties under common control with the Group are considered to be related. When considering possible relationships between related parties, in each case, attention is drawn to the nature of the relationship, and not just to the legal form.

The Group's Shareholder is wholly-owned by the Government of Kazakhstan. For the purpose of the related party transactions disclosures, management believes that it is also meaningful to disclose the significant related party transactions with its Shareholder and Shareholder's companies and other commercial entities under common control and significant influence of the Government of Kazakhstan for the interests of financial information users. Management believes that the information on related party transactions has been adequately disclosed in the Historical Financial Information.

Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production), Samruk-Energo JSC (electricity), Settlement and financial centre for renewable energy support LLP (electricity), National Bank of the Republic of Kazakhstan (cash deposits). The Group also provides freight transportation services and lease of rolling stock to Shareholder group companies, associates and joint ventures, as well as other related parties.

The related parties may enter transactions that unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December are detailed below.

The Group

		Shareholder	**Associates**	**Companies making up the Shareholder group**	**Other related parties***
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Amounts due from related parties					
– trade in nature	2023	–	12	115	308
– non-trade in nature	2023	–	3,362	31	2,906
			3,374	146	3,214
– trade in nature	2024	–	20	191	153
– non-trade in nature	2024	–	2,142	20	5,049
			2,162	211	5,202
– trade in nature	2025	–	1,161	180]	84
– non-trade in nature	2025	–	3,249	214	9,339
			4,410	394	9,423
Amounts due to related parties					
– trade in nature	2023	–	5,479	37,696	2,942
– non-trade in nature	2023	–	8,738	1,207	10,457
			14,217	38,903	13,399
– trade in nature	2024	–	5,750	27,988	2,012
– non-trade in nature	2024	–	9,107	1,499	12,610
			14,857	29,487	14,622
– trade in nature	2025	–	4,370	147,197	4,116
– non-trade in nature	2025	–	11,314	2,313	8,099

		Shareholder	**Associates**	**Companies making up the Shareholder group**	**Other related parties***
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
			15,684	149,510	12,215
Cash on current accounts	2023	–	–	112,141	–
	2024	–	–	1	–
	2025	–	–	24,570	–
Cash on digital accounts *(Note 30)*	2023	–	–	–	–
	2024	–	–	–	116,631
	2025	–	–	–	22,882
Restricted cash	2023	–	–	–	202
	2024	–	–	–	197
	2025	–	–	–	4
Loans payable	2023	768,615	–	–	125,449
	2024	1,002,575	–	–	154,299
	2025	975,160	–	–	164,264
Lease liabilities	2023	–	9,831	–	58,445
	2024	–	31,296	–	140,393
	2025	68	20,601	–	245,863
Financial guarantee agreement liabilities	2023	–	19	–	15,315
	2024	–	–	–	14,897
	2025	–	–	–	13,521

* *Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.*

The Company

		Shareholder	Associates	Companies making up the Shareholder group	Subsidiaries of the Company	Other related parties*
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Amounts due from related						
– trade in nature	2023	–	2	4	181,490	87
– non-trade in nature	2023	–	14	19	25	1,046
		–	16	23	181,515	1,133
– trade in nature	2024	–	2	10	301,160	84
– non-trade in nature	2024	–	–	8	–	2,154
		–	2	18	301,160	2,238
– trade in nature	2025	–	12	17	343,441	75
– non-trade in nature	2025	–	–	190	6	3,767
		–	12	207	343,447	3,842
Amounts due to related parties						
– trade in nature	2023	–	4,015	1,327	3,075	768
– non-trade in nature	2023	–	308	3	22	2
		–	4,323	1,330	3,097	770
– trade in nature	2024	–	3,835	782	3,869	1,126
– non-trade in nature	2024	–	504	4	5	4
		–	4,339	786	3,874	1,130
– trade in nature	2025	–	2,313	741	2,989	1,368
– non-trade in nature	2025	–	246	1	–	4
		–	2,559	742	2,989	1,372
Cash on current accounts	2023	–	–	112,137	–	–
	2024	–	–	–	–	–
	2025	–	–	254	–	–
Cash on digital accounts *(Note 30)*	2023	–	–	–	–	–
	2024	–	–	–	–	116,631
	2025	–	–	–	–	22,882
Loans issued	2023	–	–	–	640,624	–
	2024	–	–	–	505,147	–
	2025	–	–	–	306,600	–

		Shareholder	Associates	Companies making up the Shareholder group	Subsidiaries of the Company	Other related parties*
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Including allowance for expected credit losses	2023	–	–	–	(1,152)	–
	2024	–	–	–	(434)	–
	2025	–	–	–	–	(205)
Borrowings received	2023	768,615	–	–	49,603	–
	2024	1,002,575	–	–	10,781	–
	2025	975,160	–	–	46,885	–
Lease liabilities	2023	–	8,396	–	6	–
	2024	–	30,545	–	7	–
	2025	–	20,601	–	4	–
Financial guarantee agreement liabilities	2023	–	19	–	27,148	15,315
	2024	–	–	–	50,121	14,897
	2025	–	–	–	95,768	12,251

* *Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.*

The Group

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties*
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Sale of goods, services and non-current assets	2023	–	72,316	–	22,635	83,862
	2024	–	110,476	–	29,434	103,418
	2025	–	101,424	–	35,936	127,508
Impairment/(reversal of impairment) of trade accounts receivable and other current assets	2023	–	1,233	–	(4)	(12)
	2024	–	394	–	96	(70)
	2025	–	(42)	–	1	(67)
Purchase of goods, services and non-current assets	2023	–	33,215	–	124,842	33,999
	2024	–	26,623	–	93,221	75,278
	2025	–	24,523	–	221,052	119,948
Proceeds from borrowings	2023	336,309	–	–	–	50,345
	2024	238,169	–	–	–	37,956
	2025	107,806	–	–	–	–

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties*
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Repayment of borrowings	2023	1,175	–	–	–	4,629
	2024	1,175	–	–	–	11,160
	2025	31,175	–	–	–	18,032
New lease agreements (Group as lessee)	2023	–	1,121	–	–	23,213
	2024	–	27,261	–	–	80,475
	2025	247	22	–	–	103,993
Lease payments	2023	–	20,944	–	–	3,675
	2024	–	11,188	–	–	16,904
	2025	203	15,216	–	–	27,808
Finance income	2023	–	362	–	–	234
	2024	–	19	–	–	418
	2025	43,226	–	–	–	1,376
Finance costs	2023	34,564	2,523	–	–	14,482
	2024	36,853	5,755	–	–	26,047
	2025	40,421	4,414	–	–	45,945
Dividends receivable	2023	–	2,891	–	–	–
	2024	–	4,480	–	–	–
	2025	–	4,645	–	–	–
Contribution to the share capital	2023	24,310	5,196	1,116	–	–
	2024	13,273	1,578	243	–	–
	2025	28,791	6,211	13,719	–	–

The trade accounts receivable due from associates, companies making up the Shareholder group, subsidiaries of the Company and other related parties are repayable on credit terms similar to those offered to the major customers of the Group.

