The following is the text of a report set out on pages [1A-1] to IĀ-[●], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JOINT STOCK COMPANY «NATIONAL COMPANY «KAZAKHSTAN TEMIR ZHOLY» AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Joint Stock Company «National Company «Kazakhstan Temir Zholy» (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-[3] to IA-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023 and 2024, the statements of financial position of the Company as at 31 December 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended 31 December 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-[3] to IA-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [[●] (the "Document") in connection with the **[REDACTED]** of [the **[REDACTED]**] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial positions as at 31 December 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-[3] have been made.

Dividends

We refer to Note 37 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for the years ended 31 December 2023 and 2024. The previously issued consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by Deloitte LLP in Kazakhstan in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements")

The Historical Financial Information is presented in Kazakhstan Tenge ("KZT") and all values are rounded to the nearest million ("KZT'million") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

		Year ended 31 December	
	NOTES	**2023**	**2024**
Revenue			
Revenue from freight transportation	22	1,682,550	1,875,558
Revenue from passenger transportation	22	101,682	110,523
Government grants	5	38,912	41,124
Other revenue	23	110,951	136,737
Total revenue and other income		1,934,095	2,163,942
Cost of sales	24	(1,498,583)	(1,620,017)
Gross profit		435,512	543,925
General and administrative expenses	25	(106,494)	(128,390)
Finance income	26	32,221	52,955
Finance costs	26	(208,365)	(184,984)
Foreign exchange loss	34	(14,124)	(69,620)
Gain on disposal of a subsidiary not qualifying as discontinued operations		6,283	–
Share of the profit of associates and joint ventures	7	8,144	10,772
Impairment reversal of financial assets and contract assets	27	2,662	1,601
Impairment reversal/(impairment) of non-financial assets	28	1,149	(7,336)
Other profit and losses	29	4,395	4,606
Profit before tax		161,383	223,529
Corporate income tax expenses	17	(24,599)	(62,724)
Profit for the year		136,784	160,805

		Year ended 31 December	
	NOTES	**2023**	**2024**
Other comprehensive (loss) income, net of income tax:			
Item that will not be subsequently reclassified to profit or loss:			
Remeasurement of employee benefit obligations	16	(540)	3,688
Items that may be reclassified subsequently to profit or loss:			
Fair value loss arising on cash flow hedging instruments	13	–	(48,625)
Reclassification of the loss on cash flow hedging instruments	13	–	412
Corporate income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	–	9,643
Foreign exchange difference on translation of foreign operations		(4,918)	1,774
Other comprehensive loss for the year		(5,458)	(33,108)
Total comprehensive income for the year		131,326	127,697
Profit for the year attributable to:			
The Shareholder		133,508	157,818
Non-controlling interests		3,276	2,987
		136,784	160,805
Total comprehensive income attributable to:			
The Shareholder		128,058	124,699
Non-controlling interests		3,268	2,998
		131,326	127,697
Earnings per share, in KZT	30	269	318

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

		As at 31 December	
	NOTES	**2023**	**2024**
Assets			
Non-current assets			
Property, plant and equipment	6	3,794,479	4,782,227
Goodwill		15,520	15,520
Intangible assets		13,824	11,250
Investments in joint ventures	7	1,579	1,396
Investments in associates	7	38,989	48,678
Deferred tax assets	17	60	21
Other non-current assets	8	690,159	647,483
Total non-current assets		4,554,610	5,506,575
Current assets			
Cash and cash equivalents	9	204,614	198,578
Inventories	10	64,362	57,820
VAT recoverable	4	49,618	120,475
Trade accounts receivable	11	16,326	21,666
Prepaid income tax		3,535	7,899
Contract asset		1,153	336
Other current assets	12	45,988	45,407
Total current assets		385,596	452,181
Current liabilities			
Borrowings	14	354,115	812,965
Trade accounts payable	18	200,969	231,351
Contract liabilities	19	115,868	133,170
Lease liabilities	15	16,951	35,517
Derivative financial instruments	34	–	32,697
Other taxes payable		13,961	15,694
Employee benefit obligations	16	7,608	7,598
Other current liabilities	20	98,910	112,627
Total current liabilities		808,382	1,381,619
Net current liabilities		(422,786)	(929,438)
Total assets less current liabilities		4,131,824	4,577,137

		As at 31 December	
	NOTES	**2023**	**2024**
Non-current liabilities			
Borrowings	14	1,763,432	1,840,423
Deferred tax liabilities	17	411,888	468,057
Lease liabilities	15	54,555	139,465
Employee benefit obligations	16	37,396	41,105
Derivative financial instruments	34	35,719	–
Other non-current liabilities	20	69,778	118,770
Total non-current liabilities		2,372,768	2,607,820
Net assets		1,759,056	1,969,317
CAPITAL AND RESERVES			
Equity			
Share capital	13	1,110,634	1,123,907
Hedging reserve	13	–	(38,570)
Foreign currency translation reserve	13	7,220	8,994
Retained earnings		623,698	856,709
Equity attributable to the Shareholder		1,741,552	1,951,040
Non-controlling interests		17,504	18,277
Total equity		1,759,056	1,969,317

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

		At 31 December	
	NOTES	**2023**	**2024**
Assets			
Non-current assets			
Property, plant and equipment	6	2,053,645	2,504,560
Intangible assets		11,999	10,196
Investments in subsidiaries		1,102,214	1,274,476
Investments in joint ventures	7	4	78
Investments in associates	7	3,262	3,262
Loans issued	21	540,977	424,161
Other non-current assets	8	216,829	191,520
Total non-current assets		3,928,930	4,408,253
Current assets			
Cash and cash equivalents	9	139,416	126,139
Loans issued	21	104,224	83,244
Inventories	10	27,732	26,841
VAT recoverable	4	3,096	12,122
Trade accounts receivable	11	182,643	302,737
Other current assets	12	13,767	11,720
Total current assets		470,878	562,803
Current liabilities			
Borrowings	14	318,255	673,881
Trade accounts payable	18	64,340	105,344
Contract liabilities	19	3,113	3,801
Lease liabilities	15	5,694	14,600
Derivative financial instruments	34	–	32,697
Other taxes payable		5,226	4,681
Employee benefit obligations	16	1,573	2,300
Other current liabilities	20	24,550	31,456
Total current liabilities		422,751	868,760
Net current assets/(liabilities)		48,127	(305,957)
Total assets less current liabilities		3,977,057	4,102,296

	NOTES	At 31 December 2023	2024
Non-current liabilities			
Borrowings	14	1,368,470	1,250,512
Deferred tax liabilities	17	258,072	289,171
Liabilities under financial guarantee contracts		52,306	70,475
Lease liabilities	15	2,764	15,985
Employee benefit obligations	16	7,805	11,692
Derivative financial instruments	34	35,719	–
Total non-current liabilities		1,725,136	1,637,835
Net assets		2,251,921	2,464,461
CAPITAL AND RESERVES			
Equity			
Share capital	13	1,110,634	1,123,907
Foreign currency translation reserve		59	(69)
Retained earnings		1,141,228	1,340,623
Total equity		2,251,921	2,464,461

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
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 share capital *(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
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 share capital *(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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

		Year ended 31 December	
	NOTES	**2023**	**2024**
Cash flows from operating activities:			
Profit for the year		136,784	160,805
Adjustments for:			
Corporate income tax expenses recognised in profit or loss	17	24,599	62,724
Finance costs	26	208,365	184,984
Depreciation and amortisation	8, 24, 25	156,441	170,516
Foreign exchange loss	34	14,124	69,620
Finance income	26	(32,221)	(52,955)
Post-employment benefits and other long-term employee benefit expenses	24, 25	6,939	14,662
Share of the profit of associates and joint ventures	7	(8,144)	(10,772)
(Impairment reversal)/impairment of non-financial assets		(1,149)	7,336
Impairment reversal of financial assets and contract assets		(2,662)	(1,601)
Reclassification of the loss on cash flow hedging instruments	13	–	412
Gain on disposal of subsidiary not qualifying as discontinued operations		(6,283)	–
Other		10,223	10,051
Operating income before changes in working capital and other balances		507,016	615,782
Change in trade accounts receivable		(12,823)	(31,033)
Change in inventories		(16,618)	9,617
Change in other current and non-current assets (including long-term VAT recoverable)		(99,338)	(89,717)
Change in trade accounts payable		73,511	7,213
Change in other taxes payable		(7,500)	1,890
Change in other liabilities and contract liabilities		4,296	15,543
Change in employee benefit obligations		(6,094)	(7,275)
Cash generated from operations before interest and income tax payments		442,450	522,020
Interest paid		(150,226)	(188,409)
Interest received		20,968	21,001
Income tax paid		(6,874)	(18,015)
Net cash flows from operating activities		306,318	336,597

	NOTES	Year ended 31 December 2023	2024
Cash flows from investing activities:			
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(811,830)	(741,695)
Dividends received from associates		2,719	4,419
Proceeds from loans issued		–	3,731
Investments acquired in associates and joint ventures	7	(5,201)	(1,578)
Proceeds from the sale of other non-current assets		1,354	1,293
Capital contributions in joint ventures	7	(1,111)	(243)
Net proceeds from disposal of subsidiaries		11,948	–
Other		(581)	12
Net cash flows used in investing activities		(802,702)	(734,061)
Cash flows from financing activities:			
Share capital contribution	13	24,310	13,273
Proceeds from borrowings	14	808,731	879,762
Repayment of borrowings	14	(367,320)	(480,532)
Repayment of lease liabilities	14	(21,690)	(11,358)
Dividends paid to non-controlling interests in subsidiaries		(1,294)	(2,225)
Other		(8,466)	(5,553)
Net cash flows generated from financing activities		434,271	393,367
Net decrease in cash and cash equivalents		(62,113)	(4,097)
Cash and cash equivalents at the beginning of the year	9	267,032	204,614
Effect of changes in foreign exchange rates on cash and cash equivalent balances held in foreign currency		(322)	(1,945)
Effect of changes in the allowance for expected credit losses		17	6
Cash and cash equivalents at the end of the year	9	204,614	198,578
Non-cash transactions:			
Purchase of property, plant and equipment from borrowed funds by direct bank transfer to the supplier	14	114,106	67,738
Advances paid for property, plant and equipment and contract liabilities arising from the disposal of subsidiary		40,000	–

NOTES TO HISTORICAL FINANCIAL INFORMATION
(IN KZT'MILLION, UNLESS STATED OTHERWISE)

1. GENERAL INFORMATION

The Company was established in the Republic of Kazakhstan (hereinafter – "Kazakhstan") in accordance with Resolutions of the Kazakhstan Government ("the Ultimate Controlling Party") to establish a holding company for state railway industry assets management. The Company was registered on 15 May 2002. The Historical Financial Information include the results of the operations of the Company and its subsidiaries. The address of the Company's registered office is 6 D. Kunayev Street, Astana, 010000, Kazakhstan.