The trade accounts payable due to associates, companies making up the Shareholder group, subsidiaries of the Company and other related parties are repayable within 15 to 30 days.

During the year ended 31 December 2024 and 2023, the Group and the Company issued bonds in favour of the Shareholder in the amount of KZT238,169 million (Note 14) and KZT173,709 million, respectively.

During the year ended 31 December 2023, the Group received a loan from the Shareholder in the amount of KZT162,600 million (Note 14).

During the year ended 31 December 2025, the Group received a loan from the Shareholder in the amount of KZT65,480 million (Note 14).

During the year ended 31 December 2025, the Group issued bonds in favour of the Shareholder in the amount of KZT42,326 million (Note 14).

As at 31 December 2024, certain debt securities issued by subsidiaries were indexed to reflect changes in foreign currency exchange rates. During the year ended 31 December 2024 and 2023, due to changes in exchange rates, the Company recognised a foreign exchange loss in the amount of KZT17,891 million and KZT5,711 million, respectively. As at 31 December 2023, the Company issued guarantee on certain borrowing of subsidiaries, the associate and other related parties to ensure the execution of obligations to the banks (Notes 20 and 31).

As at 31 December 2023, 2024 and 2025, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT124,449 million, KZT154,299 million and KZT164,264 million, respectively.

As at 31 December 2023, 2024 and 2025, the Group's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74%, from 0.075% to 9.25% and from 0.075% to 9.37%, respectively, and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 5.4% to 13.99%, from 6.53% to 14.5% and 6.53% to 16.3%, respectively.

Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production), Samruk-Energo JSC (electricity), Settlement and financial centre for renewable energy support LLP (electricity), National Bank of the Republic of Kazakhstan (cash deposits). The Group also provides freight transportation services and lease of rolling stock to Shareholder group companies, associates and joint ventures, as well as other related parties.

Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Salaries, allowances and benefits in kind	347	609	729
Performance related bonus	442	207	307
Total compensation paid to key management personnel	789	816	1,036

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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 accounts receivable 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.

Capital risk management

The Group manages its capital risk to ensure that it can continue as a going concern, maximising shareholder value and optimising its debt and equity balance. The Group's overall strategy remains unchanged from 2024.

There are no obligatory minimum equity requirements for the Group.

The Group's equity structure includes net debt (loans, debt securities and lease liabilities less cash and cash equivalents) and Group's equity (which comprises share capital, hedge reserve, foreign currency translation reserve, retained earnings and non-controlling interests.

Categories of financial instruments

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Financial assets			
Amortised cost	51,655	62,707	65,175
FVTPL	73	632	632
Financial liabilities			
Amortised cost	2,485,353	3,164,038	4,022,440
FVTPL	35,719	32,697	91,496

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Financial assets			
Amortised cost	839,839	818,281	660,376
FVTPL	–	558	558
Financial liabilities			
Amortised cost	1,832,584	2,157,598	2,641,756
FVTPL	35,719	32,697	91,496

Financial risk management objectives

Risk management is an essential element of the Group's operations. The Group monitors and manages financial risks relating to the Group's operations through internal risk reports which analyse risk exposure by the degree and size of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. A description of the Group's risk management policies in relation to those risks presented below.

Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. The Group manages market risk through periodic estimates of potential losses that could arise from adverse changes in market conditions.

Interest rate risk

The interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on the Group's investments and/or increasing cash outflow on its loans and debt securities. The Group limits its interest rate risk by monitoring changes in interest rates in the currencies in which its financial instruments are held, and by maintaining a balance between its loans with fixed and floating interest rates.

The Group's exposure to the interest rate risk mainly relates to its loans and debt securities issued with floating interest rates.

The following table shows the sensitivity of the Group's profit and equity to possible changes in interest rates on borrowings (through the effect on interest for floating interest rate borrowing) with all other variables remaining constant.

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
The Group			
KZT borrowings	2025	–	–
	2024	397/(397)	(3,791)/3,791
	2023	397/(397)	(9,186)/9,186
Key interest rate NBRK	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
EURIBOR	2025	27/(27)	(1,005)/1,005
	2024	397/(397)	(6,797)/6,797
	2023	397/(397)	(4,369)/4,369
SARON	2025	35/(35)	(3,144)/3,144
	2024	–	–
	2023	–	–
Swiss Francs borrowings	2025	–	–
	2024	397/(397)	(19,862)/19,862
	2023	397/(397)	(8,099)/8,099
LRP	2025	350/(350)	(907)/907
	2024	–	–
	2023	–	–

* *1 basis point – 0.01%.*

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
The Company			
KZT borrowings	2025	–	–
	2024	397/(397)	(2,541)/2,541
	2023	397/(397)	(5,363)/5,363
Swiss Francs borrowings	2025	–	–
	2024	397/(397)	(12,868)/12,868
	2023	397/(397)	(8,099)/8,099
Base rate of the NBRK	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
SARON	2025	35/(35)	(2,180)/ 2,180
	2024	–	–
	2023	–	–

* *1 basis point – 0.01%.*

Currency risk

Since the functional currency of the Group is the KZT, the Group is exposed to foreign currency risk arising from transactions denominated in foreign currencies, in particular revenue from international (transit) freight transportation denominated in Swiss francs. Fluctuations in the exchange rate of the Swiss franc against the KZT may have a significant impact on the Group's financial results and cause volatility in cash flows. In addition, the Group raises financing denominated in US dollars, Swiss francs, Euros, Chinese yuan and Russian rubles. Changes in the exchange rate of the KZT against these currencies also result in foreign exchange gains or losses, thereby affecting the Group's financial results.

Foreign currency risk management strategies

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–KZT exchange rate, the Group has employed two hedging strategies.

Under Strategy 1, the Group used debt obligations denominated in US$ together with cross-currency swaps that economically transformed the US$ obligations into obligations denominated in Swiss francs. This allowed the currency of the forecast cash inflows from transit revenue to be matched with the currency of the liabilities.

Under Strategy 2, the Group used borrowings denominated in Swiss francs as a tool to reduce foreign currency risk related to highly probable forecast revenue in Swiss francs. This approach represents a natural hedging strategy, in which the currency of future operating cash inflows is aligned with the currency of future cash outflows under financial liabilities.

Cross-currency swaps and borrowings

In October–November 2022, the Group entered into cross-currency swap transactions with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom) to manage the foreign currency risk of borrowings denominated in US$. The Group received fixed amounts of consideration in Swiss francs and US$.

The borrowings designated as the hedging instrument represent payments under Eurobonds totaling US$882,978,000, bearing interest at 2% per annum and maturing in October 2025, held by the Shareholder. In August 2025, the Group signed a memorandum extending the maturity of the Eurobonds from 2025 to 2028 and changing the coupon rate from 2% to 3% (Note 14).

These derivative financial instruments and the Eurobonds were designated as part of specific hedging relationships in the consolidated financial statements from October 2024 to August 2025 (Note 13).

In October 2025, the Group extended the term of its cross-currency swap transactions for one year. Under the extended cross-currency swap agreements, the Group will pay a fixed amount of consideration in Swiss francs in exchange for a fixed amount of consideration in U.S. dollars.

Financial results on derivative instruments

During 2025, under the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), and Citibank London in the amount of US$17,565,607 (KZT 9,220 million) and CHF 4,512,532 (KZT 2,926 million) (2024: US$17,674,778 (KZT 8,221 million) and CHF 4,540,916 (KZT 2,385 million), 2023: US$17,478,556 (equivalent to approximately KZT8,146 million).

As of 31 December 2025, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom), amounting to US$180,989,291 (KZT 91,496 million), was recognized as current liabilities.

During the years ended 31 December 2024 and 2023, as part of the cross-currency swap transactions, the Group and the Company received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London.

For the year ended 31 December 2024, the amounts received were 17,674,778 US dollars, equivalent to approximately KZT8,221 million, and 4,540,916 Swiss Francs, equivalent to approximately KZT2,385 million.

For the year ended 31 December 2023, the corresponding amounts received were 17,478,556 US dollars, equivalent to approximately KZT8,146 million, and 4,485,525 Swiss Francs, equivalent to approximately KZT2,345 million.

As at 31 December 2024 and 2023, the Group's and the Company's derivative financial instruments under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) are accounted at fair value through profit or loss.

As at 31 December 2024, the fair value in the amount of 62,267,864 US dollars, equivalent to approximately KZT32,697 million, was recognised within current liabilities.

As at 31 December 2023, the corresponding fair value of 78,578,766 US dollars, equivalent to approximately KZT35,719 million, was recognised within non-current liabilities. For the years ended 31 December 2024 and 2023, the change in fair value of derivative financial instruments of the Group and the Company was recognised within financial line items.

For the year ended 31 December 2024, the change was recognised within finance cost of KZT6,363 million and within finance income of KZT3,021 million, respectively.

For the year ended 31 December 2023, the corresponding change was recognised within finance cost of KZT35,182 million and within finance costs of KZT35,182 million, respectively.

Hedge effectiveness assessment

In 2024, the Group applied cash flow hedging to reduce the risk of changes in the KZT equivalent of revenue from transit freight transportation denominated in Swiss francs under two strategies (Note 13). In August 2025, due to the signing of a memorandum extending the maturity of the Eurobonds from 2025 to 2028 (Note 14), hedge accounting under Strategy 1 was discontinued.

There is an economic relationship between the hedged items and the hedging instruments because the terms of the foreign-currency loans and bonds match the terms of the expected highly probable forecast cash flows from revenue denominated in Swiss francs (nominal amount and expected payment date). The Group established a hedge ratio of 1:1 for these hedging relationships, as the underlying currency risk of the borrowings fully corresponds to the currency risk of the revenue and liabilities denominated in Swiss francs.

To assess hedge effectiveness, the Group applies the hypothetical derivative method, comparing changes in the fair value of the hedging instruments with changes in the fair value of the hedged items attributable to foreign currency risk.

Sources of hedge ineffectiveness may include:

- Mismatches in the timing of cash flows between the hedged items and the hedging instruments;
- Changes in the forecast amount of cash flows related to the hedged item;
- Changes in the fair value of the cross-currency swap due to movements in market interest rates for the Swiss franc and the U.S. dollar.

As of 31 December 2024 and 2025, the Group assesses the likelihood of significant hedge ineffectiveness under Strategy 2 as remote, given the high probability of receiving cash flows from revenue denominated in Swiss francs during the forecast period.

The Group applies the following currency swaps and foreign-currency bonds under Strategy 1:

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2024					
Eurobonds					
Nominal values in US$	–	–	882,978,000	–	882,978,000
Nominal value in KZT million	–	–	463,661	–	463,661
Average US$/CHF exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in million Tenge	–	–	(512,091)	–	(512,091)

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2025					
Eurobonds					
Nominal values in US$	–	–	882,978,000	–	882,978,000
Nominal value in million Tenge	–	–	463,661	–	463,661
Average US$/CHF exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in million Tenge	–	–	(512,091)	–	(512,091)

The Group applies the following foreign-currency borrowings under Strategy 2:

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2024					
Nominal value in Swiss francs	39,613,561	69,467,385	30,084,195	911,043,258	1,070,208,399

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2025					
Nominal value in Swiss francs	39,246,547	69,108,135	30,084,195	772,604,381	911,043,258

The impact of the hedging instruments on the consolidated statement of financial position is presented below:

	Nominal value (in original currency)	Carrying amount (in KZT'million)	Line item in the consolidated statement of financial position	Change in fair value /foreign-currency remeasurement used for assessing ineffectiveness for the period (in KZT'million)
31 December 2024				
Borrowings in Swiss francs	1,050,208,399	567,213	Borrowings	(20,399)
Eurobonds in US$	882,978,000	448,785	Borrowings	(37,037)
Currency swaps in Swiss francs	881,881,000	32,697	Derivative financial instruments	8,811