Samruk-Kazyna Sovereign Wealth Fund JSC ("the Shareholder") is the Company's sole shareholder.

The Group operates the nationwide mainline railway network services to freight and passenger transportation; and operates, maintains and upgrades main railway infrastructure in Kazakhstan. To regulate the Kazakhstan rail industry, the government of Kazakhstan sets the tariffs for main railway network services, as well as for railway freight transportation services (according to the Kazakhstan Entrepreneurial Code) and passenger transportation on socially important routes, partially subsidising the cost through government grants. The level of regulated tariffs differs based on the type of freight transported. The government of Kazakhstan does not regulate international transit and container freight transportation tariffs. The principal activities of the principal subsidiaries are disclosed in Note 32.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB"), which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflation Presentation Currency[3]
Amendments to IAS 28	Fair value option for Investments in Associates and Joint Ventures
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
Amendments to IFRS 19	Amendments to subsidiaries without Public Accountability: Disclosure[3]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosure[3]
IFRS 20	Regulatory Assets and Regulatory Liabilities[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after 1 January 2029.
5 Effective upon adoption of IFRS 18.

Saved as disclosed below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Group's Historical Financial Information in the foreseeable future.

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

3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by IASB. For the preparation of the Company's financial statements, investments in subsidiaries, associates and joint ventures are account for at cost less impairment.

Going concern

The Historical Financial Information have been prepared on a going concern basis. This assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future. As at 31 December 2024 and 2023, current liabilities of the Group exceeded its current assets by KZT422,786 million and KZT929,438 million, respectively. As at 31 December 2023 and 2024, current liabilities include borrowings of KZT354,115 million and KZT812,965 million, respectively that are payable within twelve months after the reporting date. At the same time, profit for the years ended 31 December 2023 and 2024 amounted to KZT136,784 million and KZT160,805 million, respectively, and cash inflows from operating activities amounted to KZT306,318 million and KZT336,597 million, respectively. As at 31 December 2023 and 2024, the current assets of the Group exceeded its current liabilities by KZT48,127 million and the current liabilities of the Group exceed its current assets by KZT305,957 million, respectively. As at 31 December 2024 and 2023, the Company's borrowings of KZT318,255 million and KZT673,881 million, are payable within twelve months after the reporting date, respectively. However, profit for the years ended 31 December 2023 and 2024 amounted to KZT164,578 million and KZT128,024 million, respectively, and cash inflows from operating activities for the years ended 31 December 2023 and 2024 amounted to KZT125,781 million and KZT146,241 million, respectively.

The Group's and the Company's management has assessed the Group's and the Company's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group and the Company 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 and the Company has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date – the possibility of, and a positive decision from the discussions is considered to be high.

In assessing its going concern status, management of the Group and the Company also considered the Group's and the Company'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 and the Company is facing. Besides that, the Group and the Company received a Letter of Support from the Shareholder regarding its intent and ability to render the Group and the Company continuous ongoing financial and operating support in the foreseeable future. After completing the relevant analysis and the available mitigating actions to management of the Group and the Company whereby management of the Group and the Company can carry out certain actions to improve the going concern and liquidity position of the Group and the Company, the management of the Group and the Company concluded that the Group and the Company has adequate resources to continue in operational existence and settle its liabilities (Note 34) and that the going concern basis is appropriate in preparing the Historical Financial Information.

Basis of measurement

The Historical Financial Information have 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 32. 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 Historical Financial Information are 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. Upon disposal of an overseas enterprise, all accumulated exchange differences related to that specific overseas enterprise are recognised in profit or loss.

KZT is not a fully convertible currency outside 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 items carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not translated. 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	**31 December 2024**	**Average rate for 2023**	**Average rate for 2024**
US$	454.56	525.11	456.31	469.44
Euros	502.24	546.74	493.33	507.86
Swiss Francs	541.08	580.68	508.16	533.96
Russian Roubles	5.06	4.88	5.40	5.08
UAE Durham	123.78	142.99	124.25	127.82

3.2 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 are capitalised only if those costs qualify for recognition as assets in accordance with IAS 16 *Property, Plant and Equipment*.

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 period 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 *Leases*, the Group applies practical expedient for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, for the leases with variable lease rates that do not depend on an index or rate and for the leases of low value assets (less than KZT2 million). 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) and intangible assets.

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 23).

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. When inventories are released into production, sold or otherwise disposed of, they are valued at the 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.

Financial assets and financial liabilities are initially measured at fair value.

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").

During the Track Record Period, 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 are designated into hedging relationships from 1 October 2024 in the Historical Financial Information.

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. 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 is reflected in finance income or finance costs (Note 26).

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 cash flow. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of a hedge relationship, an entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable 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 flow hedges

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 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 at fair value as at the date of the contribution by an independent appraiser.

Consideration received for common shares yet to be legally registered is recognised as additional paid-in capital until they are registered, when any proceeds are transferred to share capital.

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 in retained earnings.

Government grants

Government grants are recognised when there is reasonable assurance that the subsidy will be received, and all corresponding conditions will be met.

Government grants to subsidise part of interest rate on loans and finance leases are accounted as deferred income and recognised as finance income during the periods in which the Group recognises the relevant finance costs.

Government grants are recognised in profit or loss on a systematic basis as expenses due to be compensated by the subsidies are recognised simultaneously in profit or loss. In particular, the government allows the Group to receive subsidies in the form of government grants to partially cover the cost of transporting passengers 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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

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 Value Added Tax (hereinafter – "VAT") and rebates.

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.

Pursuant to the Committee for Regulation of Natural Monoploies ("**CRNM**") Order *on the Approval of a Temporary Decreasing Coefficient for Railway Freight Transportation Tariffs*, certain contracts envisage discounts dependent on the volumes of services 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 31 December 2024 and 2023, 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 *Revenue from Contracts with Customers*.

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*.

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.

Critical judgements in applying accounting policies

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 historical financial information 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") (Note 32).

Under the trust management agreement with the Shareholder, the Company recognised Aktau Sea Commercial Port National Company JSC as a subsidiary because of the extensive authority given to the Company by the Shareholder. The trust management agreement of 100% shares gives it the practical ability to manage the relevant activities of the entity unilaterally. The Company is also entitled to receive residual returns in the entity.

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 in arm's length transactions. 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 State 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.

Cash-generating unit identification

The Group considers all segments as a single cash-generating unit ("CGU") because under the Group's current operating model, cash flows for each segment are not considered sufficiently independent. Railway infrastructure is holistic and is not differentiated into freight and passenger transportation lines. Accordingly, there is no objective allocation of infrastructure assets for cash flows from freight and passenger transportation. Due to the specifics of freight transportation tariff regulation and the need to cross-subsidise passenger transportation, railway infrastructure cannot generate independent cash flows. Accordingly, the Group is treated as one CGU.

The Government of Kazakhstan, as the Company's Ultimate Shareholder, has approved a privatisation plan for certain Group entities and the Concept for the Development of the Transport and Logistics Potential of Kazakhstan, which, if implemented, would result in a new interaction mechanism among its various business units. As the Group's restructuring processes have not been completed, these possible developments were not taken into account in the identification of CGUs for the current year. Subsequent changes in the identification of CGUs may affect the carrying amount of the Group's assets.

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 31 December 2023 and 2024, 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 Franc, as the transit tariff is set in Swiss Franc.

The measurement 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 Track Record Period that could be considered as an indicator of the impairment of the single CGU as at 31 December 2024 and 2023.

Accounting treatment of financing arrangements with Industrial Development Fund JSC

The Group, represented by Passenger Transportation JSC 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 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 *Revenue from Contracts with Customers* 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 *Financial Instruments* and recognises passenger carriages and work-in-progress as property, plant and equipment items and construction in progress in accordance with IFRS 16.103 *Leases* (Note 3).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period for which there is a significant risk they may cause a material adjustment to the carrying amounts of assets and liabilities during the next financial year.

Impairment of property, plant and equipment

The Group performs an impairment indicators analysis of property, plant and equipment at each reporting date.

If any such an indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount, an impairment is recorded. The recoverable amount is the greater of fair value less cost to sell and value in use. 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.

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. During 2023, no VAT tax audits were carried out, accordingly, the VAT subject to refund based on results of the tax audit was not refunded.

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. Actual VAT amounts recovered could differ materially from Group estimates, which could affect future operating results significantly.

As at 31 December 2023 and 2024, total VAT recoverable amounted to KZT204,656 million and KZT315,184 million, respectively, of which KZT49,618 million and KZT120,475 million 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 during 2025 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, which along with residual values and depreciation methods are reviewed at each reporting date, and adjusted if appropriate. 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, 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 structures	10–140
Rail track infrastructure	5–100
Machinery and equipment	3–35
Vehicles	4–40
Others	2–50
Intangible assets	1–10

Taxation

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 as at 31 December 2023 and 2024, interest is in average assessed at 19.69% and 18.27%, respectively. of additional accruals or overdue taxes. As a result, fines and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, fine and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2024 and 2023. Any differences 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 34).