	Nominal value (in original currency)	Carrying amount (in KZT'million)	Line item in the consolidated statement of financial position	Change in fair value /foreign-currency remeasurement used for assessing ineffectiveness for the period (in KZT'million)
31 December 2025				
Borrowings in Swiss francs	911,043,258	534,250	Borrowings	(53,550)

A reconciliation of each component of equity and an analysis of other comprehensive income are presented below:

	Cash flow hedge reserve (Strategy 1)	**Cash flow hedge reserve (Strategy 2)**	**Total**
	KZT'million	*KZT'million*	*KZT'million*
As at 1 January 2024	–	–	–
Effective portion of changes in fair value	28,226	20,399	48,625
Amount reclassified to profit or loss – effective portion as a reduction of revenue	–	(412)	(412)
Tax effect	(5,645)	(3,998)	(9,643)
As at 31 December 2024 and 1 January 2025	22,581	15,989	38,570
Effective portion of changes in fair value	44,034	53,550	97,584
Amount reclassified to profit or loss – effective portion as a reduction of revenue	(72,260)	(8,521)	(80,781)
Tax effect	5,645	(9,006)	(3,361)
31 December 2025	–	52,012	52,012

During 2025, the Group incurred a foreign exchange loss of KZT19,990 million, of which a major portion is attributable to borrowing as disclosed in Note 14.

The following table reflects the sensitivity of the Group's profit and equity to potential changes in the US$, Euro, Russian Rouble, Swiss Francs and other exchange rates, provided all other parameters remain constant.

	As at 31 December 2023		
	Exchange rate increase/ (decrease)	**Effect on profit**	**Direct effect on equity**
		KZT'million	*KZT'million*
The Group			
US dollars	14%/	(40,334)/	–
	(14%)	40,334	
Euros	13%/	(20,080)/	–
	(13%)	20,080	
Russian rubles	29%/	(11,449)/	–
	(29%)	11,449	
Swiss Francs	17%/	(34,438)/	–
	(17%)	34,438	
In other currencies	17%/	(455)/	–
	(17%)	455	

	As at 31 December 2024		
	Exchange rate increase/ (decrease)	**Effect on profit**	**Direct effect on equity**
		KZT'million	*KZT'million*
The Group			
US dollars	9%/	1,372/	(32,621)/
	(7%)	(1,108)	26,355
Euros	9%/	(19,263)/	–
	(6%)	12,736	
Russian rubles	2%/	(1,236)/	–
	(23%)	14,186	
Swiss Francs	12%/	(8,581)/	(58,553)/
	(4%)	2,804	19,136
In other currencies	9%/	139/	–
	(13%)	(214)	

	As at 31 December 2025		
	Exchange rate increase/ (decrease)	**Effect on profit** *KZT'million*	**Direct effect on equity** *KZT'million*
The Group			
US dollars	8.84%/	(27,275)/	–
	(8.84%)	27,275	–
Euros	11.12%/	(37,181)/	–
	(11.12%)	37,181	–
Russian rubles	15.22%/	(10,896)/	–
	(15.22%)	10,896	–
Swiss Francs	11.76%/	(55,553)/	(50,267)/
	(11.76%)	55,553	50,267
In other currencies	8.89%/	(4,438)/	–
	(8.89%)	4,438	–

	As at 31 December 2023	
	Increase/ decrease in exchange rate	**Effect on profit** *KZT'million*
The Company		
US dollars	14%/	(42,330)
	(14%)	42,330
Euros	17%/	(10,420)/
	(17%)	10,420
Swiss Francs	13%/	(971)/
	(13%)	971
In other currencies	29%/	(550)/
	(29%)	550

	As at 31 December 2024	
	Increase/ decrease in exchange rate	**Effect on profit** *KZT'million*
The Company		
US dollars	9%/	(32,746)/
	(7%)	26,456
Euros	12%/	(65,566)/
	(4%)	21,429
Swiss Francs	9%/	(847)/
	(6%)	560
In other currencies	2%/	(56)/
	(23%)	641

	As at 31 December 2025	
	Increase/ decrease in exchange rate	Effect on profit
		KZT'million
The Company		
US dollars	8.84%/ (8.84%)	(29,012)/ 29,012
Swiss Francs	11.76%/ (11.76%)	(70,793)/ 70,793
Euros	11.12%/ (11.12%)	(1,846)/ 1,846
Russian rubles	24.12%/ (24.12%)	(423)/ 423

Credit risk

Credit risk arising from a party's inability to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the Group's obligations to that party. It is the Group's policy to enter into financial instruments with a range of creditworthy parties. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The Group recognises an allowance for expected credit losses for financial instruments in the amount equal to 12 month expected credit losses for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Group also recognises an expected credit losses allowance under financial guarantee agreements for 12 months or lifetime, depending on the change in credit risk since initial recognition. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For the purpose of internal credit risk management, the Group and the Company considers the following to be a default, as past experience has shown that a financial asset that meets one of the following criteria is generally non-recoverable:

- overdue: more than 90 days overdue on the counterparty's obligations (except when the Group has reasonable and substantiated information demonstrating that it is more appropriate to use the default criterion with a long delay in payment);

- downgrade of the external credit rating of the counterparty to the default "D";

- inability to fulfil obligations as a result of financial difficulties of the counterparty (suspension of interest accrual or decrease in the interest rate on the financial asset, write-off of the principal amount, extension of maturity of the financial asset, restructuring, leading to a decrease or write-off of the loan amount or debt forgiveness, etc.); or

- information generated internally or obtained from external sources indicates that the debtor is unlikely to make full payments to creditors, including the Group and the Company (not taking into account the collateral held by the Group and the Company).