5. SEGMENT INFORMATION

The Group's operating segments are based on services provided. It 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 for disaggregation, 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 before tax, profit for the period, and gross profit, prepared in accordance with IFRS Accounting St. 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.

	Freight transportation	Passenger transportation	Reportable segments	Others	Elimination	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

	Freight transportation	Passenger transportation	Reportable segments	Others	Elimination	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

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 each of the years ended 31 December:

	2023	2024
Customer location		
Kazakhstan	1,875,851	2,077,544
Russia	28,412	37,356
China	9,329	28,419
Germany	16,708	8,531
Others	3,795	12,092
	1,934,095	2,163,942

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
Kazakhstan	4,498,938	5,449,449
Russia	17,881	19,541
China	16,828	18,545
Total	4,533,647	5,487,535

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 and 2024.

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

	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 *(note)*	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

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

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 *(note)*	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

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	1,443,709	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 *(note)*	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

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

As at 31 December 2023, the Group's and the Company's construction-in-progress mainly consists of project costs for the modernization of the Dostyk-Moiynty railway transport corridor, to building the Zhekazgan-Beineu, a ferry complex at the Kuryk port and other railway reconstruction infrastructure. As at 31 December 2024, the Group 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 Darbaza-Maktaaral, Zhezkazgan-Beineu railway lines, a bypass railway line bypassing the Almaty station and other railway reconstruction infrastructure.

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

During the years ended 31 December 2023 and 2024, the Group recognised addition on right-of-use assets of KZT48 million and KZT6 million related to buildings and constructions, respectively, KZT1,073 million and KZT27,261 million related to machinery and equipment, respectively, KZT45,237 million and KZT144,260 million related to vehicles, respectively, and KZT1 million and KZT463 million related to others.

During the years ended 31 December 2023 and 2024, the Company recognised addition on right-of-use assets of KZT48 million and KZT1 million related to buildings and constructions, respectively, and KZT1,073 million and KZT27,261 million related to machinery and equipment, respectively.

For the years ended 31 December 2023 and 2024, the Group recognised depreciation expenses on right-of-use assets of KZT14,181 million and KZT14,156 million, respectively. For the years ended 31 December 2023 and 2024, the Company recognised depreciation expenses on right-of-use assets of KZT9,795 million and KZT7,543 million, respectively.

During the years ended 31 December 2023 and 2024, the Group's capitalised borrowing costs amounted to KZT26,591 million and KZT52,177 million, respectively. The Group's average capitalisation rate varies between 3.25% and 19.35% and between 5.29% and 14.50%, respectively. During the years ended 31 December 2023 and 2024, the Company' capitalised borrowing costs amounted to KZT15,749 million and KZT34,761 million, respectively. The Company's average capitalisation rate varies between 5.36% and 14.5%.

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

As at 31 December 2023 and 2024, 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

Description	Primary activity	Main country of operation/ country of registration	At 31 December 2023 Carrying amount	2023 Ownership interest	2024 Carrying amount	2024 Ownership interest
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%	16,963	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	10,768	25%	15,607	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,195	49%	8,712	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc	China	5,136	49%	5,818	49%
Others			–	40–47%	1,578	40–49%
Total investment in associates			38,989		48,678	
Joint ventures						
Private Company KPMC Ltd.	Organisation of container block trains and freight forwarding activities for land-sea freight routes	China/ Kazakhstan	1,078	49%	876	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	497	50%	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	4	33.33%*	78	33.33%*
Total investment in joint ventures			1,579		1,396	

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

The Company

Description	Primary activity	Main country of operation/ country of registration	At 31 December 2023 Carrying amount	2023 Ownership interest	2024 Carrying amount	2024 Ownership interest
Associates						
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%	156	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%	3,106	25%
Doszhan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%	5,458	46.02%
			8,720		8,720	
Allowance for impairment of investments			(5,458)		(5,458)	
Total investment in associates			3,262		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%*	78	33.33%*
Total investment in joint ventures			4		78	

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

The Group

	At 31 December	
	2023	**2024**
Associates		
As at 1 January	28,634	38,989
Acquisition	5,196	1,578
Foreign exchange difference on translation of foreign operations	(4,588)	1,927
Share of profit	8,190	10,962
(Impairment)/impairment reversal	4,697	(298)
Dividends receivable	(3,140)	(4,480)
As at 31 December	38,989	48,678
Joint ventures		
As at 1 January	165	1,579
Acquisition	5	–
Foreign exchange difference on translation of foreign operations	–	(5)
Fair value of the remaining interest upon loss of control over the subsidiary Private company KPMC Ltd.	1	–
Share of loss	(46)	(190)
Contributions to charter capital	1,111	243
(Impairment)/impairment reversal	343	(231)
As at 31 December	1,579	1,396

During the year ended 31 December 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 KTZ Express JSC, 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 the year ended 31 December 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 the year ended 31 December 2024, the Group, represented by its subsidiary KTZ Express JSC, 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 the year ended 31 December 2024, the Group, represented by its subsidiary KTZ Express JSC, 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 KTZ Express JSC 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%.

Summary financial information on significant associates as at and for the years ended:

The Group

	2023				
	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Transtelecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
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
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, inclusive of impairment	5,136	7,195	(600)	8,545	15,890
Accumulated unrecognised loss	–	–	600	–	–
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	–	–	–	2,223	–
Carrying amount of investment	5,136	7,195	–	10,768	15,890
Revenue	153	10,588	3,912	84,186	298,970
(Loss)/profit and total Comprehensive (loss)/income for the year	(54)	334	6,887	9,063	17,362
Recognised share of the Group in (loss)/profit	(26)	163	–	2,266	5,787

	2024				
	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Transtelecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
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, inclusive of impairment	5,818	8,712	(3,795)	13,384	16,963
Accumulated unrecognised loss	–	–	3,795	–	–
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	–	–	–	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

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

	Year ended 31 December	
	2023	2024
Associates		
Share of the associates' profit for the year	–	–
Share of the associates' total comprehensive income	–	–
Aggregate carrying amount of the Group's investments in associates	–	1,578
Joint ventures		
Share of the joint ventures' loss for the year	(46)	(190)
Share of the joint ventures' total comprehensive expense	(46)	(190)
Aggregate carrying amount of the Group's investments in joint ventures	1,579	1,396

8. OTHER NON-CURRENT ASSETS

The Group

	At 31 December	
	2023	2024
Advances paid for property, plant and equipment	463,044	384,165
VAT recoverable	167,275	207,246
Corporate income tax withheld	40,121	36,441
Investment property *(note i)*	8,379	8,765
Others	4,290	6,006
Less: allowance for non-recoverable VAT	(12,237)	(12,537)
Less: allowance for corporate income tax withheld	–	(1,028)
Less: allowance for advances for property, plant and equipment	(1,616)	(522)
Less: allowance for other non-current non-financial assets	–	(72)
Total other non-financial assets	669,256	628,464
Restricted cash *(note ii)*	14,175	13,932
Loans to employees	3,819	3,163
Bonds of commercial banks and other credit institutions, and other debt securities	1,432	654
Loans issued	3,938	–
Long-term trade accounts receivable *(Note 11)*	26	–
Others	1,144	1,757
Less: allowance for expected credit losses on loans issued	(3,092)	–
Less: allowance for expected credit losses on other non-current financial assets	(539)	(487)
Total other financial assets	20,903	19,019
	690,159	647,483

Note i: The fair value of the Group's investment property at 31 December 2023 and 2024 was KZT10,317 million and KZT10,273 million, respectively. The fair value has been arrived at based on a valuation carried out by 3 accredited appraisers, independent valuer not connected with the Group.

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

For the years ended 31 December 2023 and 2024, the Group accrued depreciation expense on investment property in the amount of KZT150 million and KZT145 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 classified corporate income tax withheld assets amounting to KZT35,441 million as non-current assets, 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. As at 31 December 2023, the Group reclassified the corporate income tax withheld assets amounting KZT40,121 million from other current assets to other non-current assets (Note 12).

The movements in the allowance of other non-current non-financial assets during the Track Record Period are as follows:

	Year ended 31 December	
	2023	**2024**
At 1 January	12,879	13,853
Impairment recognised during the year, net	974	306
At 31 December	13,853	14,159

The movements in the allowance for expected credit loss on other non-current financial assets during the Track Record Period are as follows:

	Year ended 31 December	
	2023	**2024**
At 1 January	3,604	3,631
Impairment (reversal of impairment) recognised during the year, net	104	(3,144)
Amount written off as uncollectible	(77)	–
At 31 December	3,631	487

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

	As at 31 December	
	2023	**2024**
Passenger carriages supply	163,034	163,047
Construction of the railway	133,923	128,984
Electric locomotive suppliers	90,447	82,510
Railroad switch supplies	9,981	4,991
Diesel locomotive supplies	61,262	2,017
Others	4,397	2,616
	463,044	384,165

The Company

	At 31 December	
	2023	**2024**
Advances paid for property, plant and equipment	145,499	134,946
Corporate income tax withheld	38,584	35,231
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	29,286	17,493
Others	63	625
Less: allowance for advances given and other non-current non-financial assets	(894)	(406)
Total other non-financial assets	212,538	187,889
Loans to employees	2,565	2,131
Others	1,814	1,604
Less: allowance for expected credit losses on other non-current financial assets	(88)	(104)
Total other financial assets	4,291	3,631
	216,829	191,520

As at 31 December 2023 and 2024, 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 and KZT128,984 million, respectively, and for acquisition of passenger carriages supply amounted to KZT163,034 million and KZT163,047 million, respectively. As at 31 December 2023 and 2024, the Company's advances to suppliers for property, plant and equipment mostly included advances paid for the construction of railway lines amounted to KZT133,923 million and KZT128,868 million, respectively, and for acquisition of railroad switches amounted to KZT9,981 million and KZT4,991 million, respectively.

The movements in the allowances of other non-current non-financial assets during the Track Record Period are as follows:

	Year ended	
	2023	**2024**
At 1 January	334	894
Impairment recognised during the year, net	560	1,166
Amount written off as uncollectible	–	(1,654)
At 31 December	894	406

The movements in the allowances for expected credit loss on other non-current financial assets during the Track Record Period are as follows:

	Year ended	
	2023	**2024**
At 1 January	181	88
(Reversal of impairment) impairment recognised during the year, net	(16)	16
Others	(77)	–
At 31 December	88	104

9. CASH AND CASH EQUIVALENTS

The Group

	At 31 December	
	2023	**2024**
Short-term bank deposits in KZT	60,761	61,779
Short-term bank deposits in US$	6,365	2,339
Short-term bank deposits in other currencies	165	–
Cash on digital accounts in KZT	–	116,635
Cash in current accounts in KZT	120,497	7,326
Cash in current bank accounts in US$	13,075	4,763
Cash in current bank accounts in Russian Roubles	1,245	2,484
Cash in current bank accounts in Euro	782	1,182
Cash in bank accounts in other currencies	1,731	2,070
Petty cash	9	10
Less: allowance for expected credit losses on cash and cash equivalents	(16)	(10)
	204,614	198,578

The Company

	At 31 December	
	2023	**2024**
Short-term bank deposits in KZT	21,443	6,772
Cash on digital accounts in KZT	–	116,635
Cash in current accounts in KZT	117,979	2,627
Cash in bank accounts in other currencies	2	110
Less: allowance for expected credit losses on cash and cash equivalents	(8)	(5)
	139,416	126,139

As at 31 December 2024, 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 (Note 14).

As at 31 December 2024, the Group's weighted average interest rate on cash in current accounts was 8.19% in KZT and 0.16% in other currencies. And 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 2023 and 2024, the Company's weighted average interest rate on cash in current accounts was 0.68% and 8.62% in KZT, respectively.

Short-term KZT and foreign currency bank deposits are placed for three months and less, depending on the Group's and the Company's cash needs. As at 31 December 2023 and 2024, the Group's weighted average interest rate on short-term bank deposits was 15.26% in KZT and 14.9% in KZT, and 3% and 3% in US$, respectively. As at 31 December 2023 and 2024, the Company's weighted average interest rate on short-term bank deposits of the Company was 15.02% and 14.93%, respectively.

As at 31 December 2023, cash held by the Group on current accounts in Kazpost JC, a related party of the Group amounted to KZT112,141 million. As at 31 December 2024, carrying amount of cash held by the Group and the Company of KZT116,631 million on digital accounts in National Bank of Kazakhstan, which is other related party of the Group. The Group and the Company places cash and cash equivalents in banks and other financial institutions rated from A+ to BBB-. Based on this, the Group and the Company believes that its cash and cash equivalents credit risk as at 31 December 2023 and 2024 is low.

The 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

	At 31 December 2023	2024
Track structure materials	18,786	15,648
Materials and supplies	13,452	15,454
Fuel and lubricants	20,028	13,553
Spare parts	8,421	8,743
Construction materials	1,559	1,453
Others	4,135	4,409
	66,381	59,260
Less: allowance for inventories	(2,019)	(1,440)
	64,362	57,820

The Company

	At 31 December 2023	2024
Track structure materials	18,726	15,586
Materials and supplies	6,201	7,749
Fuel and lubricants	889	1,211
Spare parts	427	595
Construction materials	445	551
Others	1,044	1,149
	27,732	26,841

11. TRADE ACCOUNTS RECEIVABLE

The Group

	At 31 December 2023	2024
Trade accounts receivable	20,316	25,173
Less: allowance for expected credit losses	(3,964)	(3,507)
	16,352	21,666
Current portion of trade accounts receivable	16,326	21,666
Long-term portion of trade accounts receivable *(Note 8)*	26	–
	16,352	21,666

The Company

	At 31 December 2023	2024
Trade accounts receivable	182,671	302,830
Less: allowance for expected credit losses	(28)	(93)
	182,643	302,737

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 terms of transactions with the Group's customers require advance payment or final payment upon completion of the services. The Group exercise strict control over the level of receivables, a Commission for working with receivables of the Group was created in order to ensure the financial stability of the Group, as well as effective management of receivables and minimizing credit risk. Overdue debt is regularly reviewed by senior management. In view of the above, and taking into account that the Group's receivables are spread over a large number of diversified customers, there is no significant concentration of credit risk. The Group does not require collateral or other credit risk mitigation instruments for its trade receivables. Trade receivables are not interest-bearing.

As at 31 December 2023 and 2024, the Group's trade accounts receivable arising from contracts with customers amounted to KZT19,369 million and KZT24,288 million, respectively, with the corresponding expected credit losses amounting to KZT3,574 million and KZT2,842 million. As at 31 December 2023 and 2024, the Company's trade accounts receivable arising from contracts with customers amounted to KZT182,624 million and KZT302,769 million, respectively, with the corresponding expected credit losses amounting to KZT23 million and KZT85 million.

For trade accounts receivable, the Group and the Company has applied the simplified approach in IFRS9 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 and the Company's trade receivables and amounts due from related parties using a provision matrix:

The Group

As at 31 December 2023

		Past due					
	Current	1–30 days	31 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Trade receivables							
Expected credit loss rate	2.32%	3.04%	4.94%	15.48%	53.32%	98.87%	
Gross carrying amount	8,865	1,973	4,854	465	1,594	2,565	20,316
Expected credit losses	206	60	240	72	850	2,536	3,964

As at 31 December 2024

	Current	Past due 1–30 days	31 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Trade receivables							
Expected credit loss rate	1.53%	1.08%	10.27%	17.28%	77.00%	99.63%	
Gross carrying amount	18,487	1,938	935	324	1,874	1,615	25,173
Expected credit losses	282	21	96	56	1,443	1,609	3,507

The Company

As at 31 December 2023

	Current	Past due 1–30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Trade receivables								
Expected credit loss rate	0.001%	0.00%	1.75%	0.00%	2.74%	16.67%	100.00%	
Gross carrying amount	182,334	112	57	23	73	60	12	182,671
Expected credit losses	3	–	1	–	2	10	12	28

As at 31 December 2024

	Current	Past due 1–30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Trade receivables								
Expected credit loss rate	0.002%	1.20%	2.00%	10.53%	20.83%	53.01%	94.74%	
Gross carrying amount	302,298	251	50	57	72	83	19	302,830
Expected credit losses	6	3	1	6	15	44	18	93

Ageing analysis of trade accounts receivable as at 31 December 2023 and 2024, based on the invoice date and net of allowance for expected credit losses, are as follows:

The Group

	At 31 December 2023	2024
0–30 days	9,991	18,683
31–90 days	4,078	1,441
91–180 days	1,262	1,049
181–365 days	952	426
Over 365 days	69	67
	16,352	21,666

The Company

	At 31 December	
	2023	**2024**
0–30 days	182,420	302,413
31–90 days	125	193
91–180 days	46	93
181–365 days	52	38
	182,643	302,737

The movements in the impairment of trade accounts receivable during the Track Record Period are as follows:

The Group

	Year ended 31 December	
	2023	**2024**
At 1 January	7,593	3,964
(Reversal of impairment) impairment during the year, net	(1,166)	1,194
Amount written off as uncollectible	(2,463)	(1,651)
At 31 December	3,964	3,507

The Company

	Year ended 31 December	
	2023	**2024**
At 1 January	22	28
Impairment recognised during the year, net	11	65
Amount written off as uncollectible	(5)	–
At 31 December	28	93

12. OTHER CURRENT ASSETS

The Group

	At 31 December 2023	2024
Advances paid	25,736	20,183
Other taxes prepaid	4,207	6,190
Prepaid expenses	2,448	2,690
Others	5,494	5,670
Less: allowance for corporate income tax withheld	–	(4,229)
Less: allowance for the impairment of advances paid	(1,761)	(2,665)
Less: allowance for other current non-financial assets	(4,635)	(5,086)
Total other non-financial assets	31,489	22,753
Restricted cash *(note i)*	6,789	16,235
Claims, interest and fines	3,974	2,409
Due from employees	1,665	1,416
Others	5,191	5,766
Less: allowance for expected credit losses on other current financial assets	(3,120)	(3,172)
Total other financial assets	14,499	22,654
	45,988	45,407

The Company

	At 31 December 2023	2024
Advances paid	2,843	4,303
Other taxes prepaid	1,639	4,973
Prepaid expenses	1,431	1,500
Income tax prepaid	266	266
Others	2,946	3,072
Less: allowance for advances paid and other current non-financial assets	(3,062)	(7,461)
Total other non-financial assets	6,063	6,653
Restricted cash (note i)	6,037	3,677
Loans to employees	703	548
Claims, interest and fines	520	398
Others	727	665
Less: allowance for expected credit losses on other current financial assets	(283)	(221)
Total other financial assets	7,704	5,067
	13,767	11,720

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

Note i: Restricted cash is pledged as collateral for the current portion of loans obtained from Citibank. The restrictions on cash will be released once the loans have been repaid.