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year. The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable*	–	–	–	20,316	20,316
Other financial assets					
– Normal**	35,376	–	–	–	35,376
Cash and cash equivalents					
– Not yet past due	204,614	–	–	–	204,614
Total	239,990	–	–	20,316	260,306

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable*	–	–	–	25,173	25,173
Other financial assets					
– Normal**	41,673	–	–	–	41,673
Cash and cash equivalents					
– Not yet past due	198,578	–	–	–	198,578
Total	240,251	–	–	25,173	265,424

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Contract assets	–	–	–	1,071	1,071
Trade accounts receivable*	–	–	–	22,865	22,865
Other financial assets					
– Normal**	52,388	–	–	–	52,388
Cash and cash equivalents					
– Not yet past due	232,991	–	–	–	232,991
Financial guarantees	61,539	–	–	–	61,539
Total	346,918	–	–	23,936	370,854

The Company

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	645,201	–	–	–	645,201
Trade accounts receivable*	–	–	–	182,671	182,671
Other financial assets					
– Normal**	11,994	–	–	–	11,994
Cash and cash equivalents					
– Not yet past due	139,416	–	–	–	139,416
Total	796,611	–	–	182,671	979,282

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	507,405	–	–	–	507,405
Trade accounts receivable*	–	–	–	302,830	302,830
Other financial assets					
– Normal**	8,697	–	–	–	8,697
Cash and cash equivalents					
– Not yet past due	126,139	–	–	–	126,139
Total	642,241	–	–	302,830	945,071

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	308,789	–	–	–	308,789
Trade accounts receivable*	–	–	–	346,646	346,646
Other financial assets					
– Normal**	9,160	–	–	–	9,160
Cash and cash equivalents					
– Not yet past due	122,029	–	–	–	122,029
Financial guarantees	2,563,807	–	–	–	2,563,807
Total	3,003,785	–	–	346,646	3,350,431

* For trade accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the historical Financial Information.

** The credit quality of the financial assets included in deposits and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of financial assets is considered to be "doubtful".

Credit risk concentrations may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

As at 31 December 2024 and 2023, carrying value of cash held by the Group of KZT116,631 million and nil, respectively, which is other related party of the Group (58.7% and 54.8% of cash and cash equivalents, respectively). (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- and BB+, respectively (29.5% and 26.2% of cash and cash equivalents, respectively). As at 31 December 2024 and 2023, carrying value of cash held by the Company on digital account in the National Bank of Kazakhstan, a related party of the Company, is equal to KZT116,631 million and nil, respectively (92.5% and 80.4% of cash and cash equivalents, respectively) (Note 31). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- and BB+, respectively (6.6% and 10.2% of cash and cash equivalents, respectively).

As at 31 December 2025, the Group's cash with a carrying amount of KZT24,570 million (10.55% of cash and cash equivalents) is held on current accounts and short term deposits in Kazpost JSC and in the amount of KZT22,882 million (9.82% of cash and cash equivalents) is held on digital accounts in National Bank of Kazakhstan, which are related parties of the Group (Note 29). In addition, cash and cash equivalents are mainly held in Halyk Bank JSC with a credit rating of BBB- (48.72% of cash and cash equivalents) and in Fortebank JSC with a credit rating of BB (22.72% of cash and cash equivalents).

The Group has procedures in place to ensure that sales are only made to customers with the appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group operates on a prepayment basis with the majority of its customers.

In addition, the Group is exposed to credit risk on financial guarantees provided to banks. The maximum risk of the Group in this regard is equal to the maximum amount that the Group will be obliged to pay in the event of claims for guarantees disclosed in Note 27.

For trade receivables and trade-related amounts due from related parties, the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade receivable and amounts due from related parties, used to reflect current conditions and estimates of future economic conditions.

Liquidity risk

The Group manages short-term, mid-term and long-term financing liquidity risk in accordance with Shareholder requirements. The Group manages liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constantly monitoring projected and actual cash flows and comparing the maturity of financial assets and liabilities.

The Company with its subsidiaries, uses a highly liquid instrument for the purposes of centralised cash management, namely current loans under the "cash pooling" mechanism with the possibility of early repayment at any time at the decision of the transaction participants. Cash flows from these short-term loans are presented on a net basis in the separate statement of cash flows.

During the year ended 31 December 2024 and 2023, the Company entered into agreements with subsidiaries to provide financial assistance to the Company in the amount of KZT229,880 million and KZT155,380 million, respectively, for a period of up to one year. As at 31 December 2024 and 2023, the carrying value of the received financial aid under the "cash pooling" mechanism amounted to KZT10,781 million and KZT49,603 million, respectively. As at 31 December 2024 and 2023, the carrying value of the financial aid given under the "cash pooling" mechanism amounted to KZT44,548 million and KZT15,542 million, respectively. (Note 9).

As at 31 December 2024 and 2023, the Group and the Company had available credit lines. As at 31 December 2024, the undrawn balances totalled KZT128,068 million with Halyk Bank of Kazakhstan JSC, ForteBank JSC and Citibank, compared to KZT131,000 million with Halyk Bank of Kazakhstan JSC and ForteBank JSC as at 31 December 2023.

As at 31 December 2025, the Group has credit lines available in: Halyk Bank JSC, ForteBank JSC, Citibank, Citibank Kazakhstan JSC and Freedom Bank Kazakhstan JSC with undrawn balances totalling KZT259,680 million.

The Group controls and monitors compliance with the covenants set by the Shareholder and credit/guarantee agreements on a regular basis.

The following tables reflect the contractual terms of the Group's financial liabilities. The table was prepared using undiscounted cash flows on financial liabilities based on the earliest date at which the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	On demand	**Up to 1 month**	**1–3 months**	**3 months– 1 years**	**1–5 years**	**Over 5 years**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2023							
Non-interest bearing:							
Trade accounts payable	–	190,389	195	10,385	–	–	200,969
Other liabilities	–	15,511	36,225	15,059	–	–	66,795
Interest-bearing:							
Borrowings	–	44,504	14,034	412,197	1,258,817	2,257,050	3,986,602
Lease	–	3,250	1,310	13,901	47,066	100,304	165,831
Derivative financial instruments	–	–	–	(10,364)	49,442	–	39,078
Financial guarantees	–	–	3,064	3,783	35,314	36,728	78,889
	–	253,654	54,828	444,961	1,390,639	2,394,082	4,538,164

	On demand	**Up to 1 month**	**1–3 months**	**3 months– 1 years**	**1–5 years**	**Over 5 years**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2024							
Non-interest bearing:							
Trade accounts payable	–	223,237	7,725	389	–	–	231,351
Other liabilities	–	18,966	40,069	17,833	–	–	76,868
Interest-bearing:							
Borrowings	–	5,267	53,609	891,823	1,132,753	2,608,153	4,691,605
Lease	–	7,371	3,898	27,154	141,989	232,330	412,742
Derivative financial instruments	–	–	–	34,312	–	–	34,312
Financial guarantees	–	–	3,340	4,893	36,232	27,950	72,415
	–	254,841	108,641	976,404	1,310,974	2,868,433	5,519,293