The movements in the impairment of other current non-financial assets during the Track Record Period are as follows:

The Group

	Year ended 31 December	
	2023	**2024**
At 1 January	5,938	6,396
Impairment during the year, net	605	5,799
Amount written off as uncollectible	(147)	(69)
Other	–	(146)
At 31 December	6,396	11,980

The Company

	Year ended 31 December	
	2023	**2024**
At 1 January	2,327	3,062
Impairment during the year, net	790	4,422
Amount written off as uncollectible	(55)	(14)
Exchange realignment	–	(9)
At 31 December	3,062	7,461

The movements in the allowances for expected credit loss on other current financial assets during the Track Record Period are as follows:

The Group

	Year ended	
	2023	**2024**
At 1 January	4,200	3,120
Reversal of impairment recognised during the year, net	(1,138)	(1,063)
Amount written off as uncollectible	58	(897)
Others	–	2,012
At 31 December	3,120	3,172

The Company

	Year ended 2023	2024
At 1 January	437	283
Reversal of impairment recognised during the year, net	(216)	(25)
Amount written off as uncollectible	(15)	(59)
Exchange realignment	–	–
Others	17	22
At 31 December	283	221

13. EQUITY

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

	No. of shares authorised for issue	No. of shares issued and paid for	Share capital *KZT' million*
As at 1 January 2023	502,040,458	496,692,666	1,086,324
Shares issued	–	1,000	24,310
At 31 December 2023	502,040,458	496,693,666	1,110,634
Shares issued	–	1,000	13,273
At 31 December 2024	502,040,458	496,694,666	1,123,907

The Company's share capital was established through a series of share issuances in exchange for either cash or property, plant and equipment, intangible assets or shares. 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 KZT24,310 million and KZT13,273 million by the Shareholder, respectively.

Other contributions

During the years ended 31 December 2023 and 2024, the Company recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of KZT177,392 million and KZT89,395 million, respectively, net of deferred tax effect of KZT35,586 million and KZT17,879 million, respectively (Note 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.

Hedging reserve

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

During the year ended 31 December 2024, 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. As at 31 December 2024, the carrying value of Eurobonds amounted to KZT448,785 million. 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.

At the commencement date of the hedging relationship, the hedge effectiveness was recognised at 100%, except for the market interest rate component, which was approximately 3% of the fair value of the cross-currency swap. As at 31 December 2024, hedge effectiveness decreased to 88.57%, due to a reduction in the expected volumes of the probable revenue from freight transit transportation following the introduction of the second hedging strategy, which resulted in a partial reallocation of originally projected revenue to the second strategy.

As at 31 December 2024, the effective portion of KZT28,226 million was allocated to the hedge reserve in other comprehensive loss as fair value loss arising on cash flow hedging instruments. The deferred tax effect amounted to KZT5,645 million (Note 17). The ineffective portion in the amount of KZT3,609 million was reclassified to finance costs (Note 26).

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 2024, the carrying value of these loans amounted to KZT598,982 million. The hedged item in this respect is the highly probable revenue from transit 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.

At the commencement date of the hedging relationship, the hedge effectiveness has been confirmed at 100%, reflecting full compliance with the terms of the instruments and the hedged items.

As at 31 December 2024, the effective portion of KZT20,399 million was allocated to the hedge reserve in other comprehensive loss as fair value loss arising on cash flow hedging instruments. The deferred tax effect amounted to KZT4,080 million (Note 17).

In December 2024, 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 attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 22). The deferred tax effect amounted to KZT82 million (Note 17).

The Company

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

	Foreign currency translation reserve	Retained earnings	Total
As at 1 January 2023	326	834,172	834,498
Profit for the year	–	164,578	164,578
Other comprehensive (loss)/income for the year	(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	**59**	**1,141,228**	**1,141,287**
Profit for the year	–	128,024	128,024
Other comprehensive loss for the year	(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	**(69)**	**1,340,623**	**1,340,554**

14. BORROWINGS

Borrowings, including accrued interest, which is accounted for at amortised cost consisted of the following:

The Group

	At 31 December			
	2023		**2024**	
	Amount	**Weighted average effective interest rate** *(%)*	**Amount**	**Weighted average effective interest rate** *(%)*
Fixed interest rate borrowings				
Loans received	333,852		475,243	
– in KZT	223,035	8.69	285,231	10.88
– in Euros	59,611	5.31	51,253	5.85
– in Swiss Francs	–	–	59,483	3.40
– in Russian Roubles	51,206	5.94	79,276	9.02
Debt securities issued	1,079,764		1,207,802	
– in KZT	707,590	11.41	759,017	11.78
– in US$	372,174	6.43	448,785	6.42
Floating interest rate borrowings				
Loans received	518,138		886,253	
– in KZT	122,925	18.83	40,232	19.24
– in Euros	139,143	5.32	217,682	7.34
– in Swiss Francs	256,070	3.55	628,339	3.04
Debt securities issued	185,793		84,090	
– in KZT	185,793	19.02	84,090	14.78
	2,117,547		2,653,388	
Current portion of borrowings	354,115		812,965	
Non-current portion of borrowings	1,763,432		1,840,423	
	2,117,547		2,653,388	

The Company

	At 31 December			
	2023		2024	
	Amount	**Weighted average effective interest rate** *(%)*	**Amount**	**Weighted average effective interest rate** *(%)*
Fixed interest rate borrowings				
Loans received	165,099		225,071	
– in KZT	165,099	4.89	165,588	9.68
– in Swiss Francs	–	–	59,483	3.40
Debt securities issued	1,079,764		1,207,803	
– in KZT	707,590	11.41	759,018	11.78
– in US$	372,174	6.43	448,785	6.42
Floating interest rate borrowings				
Loans received	256,069		407,429	
– in Swiss Francs	256,069	3.55	407,429	3.32
Debt securities issued	185,793		84,090	
– in KZT	185,793	19.02	84,090	14.78
	1,686,725		1,924,393	
Current portion of borrowings	318,255		673,881	
Non-current portion of borrowings	1,368,470		1,250,512	
	1,686,725		1,924,393	

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

The Group

	At 31 December	
	2023	**2024**
Within one year	354,115	812,965
Within a period of more than one year but not exceeding two years	449,040	214,519
Within a period of more than two years but not exceeding five years	303,109	397,039
Within a period of more than five years	1,011,283	1,228,865
	2,117,547	2,653,388

The Company

	At 31 December 2023	2024
Within one year	318,255	673,881
Within a period of more than one year but not exceeding two years	400,946	135,085
Within a period of more than two years but not exceeding five years	163,595	176,300
Within a period of more than five years	803,929	939,127
	1,686,725	1,924,393

Loans received

The 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).

Citibank Kazakhstan JSC

In June 2023, the Group, represented by a subsidiary 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%.

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 received 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.

HSBC Continental Europe

In 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ Passenger locomotives LLP, 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.

Societe Generale and Natixis

In 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ Passenger locomotives LLP, 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.

Halyk Bank of Kazakhstan JSC

In 2023, the Group, represented by the Company and its subsidiary KTZ-Freight transportation LLP, 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 KTZ-Freight transportation LLP, 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 KTZ-Passenger locomotives LLP, 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.

Eurasian Development Bank ("EDB")

In 2023, the Group, represented by its subsidiary 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.

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 (KZT77,828 million) 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 KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP, 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 dollars in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (234,670 million Tenge) (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.

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.

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.

Early repayment of non-current borrowings

In 2023, the Group, represented by its subsidiaries KTZ Express JSC and KTZ-Passenger locomotives LLP, 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 KTZ-Freight transportation LLP, 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 KTZ-Passenger locomotives LLP, 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.

Debt securities issued

As at 31 December, debt securities issued include:

The Group

	Repayment date	**Exchanges**	**2023**	**2024**
Debt securities, by price *(note i)*				
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	–	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855	101,717
Inflation rate + 2.52% (12.03%) Bonds (100%) in KZT	25 April 2026	KASE	56,302	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380	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	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	–	10,889
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	1,291,892
Current portion of debt securities issued			232,078	471,552
Long-term portion of debt securities issued			1,033,479	820,340
			1,265,557	1,291,892

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

The Company

	Repayment date	Exchanges	2023	2024
Debt securities, by price *(note i)*				
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	–	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855	101,717
Inflation rate + 2.52% (12.03%) Bonds (100%) in KZT	25 April 2026	KASE	56,302	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380	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	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	–	10,889
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	1,291,892
Current portion of debt securities issued			232,078	471,552
Long-term portion of debt securities issued			1,033,479	820,340
			1,265,557	1,291,892

Note i: Percentage 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 9). 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% 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.

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 dollars, 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 34.

Credit agreements and covanents

In accordance with the Group's arrangements with HSBC Continental Europe regarding financial and non-financial covenants, 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 and 2024, this covenant was met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT59,611 million and KZT51,253 million, respectively.

The Group's 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 historical financial information of the Group. As at 31 December 2023 and 2024, this covenant was met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT139,143 million and KZT217,682 million, respectively.

The Group's 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 and 2024, these covenants were met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT51,206 million and KZT79,276 million, respectively.

The Group's and the Company's 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 and 2024, these covenants were met. As at 31 December 2023 and 2024, the Group's and the Company's carrying value of this loan is KZT256,069 million and KZT274,190 million, respectively.

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

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, Kaztemirtrans JSC, 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, these conditions were met, and the carrying amount of the loan was KZT220,910 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.

The Group

	Reconciliation of changes in liabilities and cash flows from financing activities					
	2023			2024		
	Borrowings and debt securities issued	**Lease liabilities** *(Note 15)*	**Total**	**Borrowings and debt securities issued**	**Lease liabilities** *(Note 15)*	**Total**
As at 1 January	1,687,331	53,082	1,740,413	2,117,547	71,506	2,189,053
Changes due to cash flows from financing activities						
Loan principal payments	(367,320)	–	(367,320)	(480,532)	–	(480,532)
Proceeds from borrowings	808,731	–	808,731	879,762	–	879,762
Lease liability payments	–	(21,690)	(21,690)	–	(11,358)	(11,358)
Total changes due to cash flows from financing activities	441,411	(21,690)	419,721	399,230	(11,358)	387,872
Other changes						
Effect of changes in foreign currency exchange rates	13,862	43	13,905	68,605	34	68,639
Cash flow hedging	–	–	–	62,215	–	62,215
Acquisition of property, plant and equipment through borrowings directly transferred to the supplier	114,106	–	114,106	67,738	–	67,738
New lease agreements	–	24,334	24,334	–	107,742	107,742
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(177,932)	–	(177,932)	(89,395)	–	(89,395)
Interest costs and discount amortisation, including capitalised	188,583	8,995	197,578	204,960	19,502	224,462
Interest paid	(144,301)	(6,252)	(150,553)	(171,648)	(12,050)	(183,698)
Other changes	(5,513)	12,994	7,481	(5,864)	(394)	(6,258)
Total other changes attributable to liabilities	(11,195)	40,114	28,919	136,611	114,834	251,445
As at 31 December	2,117,547	71,506	2,189,053	2,653,388	174,982	2,828,370

15. LEASE LIABILITIES

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

The Group

	2023		2024	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within one year	18,461	16,951	38,423	35,517
Within a period of more than one year but not exceeding two years	10,989	8,491	31,758	24,037
Within a period of more than two years but not exceeding five years	36,077	18,439	110,231	59,350
Within a period of more than five years	100,304	27,625	232,330	56,078
Total	165,831	71,506	412,742	174,982
Less unearned interest	(94,325)	–	(237,760)	–
Present cost of lease liabilities	71,506	71,506	174,982	174,982
Less amounts due within 12 months		(16,951)		(35,517)
Amount due after 12 months		54,555		139,465

The Company

	2023		2024	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within one year	5,964	5,694	15,683	14,600
Within a period of more than one year but not exceeding two years	3,473	2,760	8,495	6,362
Within a period of more than two years but not exceeding five years	6	4	16,973	9,623
Total	9,443	8,458	41,151	30,585
Less unearned interest	(985)	–	(10,566)	–
Present cost of lease liabilities	8,458	8,458	30,585	30,585
Less amounts due within 12 months		(5,694)		(14,600)
Amount due after 12 months		2,764		15,985

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

Finance lease agreements (hereinafter – "lease agreements") with Industrial Development Fund JSC

Flat carriages

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, 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 KTZ Express JSC, entered into a lease agreement for 2,000 flat cars with a total amount of KZT63,356 million and an interest rate of 13.75% per annum, of which 7% per annum is subsidised by the State. The grace period for the payment of the principal debt 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.

Passenger carriages

In December 2022, the Group, represented by its subsidiary Passenger Transportation JSC, 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 Passenger Transportation JSC, 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 Passenger Transportation JSC, entered into a lease agreement for 157 passenger carriages with a total amount 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 payment of the principal debt 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.

In August 2024, the Group, represented by its subsidiary Passenger Transportation JSC, 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 payment of the principal debt is 5 years. The Group acts as a lessee. During 2024, under this agreement, the Group received 1 electric train and recognised a right-of- use asset in the amount of KZT3,911 million for 40 years and a lease liability in the amount of KZT1,817 million for 15 years.

Freight open wagons

In July 2023, the Group, represented by its subsidiary Kaztemirtrans JSC, 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. In 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.

Lease agreements and their violation

The terms and conditions of lease agreements of the Group, represented by subsidiaries KTZ Express JSC, Passenger Transportation JSC and Kaztemirtrans JSC, 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, this condition was met.

In addition, the requirements of the Group's lease agreements, represented by the subsidiaries KTZ Express JSC, Passenger transportation JSC and Kaztemirtrans JSC, 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.

Lease agreements with Transtelecom JSC

In 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.

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 and the Company has no current or future obligations to make payments to employees following their retirement, apart from those described below.

In 2019, the Group and the Company 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 and the Company 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 2021-2023 and 2024-2026 between the Group and its staff.

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

Post-employment defined employee benefits:

- 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 2024 by Rinat Shakenov, licensed actuarial valuer in Kazakhstan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Group

	At 31 December	
	2023	**2024**
Non-current portion of employee benefit obligations	37,396	41,105
Current portion of employee benefit obligations	7,608	7,598
Total liabilities as at the end of the year	45,004	48,703

The Company

	At 31 December	
	2023	**2024**
Non-current portion of employee benefit obligations	7,805	11,692
Current portion of employee benefit obligations	1,573	2,300
Total liabilities as at the end of the year	9,378	13,992

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respective of these defined benefit plans for the years ended 31 December are as follows:

The Group

	2023	**2024**
Current service cost	1,888	2,254
Past service cost	–	9,694
Interest costs	4,624	5,108
Actuarial loss/(gain) on other long-term employee benefits	427	(2,394)
Total expenses recognised in profit or loss	6,939	14,662
Actuarial revaluation recognised in other comprehensive (expense)/income:		
– change in financial assumptions	(330)	856
– experience-based adjustments	(922)	(1,850)
– change in demographic assumptions	1,792	(2,694)
Total expenses recognised in other comprehensive income/(expense)	540	(3,688)
Total	7,479	10,974

The Company

	2023	**2024**
Current service cost	522	677
Past service cost	–	4,986
Interest costs	1,000	1,064
Actuarial loss/(gain) on other long-term employee benefits	41	(293)
Total expenses recognised in profit or loss	1,563	6,434
Actuarial revaluation recognised in other comprehensive income/(expense):		
– change in financial assumptions	5	76
– experience-based adjustments	(1,083)	688
– change in demographic assumptions	945	(620)
Total expenses recognised in other comprehensive (expense)/income	(133)	144
Total	1,430	6,578

Movement in the present value of obligations for the years ended 31 December is as follows:

The Group

	2023	**2024**
Total liabilities at 1 January	43,619	45,004
Current service cost	1,888	2,254
Past service cost	–	9,694
Interest costs	4,624	5,108
Actuarial loss/(gain) on other long-term employee benefits	427	(2,394)
Total expenses recognised in profit or loss	6,939	14,662
Actuarial revaluation recognised in other comprehensive income/(expense):	540	(3,688)
– change in financial assumptions	(330)	856
– experience-based adjustments	(922)	(1,850)
– change in demographic assumptions	1,792	(2,694)
Payments made for the year	(6,094)	(7,275)
Total liabilities at 31 December	45,004	48,703

The Company

	2023	2024
Total liabilities at the beginning of the year	9,437	9,378
Current service cost	522	677
Past service cost	–	4,986
Interest costs	1,000	1,064
Actuarial loss/(gain) on other long-term employee benefits	41	(293)
Total expenses recognised in profit or loss	1,563	6,434
Actuarial revaluation recognised in other comprehensive (expense)/income:	(133)	144
– change in financial assumptions	5	76
– experience-based adjustments	(1,083)	688
– change in demographic assumptions	945	(620)
Payments made for the year	(1,489)	(1,964)
Total liabilities as at the end of the year	9,378	13,992

Post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the years ended 31 December are as follows:

The Group

	2023	2024
Cost of sales	6,611	14,150
General and administrative expenses	328	512
Total recognised in profit or loss for the year	6,939	14,662

The Company

	2023	2024
Cost of sales	1,406	6,247
General and administrative expenses	156	187
Total recognised in profit or loss for the year	1,562	6,434

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 the Group's and the Company's current and former employees who have retired is 15.6 years for men and 19.6 years for women in 2024, and 14.6 years for men and 18.7 years for women in 2023.

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

	2023	**2024**
Discount rate	11.9%	12.4%
Expected annual growth in material aid in the future	5.2% (average)	5.3% (average)
Expected annual minimum salary growth in the future	6.6% (average)	6.6% (average)
Expected annual future growth in rail ticket cost	5.9% (average)	7.6% (average)

The expected repayment schedule for the defined benefit obligations is as follows:

The Group

	At 31 December	
	2023	**2024**
Within the next 12 months	7,608	7,598
2–5 years	15,376	16,901
5 to 10 years	10,568	11,616
Beyond 10 years	11,452	12,588
Total expected payments	45,004	48,703

The Company

	At 31 December	
	2023	**2024**
Within the next 12 months	1,573	2,301
2–5 years	3,209	4,807
5 to 10 years	2,206	3,304
Beyond 10 years	2,390	3,581
Total expected payments	9,378	13,993

In 2024 and 2023, according to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.5%/(7.4%) and 8.9%(7.7%) caused by an inflation rate increase/decrease of 1%, respectively, while 7.9%/(6.9%) and 8.3%/(7.3%) caused by a discount rate decrease/increase of 1%, respectively. In 2024 and 2023, according to an actuarial sensitivity analysis, the Company's maximum increase/decrease in employee benefit obligations is 6.7%/(6.0%) and 7.1%/(6.3%) cased by an inflation rate increase/decrease of 1%, respectively, while 6.4%/(5.5%) and 6.7%/(5.8%) caused by a discount rate decrease/increase of 1%, respectively.

The 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

Corporate income tax expenses for the years ended 31 December included:

	2023	2024
Current income tax expense	6,013	14,969
Adjustment of income tax for prior years	(227)	(217)
Deferred income tax expense	17,450	37,811
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161
	24,599	62,724

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 for the years ended 31 December:

	2023	2024
Profit before tax	161,383	223,529
Official tax rate	20%	20%
Calculated tax expense at the official rate	32,277	44,706
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)
(Non-taxable income)/non-deductible expenses	(8,814)	8,074
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161
Income tax expense recognised in profit or loss	24,599	62,724

For the purpose of presentation in the Group's consolidated statement of financial position and the Company's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	At 31 December 2023	2024
Deferred tax assets	60	21
Deferred tax liabilities	(411,888)	(468,057)
	(411,828)	(468,036)

The Company

	At 31 December 2023	2024
Deferred tax assets	119,220	105,601
Deferred tax liabilities	(377,292)	(394,772)
	(258,072)	(289,171)

Deferred tax balances calculated by applying the statutory tax rate in effect at the respective reporting dates to temporary differences between the tax basis for assets and liabilities and amounts reported in the consolidated historical financial information.