	On demand	Up to 1 month	1–3 months	3 months–1 years	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2025							
Non-interest bearing:							
Trade accounts payable	–	522,689	343	2,738	–	–	525,770
Other liabilities	–	16,026	–	–	–	–	16,026
Interest-bearing:							
Borrowings	–	35,795	63,465	530,765	1,990,429	2,749,360	5,369,814
Lease	–	7,620	1,718	40,466	225,579	392,427	667,810
Derivative financial instruments	–	–	–	94,455	–	–	94,455
Financial guarantees	61,539	–	–	–	–	–	61,539
	61,539	582,130	65,526	668,424	2,216,008	3,141,787	6,735,414

The Company

	On demand	Up to 1 month	1–3 months	3 months–1 years	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2023							
Non-interest bearing:							
Trade accounts payable	–	54,960	194	9,186	–	–	64,340
Other current liabilities	–	33	15,029	2,316	–	–	17,378
Interest-bearing:							
Borrowings	–	43,649	4,007	303,363	929,805	1,945,591	3,226,415
Lease	–	2,751	584	2,629	3,479	–	9,443
Financial guarantees	–	490	13,061	98,909	403,309	447,121	962,890
Derivative financial instruments	–	–	–	(10,364)	49,442	–	39,078
	–	101,883	32,875	406,039	1,386,035	2,392,712	4,319,544

	On demand	Up to 1 month	1–3 months	3 months–1 years	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2024							
Non-interest bearing:							
Trade accounts payable	–	88,289	7,444	9,611	–	–	105,344
Other current liabilities	–	1	17,338	2,366	–	–	19,705
Interest-bearing:							
Borrowings	–	4,341	24,915	745,751	711,699	2,216,656	3,703,362
Lease	–	4,695	1,998	8,990	25,468	–	41,151
Financial guarantees	–	3,929	126,941	275,550	1,238,935	1,114,815	2,760,170
Derivative financial instruments	–	–	–	34,312	–	–	34,312
	–	101,255	178,636	1,076,580	1,976,102	3,331,471	6,664,044

	On demand	Up to 1 month	1–3 months	3 months–1 years	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2025							
Non-interest bearing:							
Trade accounts payable	–	212,677	–	7,409	–	–	220,086
Other current liabilities	–	–	–	2,639	–	–	2,639
Interest-bearing:							
Borrowings	–	35,796	28,097	409,216	1,406,394	2,201,806	4,081,309
Lease	–	1,997	1,417	6,378	16,986	–	26,778
Financial guarantees	2,563,807	–	–	–	–	–	2,563,807
Derivative financial instruments	–	–	–	94,455	–	–	94,455
	2,563,807	250,470	29,514	520,097	1,423,380	2,201,806	6,989,074

The amounts presented in the table of financial guarantee agreements reflect the maximum amounts that the Group will be obliged to pay in the event of claims under guarantee agreements. As at reporting date the Group believes that with probability of more than 50% no payments under these agreements will be required. At the same time, the given estimate may change if there is a change in the probability of claims under guarantee agreements. This probability is determined by the probability of default of counterparty's account receivable.

Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or distress sale. As no readily available market exists for a large part of the Group's financial instruments, judgement is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

The following methods and assumptions are used by the Group to estimate the fair value of these financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments.

Financial assets and liabilities

For assets and liabilities with a maturity of less than twelve months, the carrying amount approximates fair value due to the relatively short maturity of these financial instruments.

For assets and liabilities maturing in over 12 months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates.

Derivative financial instruments

Fair value of the derivative financial instrument was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group and counterparties.

Borrowings

The fair value for bank loans was estimated by discounting the scheduled future cash flows of individual loans through estimated maturity using prevailing market rates as at the respective year-end for debt with a similar maturity and credit-rating profile. Although interest rates on the borrowings issued to the Group by international financial institutions and foreign banks are lower than interest rates of private commercial credit institutions in Kazakhstan, they are treated as the market interest rate for this lender category. The fair value of debt securities issued (bonds) has been determined based on market prices at the reporting date.

Fair value of the Group's financial assets and financial liabilities not regularly measured at fair value (but fair value is mandatorily disclosed)

As at 31 December 2023, 2024 and 2025, the fair value of financial assets and financial liabilities, except for loans issued, borrowings and debt securities was not significantly different from carrying value. The carrying value and fair value of financial instruments as at 31 December is presented as follows:

The Group

	2023	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	4,577	4,257
Other financial assets	22,037	20,320
Borrowings	851,990	821,326
Debt securities:	1,265,557	1,182,596

	2024	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	2,692	2,516
Other financial assets	31,218	30,069
Borrowings	1,361,496	1,337,391
Debt securities:	1,291,892	1,208,326

	2025	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Other financial assets	40,216	38,597
Borrowings	1,909,785	1,886,265
Debt securities:	1,276,232	1,119,852

The Company

	2023	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	645,201	644,881
Other financial assets	6,787	5,963
Borrowings	422,168	380,276
Debt securities:	1,265,557	1,182,596

	2024	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	507,405	507,229
Other financial assets	4,328	4,440
Borrowings	632,500	591,529
Debt securities:	1,291,892	1,208,326

	2025	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	306,600	282,052
Other financial assets	4,205	4,288
Borrowings	1,001,879	960,124
Debt securities:	1,276,232	1,119,852

Fair value hierarchy

The Group estimates fair value using the following fair value estimate hierarchy, taking into account the materiality of data used to generate the given estimates:

- Level 1: quotes on an active market (uncorrected) in relation to identified financial instruments;

- Level 2: data differing from quotes attributable to level 1, and available directly (i.e. quotes) or indirectly (i.e. data generated from quotes). This category includes instruments estimated using market quotes on active markets for similar instruments, market quotes for similar instruments on market not treated as active, or other estimation methods, all of whose data used is directly or indirectly based on observable primary data;

- Level 3: data that is not available. This category includes instruments estimated using information not based on observable primary data. Moreover, any such unobservable data has a significant impact on an instrument's estimation. This category includes instruments estimated based on quotes for similar instruments that require the use of material unobservable quotes or judgements to reflect the different between instruments.

The table below provides an analysis of financial instruments as at 31 December 2023, 2024 and 2025 broken down into the fair value hierarchy levels.