Deferred tax balances calculated by applying the statutory tax rate in effect at the respective reporting dates of the Group's and the Company's financial position to temporary differences between the tax basis for assets and liabilities and amounts reported in the Group's and the Company's financial statements are as follows:

The Group

	At 31 December 2023	2024
Deferred tax assets:		
Tax losses carried forward	125,893	128,414
Accrued employee liabilities	7,135	7,912
Lease liabilities	2,640	7,010
Derivative financial instruments	7,036	6,432
Financial guarantee contract liabilities	5,707	5,490
Accounts receivable	3,959	3,889
Other	2,634	2,692
	155,004	161,839
Less: deferred tax assets offset against deferred tax liabilities	(154,944)	(161,818)
Deferred tax assets	60	21
Deferred tax liabilities:		
Property, plant and equipment and other non-current assets	(457,336)	(507,804)
Fair value adjustment to borrowings received from the Shareholder at rates below market	(109,488)	(122,066)
Other	(8)	(5)
	(566,832)	(629,875)
Less: deferred tax liabilities offset against deferred tax assets	154,944	161,818
Deferred tax liabilities	(411,888)	(468,057)
Total net deferred tax liabilities	(411,828)	(468,036)

The Company

	At 31 December 2023	2024
Deferred tax assets:		
Tax losses carried forward	63,448	42,116
Fair value adjustment to loans issued	31,053	30,076
Lease liabilities	11,136	6,215
Derivative financial instruments	7,036	6,432
Financial guarantee contract liabilities	1,751	15,514
Other	4,796	5,248
Deferred tax assets	119,220	105,601
Deferred tax liabilities:		
Property, plant and equipment and other non-current assets	(277,435)	(281,486)
Fair value adjustment to borrowings received from the Shareholder at rates below market	(99,849)	(113,281)
Other	(8)	(5)
Deferred tax liabilities	(377,292)	(394,772)
Total net deferred tax liabilities	(258,072)	(289,171)

The Group

	At 31 December 2023	2024
Net deferred tax liabilities as at the beginning of the year	(357,428)	(411,828)
Recognised in profit or loss	(18,813)	(47,972)
Recognised in equity	(35,587)	(17,879)
Recognised in other comprehensive income	–	9,643
Net deferred tax liabilities as at the end of the year	(411,828)	(468,036)

The Company

	At 31 December 2023	2024
Net deferred tax liabilities as at the beginning of the year	(231,832)	(258,072)
Recognised in profit or loss	(21,293)	(18,872)
Recognised in equity	(35,586)	(17,879)
Recognised in other comprehensive income	30,639	5,652
Net deferred tax liabilities as at the end of the year	(258,072)	(289,171)

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 and 2024, the total tax effect of unrecognised tax losses carried forward amounted to KZT420 million and KZT9,470 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

18. TRADE ACCOUNTS PAYABLE

The Group

	At 31 December	
	2023	**2024**
Accounts payable for the supply of property, plant and equipment	46,789	86,906
Accounts payable for services provided	92,628	84,619
Accounts payable for inventories received	56,961	52,106
Other accounts payable	4,591	7,720
	200,969	231,351

The Company

	At 31 December	
	2023	**2024**
Accounts payable for the supply of property, plant and equipment	40,226	76,129
Accounts payable for services provided	14,786	15,840
Accounts payable for inventories received	7,108	9,336
Other accounts payable	2,220	4,039
	64,340	105,344

As at 31 December, the Group's and Company's trade accounts payable were denominated in the following currencies:

The Group

	2023	**2024**
KZT	174,516	203,015
Euros	9,542	13,414
US$	10,018	13,000
UAE Dirham	5,899	–
In other currencies	994	1,922
	200,969	231,351

The Company

	2023	2024
KZT	64,168	105,177
Russian ruble	163	167
US$	9	–
	64,340	105,344

The Group's and the Company's trade accounts payable are interest-free. For the years ended 31 December 2023 and 2024, the Group's trade accounts payable are normally settled on 38 days and 48 days terms, respectively, the Company's trade accounts payable are normally settled on 33 days and 46 days terms, respectively.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

The Group

	At 31 December	
	2023	2024
0–30 days	157,159	209,240
31–90 days	30,562	13,669
91–180 days	5,973	4,546
181–365 days	5,759	1,958
Over 365 days	1,516	1,938
	200,969	231,351

The Company

	At 31 December	
	2023	2024
0–30 days	45,890	98,844
31–90 days	14,129	2,143
91–180 days	3,413	2,192
181–365 days	325	1,052
Over 365 days	583	1,113
	64,340	105,344

19. CONTRACT LIABILITIES

The Group

	At 31 December 2023	2024
Freight transportation	110,568	125,382
Passenger transportation	3,542	4,258
Other	1,758	3,530
	115,868	133,170

The Company

	At 31 December 2023	2024
Freight transportation	2,133	2,000
Others	980	1,801
	3,113	3,801

Movement of the Group's and the Company's contract liabilities are as follows:

The Group

	Year ended 2023	2024
At 1 January	119,393	115,868
Amounts deferred during the year for future periods	(1,788,985)	(1,970,537)
Amount recognised as revenue during the year	1,785,460	1,987,839
At 31 December	115,868	133,170

The Company

	Year ended 2023	2024
At 1 January	2,439	3,113
Amounts deferred during the year for future periods	(829,397)	(907,443)
Amount recognised as revenue during the year	830,071	908,131
At 31 December	3,113	3,801

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 revenue recognised in the Track Record Period, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023 and 2024 amounted to KZT100,494 million and KZT95,811 million, respectively. The Company's revenue recognised in the Track Record Period, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023 and 2024 amounted to KZT2,436 million and KZT3,109 million, respectively.

Contract liabilities of the Group and the Company as at 31 December 2023 and 2024 will be recognised as revenue within 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	At 31 December	
	2023	**2024**
Deferred income (government grants)	44,804	99,999
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	12,530	14,302
Advances received	10,015	9,700
Provisions	2,611	748
Others	3,397	2,331
Total other non-financial liabilities	73,357	127,080
Provisions for unused vacation and other employee Benefits	36,225	40,069
Financial guarantee contract liabilities	28,536	27,449
Salary payable	15,511	18,966
Others	15,059	17,833
Total other financial liabilities	95,331	104,317
	168,688	231,397
Current portion of other liabilities	98,910	112,627
Non-current portion of other liabilities	69,778	118,770
	168,688	231,397

The Company

	At 31 December 2023	2024
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	3,559	4,231
Advances received	118	93
Others	118	331
Total other non-financial liabilities	3,795	4,655
Provisions for unused vacation and other employee Benefits	15,025	17,336
Financial guarantee contract liabilities	3,377	7,096
Salary payable	33	1
Others	2,320	2,368
Total other financial liabilities	20,755	26,801
	24,550	31,456
Current portion of other liabilities	24,550	31,456
Non-current portion of other liabilities	–	–
	24,550	31,456

As disclosed in Note 31, the Group the Company has 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 and 2024, liabilities under financial guarantee agreements for Nursultan Nazarbayev International Airport JSC were KZT15,315 million and KZT14,897 million, respectively, and for Aktobe Rail and Section Mill Plant LLP were KZT13,202 million and KZT12,553 million, respectively.

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

Provisions include provisions for agreements under which as at 31 December 2023 and 2024, there is a high probability that an outflow of resources embodying economic benefits will be required to settle the liabilities. Provisions were recognised through other profit or losses.

As at 31 December 2023 and 2024, provisions for unused vacation and other employee benefits are reclassified as financial liabilities as they represent liabilities arising from the performance of contracts.

As at 31 December 2023 and 2024, the Group's and the Company's other financial liabilities were primarily denominated in KZT.

21. LOAN ISSUED OF THE COMPANY

	At 31 December	
	2023	**2024**
Current loans:		
KTZ-Passenger Locomotives LLP	3,048	25,078
KTZ-Freight Transportation LLP	10,115	17,187
Passenger Transportation JSC	514	2,292
Kaztemirtans JSC	1,702	–
Temirzholsu JSC	171	–
Others	124	124
Less: allowance for impairment	(132)	(132)
Total current loans	15,542	44,549
Non-current loans:		
Passenger Transportation JSC	52,437	53,754
Vostokmashzaod JSC	7,669	4,054
Less: allowance for impairment	(3,180)	(1,406)
Total non-current loans	56,926	56,402
Debt securities issued by subsidiaries:		
KTZ-Freight Transportation LLP	255,526	239,380
Kaztemirtans JSC	135,651	99,676
KTZ-Passenger Locomotives LLP	33,891	36,363
Passenger Transportation JSC	33,381	29,853
KTZ Express JSC	115,340	1,565
Less: allowance for impairment	(1,056)	(383)
Total debt securities	572,733	406,454
Total loans issued and debt securities issued by subsidiaries	645,201	507,405
Current portion of loans	104,224	83,244
Non-current portion of loans	540,977	424,161
	645,201	507,405

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.

As at 31 December 2023 and 2024, loans issued are expressed in KZT, while debt securities issued by subsidiaries KTZ-Freight Transportation LLP, KTZ-Passenger Locomotives LLP and KTZ Express JSC in the total amount of KZT176,667 million and KZT191,197 million, respectively, indexed to the Swiss Franc.

Debt securities issued by subsidiaries

KTZ Express JSC

In December 2023, the Company concluded a trilateral agreement with its subsidiaries Kedentransservice JSC and KTZ Express JSC to replace the issuer Kedentransservice JSC with KTZ Express JSC 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 KTZ Express JSC 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 KTZ Express JSC, 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 KTZ Express JSC 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.

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.

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.

Kaztemirtrans JSC

In July 2023, a subsidiary Kaztemirtrans JSC, 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 Kaztemirtrans JSC 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.

22. REVENUE

During the Track Record Period, revenue from freight transportation included:

	Year ended 31 December	
	2023	**2024**
Revenue from contracts with customers:		
International (transit) routes	655,888	698,797
Domestic routes	439,857	507,501
International (export) routes	274,069	322,631
International (import) routes	185,758	194,279
Additional charges related to the transportation process	60,675	67,769
Other revenue from freight transportation	66,303	84,581
	1,682,550	1,875,558

In December 2024, 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 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 the Track Record Period, revenue from passenger transportation included:

	Year ended 31 December	
	2023	**2024**
Revenue from contracts with customers:		
Passenger transportation	89,866	94,003
Other revenue from passenger transportation	11,816	16,520
	101,682	110,523

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

Total revenue from contracts with customers for the year ended 31 December 2023 and 2024 amounted to KZT1,784,232 million and KZT1,986,081 million, respectively.