The Group

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	4,257	–	4,257
– other financial assets	–	20,247		20,247
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	73	73
Total	–	24,504	73	24,577
Financial liabilities carried at amortised cost				
– debt securities	–		564,075	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	752,077	–	752,077
– loans from the Shareholder	–	69,249	–	69,249
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	2,039,641	–	2,039,641

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	2,516	–	2,516
– other financial assets	–	29,437	–	29,437
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	632	632
Total	–	31,953	632	32,585
Financial liabilities carried at amortised cost				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	1,268,631	–	1,268,631
– loans from the Shareholder	–	68,760	–	68,760
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	2,578,414	–	2,578,414

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– other financial assets	–	37,450	515	37,965
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	632	632
Total	–	37,450	1,147	38,597
Financial liabilities carried at amortised cost				
– debt securities	–	318,156	–	318,156
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	1,841,777	–	1,841,777
– loans from the Shareholder	–	44,488	–	44,488
Financial liabilities recognised at fair value through profit or loss:	–	91,496	–	91,496
Total	–	3,097,613	–	3,097,613

The Company

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	644,881	–	644,881
– other financial assets	–	5,963	–	5,963
Total	–	650,844	–	650,844
Financial liabilities carried at amortised cost				
– debt securities	–	564,075	–	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	261,424	–	261,424
– loans from the Shareholder	–	118,852	–	118,852
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	1,598,591	–	1,598,591

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	507,229	–	507,229
– other financial assets	–	4,440	–	4,440
Total	–	511,669	–	511,669
Financial liabilities carried at amortised cost				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	511,988	–	511,988
– loans from the Shareholder	–	79,541	–	79,541
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	1,832,552	–	1,832,552

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	–	282,052	282,052
– other financial assets	–	4,097	191	4,288
Total	–	4,097	282,243	286,340
Financial liabilities carried at amortised cost				
– debt securities	–	318,155	–	318,155
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	868,751	–	868,751
– loans from the Shareholder	–	91,373	–	91,373
Financial liabilities recognised at fair value through profit or loss:	–	–		
– derivative financial instruments	–	91,496	–	91,496
Total	–	2,171,471	–	2,171,471

The fair values of the financial assets and financial liabilities in levels 2 and 3 have been determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the counterparty credit risk and market forward exchange rates for derivative financial instruments.

For the year ended 31 December 2023, the Group and the Company has reconsidered market-observable inputs for the fair value of debt securities issued and determined that debt securities should be classified in level 2, as there were no observable transactions on the market in which these financial instruments
were traded.

For the year ended 31 December 2024, there were no transfers between levels in the fair value hierarchy.

For the year ended 31 December 2025, there were no transfers between levels in the fair value hierarchy.

The correction of the fair value and hierarchy levels did not result in any changes to the Group's and Company's financial position, profit or loss and other comprehensive income, cash flows and changes in equity.

31. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods are as follows:

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	39	–	–	39
– Yuriy Lavrinenko (i)	17	–	–	17
– Nurzhan Baidauletov (ii)	10	–	–	10
– Nurlan Akhanzaripov (iii)	7	–	–	7
– Ulf Wokurka	17	–	–	17
– Alexander Andreas Schierhuber (iv)	8	–	–	8
Director				
– Aidar Ryskulov (v)	–	–	–	–
– Nazira Nurbaeva (vi)	–	–	–	–
– Gibrat Auganov	–	–	–	–
– Kuat Irubayev (vii)	5	–	–	5
– Nurlan Sauranbayev	–	24	43	67
– Yernat Berdigulov	–	–	–	–
Total	**103**	**24**	**43**	**170**

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	41	–	–	41
– Natalia Godunova (viii)	13	–	–	13
– Ulf Wokurka	23	–	–	23
– Alexander Andreas Schierhuber	23	–	–	23
Director				
– Aidar Ryskulov	–	–	–	–
– Yelzhas Otynshiyev (xi)	–	–	–	–
– Gibrat Auganov (x)	–	–	–	–
– Kuat Irubayev	22	–	–	22
– Nurlan Sauranbayev	–	34	14	48
– Yernat Berdigulov	–	–	–	–
Total	**122**	**34**	**14**	**170**

Notes:

(i) Yuriy Lavrinenko was resigned as chairman of the board of directors and independent director on 7 September 2023.

(ii) Nurzhan Baidauletov was resigned as independent director on 19 June 2023.

(iii) Nurlan Akhanzaripov was resigned as independent director on 10 May 2023.

(iv) Alexander Andreas Schierhuber was appointed as independent director on 26 April 2023.

(v) Aidar Ryskulov was appointed as chairman of the board of directors on 7 September 2023.

(vi) Nurbaeva Nazira resigned as director on 24 August 2023.

(vii) Kuat Irubayev was appointed as director on 29 June 2023.

(viii) Natalya Godunova was appointed as an independent director on 4 April 2024.

(xi) Yelzhas Otynshiyev was appointed as director on 22 February 2024.

(x) Gibrat Auganov was resigned as director on 22 February 2024.

Year ended 31 December 2025

	Fees *KZT'million*	**Salaries, allowances and benefits in kind** *KZT'million*	**Performance related bonus** *KZT'million*	**Total remuneration** *KZT'million*
Board of directors				
Independent director				
– John Smillie McKay	32	–	–	32
– Natalia Godunova	33	–	–	33
– Ulf Wokurka	31	–	–	31
– Alexander Andreas Schierhuber	31	–	–	31
Director				
– Aidar Ryskulov *(i)*	–	–	–	–
– Talgat Aldybergenov *(ii)*	–	54	25	79
– Yelzhas Otynshiyev	–	–	–	–
– Kuat Irubayev	34	–	–	34
– Rakhmetolla Kudaibergenov *(iii)*	–	–	–	–
– Nurlan Sauranbayev *(iv)*	–	26	23	49
– Yernat Berdigulov *(v)*	–	–	–	–
Total	161	80	48	289

Notes:

(i) Aidar Ryskulov was appointed as chairman of the board of directors on 7 September 2023.

(ii) Talgat Aldybergenov was appointed as chief executive officer on 3 July 2025.

(iii) Rakhmetolla Kudaibergenov was appoint as director on 13 October 2025.

(iv) Nurlan Sauranbayev resigned as chief executive officer and director on 30 June 2025.

(v) Yernat Berdigulov resigned as director on 26 June 2025.

No remuneration was paid by the Group to any directors or chief executive as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Relevant Period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Period.

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2023, 2024 and 2025 included 1 director, details of whose remuneration are set out in note 31 above. Details of the remuneration for the year ended 31 December 2025 of the remaining 4 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Salaries, allowances and benefits in kind	190	226	216
Performance related bonuses	331	141	140
Total	521	367	356

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
Nil to HK$1,000,000	–	1	–
HK$1,000,001 to HK$1,500,000	1	4	3
HK$1,500,001 to HK$2,000,000	4	–	1
Total	5	5	4

During the years ended 2023, 2024 and 2025, no emoluments were paid by the Group to the directors, the supervisors of the Company or five highest paid individuals of the Group, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors waived or agreed to waive any emoluments during the Relevant Periods.

33. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

34. EVENTS AFTER THE REPORTING DATE

Citibank

In January–March 2026, the Group, represented by the Company, under the credit line agreement with Citibank concluded on 4 April 2024, made an early repayment of loans received in the amount of CHF88,000,000 (KZT56,247 million).

Societe Generale and Natixis

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 9,845,578 Euros (KZT5,529 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 66,656,416 Euros (KZT37,893 million) (including the BPIfrance premium). The interest on the loan is paid semiannually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi annually until full repayment in 2035.

In April–May 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 11,323,532 Euros (KZT6,139 million) (including the BPIfrance premium). The interest on the loan is paid semiannually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi annually until full repayment in 2035.

In May 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 2,344,511 Euros (KZT1,283 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

Halyk Bank of Kazakhstan JSC

In January–March 2026, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC dated 26 February 2015, borrowed KZT70,000 million at the interest rate of National Bank of the Republic of Kazakhstan base rate + margin 1.5% with a repayment term of up to one year. The Group made a partial early repayment of loans received in the amount of KZT40,000 million.

The Export-Import Bank of China and China Development Bank

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese Yuan, borrowed 353,210,353 Chinese Yuan (KZT25,374 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

In April 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese Yuan, borrowed 425,063,408 Chinese Yuan (KZT28,709 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

Citibank Kazakhstan JSC

In February 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», as part of its Master Agreement with Citibank Kazakhstan JSC on short-term loans dated 30 November 2009, borrowed KZT14,000 million with an interest rate of 18.11% and maturity of up to one year.

Asian Infrastructure Investment Bank, International Finance Corporation, Standard Chartered Bank

On 9 January 2026, the Group, represented by the Company, as part of the implementation of the construction of a bypass railway line bypassing the Almaty station project (hereinafter – the "Project"), entered into a mandate letter and a loan agreement with the Asian Infrastructure Investment Bank (hereinafter – AIIB), the International Finance Corporation (hereinafter – IFC), and Standard Chartered Bank under the MIGA guarantees, for a total amount of 243,428,993 Swiss Francs.

In February 2026, The Group under the loan agreement concluded with AIIB on 9 January 2026 to finance the Project for a total amount of 119,923,249 Swiss Francs, received borrowed funds in the total amount of 72,501,178 Swiss Francs (KZT46,732 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with IFC dated 9 January 2026 to finance the Project for a total amount of 39,974,416 Swiss Francs borrowed 24,167,059 Swiss Francs (KZT15,577 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with Standard Chartered Bank under the guarantee of MIGA dated 9 January 2026 to finance the Project for a total amount of 83,531,328 Swiss Francs borrowed 51,896,370 Swiss Francs (KZT33,335 million). Loan interest is paid semi-annually at SARON 6M + 0.55%. Principal is repaid semi-annually until full repayment in 2035.

Deutsche Bank Luxembourg, S.A. and Banco Santander, S.A.

In March 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 38,958,316 Swiss Francs (KZT24,233 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In April 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 15,897,241 Swiss Francs (KZT9,209 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In June 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 36,692,052 Swiss Francs (KZT22,224 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

Standard Chartered Bank

In June 2026, the Group, represented by the Company, under a credit agreement with Standard Chartered Bank, with MIGA guarantee, dated 15 May 2026, to finance the modernisation of railway infrastructure, fleet renewal of passenger and freight locomotives and wagons, borrowed 155,820,000 Chinese Yuan (KZT96,613 million). Loan interest is paid semi-annually at SARON 6m + 0.60%. Principal is repaid semi-annually until full repayment in 2033.

Debt securities issued

In February 2026, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 2,220,000,000 Chinese Yuan (KZT158,730 million) to finance the construction of the new railway line Bakhty–Ayagoz and the acquisition of six marine vessels with a coupon rate of LPR1Y+ 1.2 % per annum and a maturity date in 2028. Coupon rate – twice a year.

In April 2026, the Group, represented by the Company, for the purpose of implementing projects for the modernisation of the Altynkol–Zhetygen railway section, construction of the Darbaza–Maktaaral railway line, modernisation of railway stations and implementation of microprocessor automatic blocking systems, issued two tranches of Eurobonds on the London Stock Exchange (LSE), Kazakhstan Stock Exchange (KASE) and Astana International Exchange (AIX) with a total volume of US$1,000,000,000 (KZT461,550 million), US$500,000,000 each, with coupon rates of 4.875% and 5.25% per annum and maturity dates in 2031 and 2036, respectively. Coupon payments are made twice a year. The bonds were issued at prices of 99.453% and 99.043% of par value, respectively. As a result of the Eurobond issuance, the Group received proceeds of US$990,675,000 (KZT457,246 million).

In May 2026, the Group, represented by the Company, for the purpose of constructing the Bakhty-Ayagoz railway line and acquiring 6 sea vessels, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 1,180,000,000 Chinese Yuan (KZT80,287 million) with a coupon rate of 4.2% per annum and a maturity date in 2029. Coupon payments are made twice a year.

In May 2026, the Group, represented by the Company, for the purpose of implementing the project for deepening the water area of Aktau port, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of US$44,000,000 (KZT20,412 million) with a coupon rate of 5.5% per annum and a maturity date in 2028. Coupon payments are made twice a year.

Derivative financial instruments

In April 2026, under cross-currency swap transactions concluded in October–November 2022, the Group, represented by the Company, paid to Societe Generale SA (France) and Citibank London cash in the amount of 524,395 Swiss Francs (KZT310 million) and received from J.P. Morgan Securities plc. (United Kingdom), Societe Generale SA (France) and Citibank London cash in the amount of US$13,245,000 (KZT6,125 million) and 300,840 Swiss Francs (KZT178 million).

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.