23. OTHER REVENUE

	Year ended 31 December	
	2023	**2024**
Revenue from the lease of carriages	45,953	63,368
Revenue from the sale of goods and provision of other services	49,615	61,172
Revenue from fines	10,475	6,382
Revenue from the lease of other property, plant and equipment	4,908	5,815
	110,951	136,737

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 KZT. 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.

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

24. COST OF SALES

	Year ended 31 December	
	2023	**2024**
Staff salaries and benefits	558,072	636,511
Other staff costs	58,176	65,989
Employee benefit expenses and other long-term employee benefits *(Note 16)*	6,611	14,150
Total staff costs	622,859	716,650
Repairs and maintenance	229,398	234,961
Fuel and lubricants	219,739	195,945
Depreciation of property, plant and equipment	136,620	151,235
Depreciation of right-of-use assets	13,873	13,814
Amortisation of intangible assets	1,100	876
Electricity	64,980	90,967
Work and services of a production nature	77,113	71,246
Materials and supplies	58,190	62,300
Property tax and other taxes, excluding social tax and social contributions	27,655	29,816
Utilities and building maintenance	5,891	7,730
Telecommunication services	2,631	3,125
Other costs	38,534	41,352
	1,498,583	1,620,017

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023	**2024**
Compensation to key management personnel *(Note 33)*	790	816
Other staff costs	5,967	7,116
Staff salaries and benefits	60,676	70,541
Employment benefit expenses and other long-term employee benefits *(Note 16)*	328	512
Total staff costs	67,761	78,985
Property tax and other taxes, excluding social tax and social contributions	7,853	17,942
Depreciation of property, plant and equipment	2,738	2,583
Depreciation of right-of-use assets	313	346
Amortisation of intangible assets	1,647	1,517
Third parties expenses	4,299	3,809
Expenses to hold celebrations and cultural and mass events	2,717	3,273
Consulting and legal services	995	2,304
Auditor's remuneration	566	569
Business trip expenses	1,945	2,590
Charity	–	2,000
Membership fee	855	1,299
Repairs and maintenance	1,310	1,216
Utilities and building maintenance	752	1,170
Lease expenses	936	1,133
Telecommunication services	659	653
Insurance	583	636
Banking services	431	442
Expenses to maintain social sphere facilities	405	431
Other expenses	9,729	5,492
	106,494	128,390

26. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2023	**2024**
Finance income		
Interest rate state subsidies on financial liabilities	2,220	28,019
Interest on cash and cash equivalents	12,209	11,517
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,491	10,010
Income from guarantees issued	1,427	1,322
Other finance income	5,874	2,087
	32,221	52,955

	Year ended 31 December	
	2023	**2024**
Finance costs		
Interest costs and loan discount amortisation	161,945	152,777
Lease interest expenses	8,995	19,502
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	35,182	6,363
Loss from the ineffective part of hedging instruments *(Note 13)*	–	3,609
Other finance costs	2,243	2,733
	208,365	184,984

27. IMPAIRMENT REVERSAL OF FINANCIAL ASSETS AND CONTRACT ASSETS

	Year ended 31 December	
	2023	**2024**
Impairment losses reversed (recognised) on:		
– loans issued	21	1,729
– financial assets at amortised cost	964	1,263
– contract assets	445	448
– cash and cash equivalents	17	6
– trade accounts receivable	1,166	(1,194)
– other financial assets	49	(651)
	2,662	1,601

28. IMPAIRMENT REVERSAL/(IMPAIRMENT) OF NON-FINANCIAL ASSETS

	Year ended 31 December	
	2023	**2024**
Impairment losses (recognised) reversed on:		
– corporate income tax withheld	–	(4,229)
– property, plant and equipment	(990)	(541)
– VAT recoverable	(414)	(300)
– investments in associates	4,697	(298)
– investments in joint ventures	343	(231)
– intangibles assets (except for goodwill)	(1,322)	(160)
– other non-current non-financial assets	(560)	(6)
– other current non-financial assets	(605)	(1,570)
	1,149	(7,336)

29. OTHER PROFIT AND LOSSES

	Year ended 31 December	
	2023	**2024**
Losses on disposal of property, plant and equipment	(654)	(3,849)
Income from investment property	1,355	1,554
(Accruals)/reversal of provisions	(174)	2,484
Others	3,868	4,417
	4,395	4,606

30. EARNINGS 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 the Track Record Period, the Company had no outstanding antidilutive instruments.

	Year ended 31 December	
	2023	**2024**
Weighted average number of common shares	496,692,677	496,693,715
Profit for the year attributable to the Shareholder (in KZT million)	133,508	157,818
Earnings per common share (KZT)	269	318

31. 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.

Liabilities under lease agreements with Industrial Development Fund JSC

In August 2017, the Group, represented by its subsidiary KTZ Express JSC, 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 KTZ Express JSC, 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 Passenger transportation JSC, 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 Kaztemirtrans JSC, 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 contractual liabilities

As at 31 December 2023 and 2024, the Group, represented by its subsidiary KTZ Express JSC, 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 and 2024, the outflow of resources embodying economic benefits under this agreement is not probable.

Contingent liabilities

Litigation

The Group and the Company is subject to various legal proceedings related to its business operations, such as property damage claims. The Group and the Company 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 and the Company's financial position, the Group's and the Company's 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 2023 and 2024. 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 and the Company'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 position and the Company's financial position.

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 and the Company 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, management has analysed and classified the Group's assets that belongs to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified to the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's and the Company'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 historical financial information as the Group's and the Company'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 of the Group or the separate financial statements of the Company, results of operations or cash flows of the Group and the Company.

Guarantees

Guarantees were presented as follows:

The Group

				At 31 December		
				2023		2024
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**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	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	22,408	until 2033	21,940
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	N/A	–

The Company

			At 31 December At 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	KTZ-Freight Transportation LLP 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)	until 31 December 2027 to 30 October 2032	42,668 (78 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	until 31 December 2027 to 30 October 2032	19,804 (39 million Euros)	until 31 December 2027 to 30 October 2032	15,965 (29 million Euros)

			At 31 December At 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount**	**Guarantee period**	**Guarantee amount**
				KZT' million		*KZT' million*
Industrial Development Fund JSC	Passenger Transportation JSC under finance lease agreements	21 December 2016 and 6 September 2024	until 20 December 2036 to 10 December 2042	131,044	until 20 December 2036 to 10 December 2042	141,947
	Kaztemirtrans JSC under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	25,072	until 28 August 2032 to 30 November 2035	21,224
	KTZ Express JSC under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	56,028	until 28 August 2032 to 30 November 2035	56,352
Development Bank of Kazakhstan JSC	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	22,408	until 28 March 2033	21,940
	Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 5 July 2033	17,125	until 5 July 2033	15,907
	Execute the obligations of an associate Transtelecom JSC for the implementation of the project ACS of Energy Dispatching Traction	30 June 2014	until 2024	1,497	N/A	–
	Wagonservice JSC, a subsidiary of Passenger Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035	until 5 March 2035	5,035
	Passenger Transportation JSC under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	87,400	until 13 May 2039 to 31 August 2039	226,722
	Kaztemirtrans JSC under finance lease agreements	2 August 2023	until 2 August 2038	111,680	until 2 August 2038	111,680
	KTZ Express JSC under finance lease agreements	5 July 2024	N/A	–	until 29 August 2040	85,594

			At 31 December At 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
Halyk Bank of Kazakhstan JSC	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	58,996	until 19 October 2029	40,713
	KTZ-Freight Transportation LLP to finance the acquisition of freight diesel and electric locomotives	3 November 2022	until 3 November 2032	65,284	N/A	–
Eurasian Development Bank	KTZ-Freight Transportation LLP to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	51,292 (10,137 million Russia Roubles)	until 18 April 2034	79,350 (16,260 million Russia Roubles)
Citibank Kazakhstan JSC	KTZ-Freight Transportation LLP to replenish working capital	30 November 2009	until 27 June 2025	13,013	until 27 June 2025	14,000
Societe Generale and Natixis	KTZ-Freight Transportation LLP to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	119,805 (237 million Euros)	until 28 February 2034	164,075 (300 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	47,945 (96 million Euros)	until 28 February 2034	81,602 (149 million Euros)
Citibank	KTZ-Freight Transportation LLP to finance the acquisition of freight electric locomotives	7 May 2024	N/A	–	until 15 May 2034	189,806 (327 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	7 May 2024	N/A	–	until 15 May 2034	58,824 (101 million Euros)

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

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

Financial guarantee agreements with Industrial 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 and 2024 these terms have been met.

As at 31 December 2023 and 2024, 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 and KZT58,633 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 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 and 2024, these covenants were met.

As at 31 December 2023 and 2024, in accordance with the loan agreement with EDB, obtained by the subsidiary KTZ-Freight Transportation LLP for KZT51,292 million and KZT79,350 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 and 2024, these covenants were met.

As at 31 December 2023 and 2024, 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 KZT167,630 million and KZT245,676 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 annual consolidated financial statements of the Group. As at 31 December 2023 and 2024, this covenant was met.

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, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Kaztemirtrans JSC, 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, these conditions were met.

32. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At date of this report, the Company has direct and indirect interest in the following principal subsidiaries:

Name of subsidiary	Notes	Legal form	Principal activities	Place and date of incorporation/ establishment	Paid up issued/ registered Capital 2023	2024	Equity interest attributable to the Company, % 31 December 2023	31 December 2024	At date of this report
Kaztemirtrans JSC	2	Joint stock company	Freight carriage operation	Kazakhstan 21 October 2003	70,239	70,239	100	100	100
Passenger Transportation JSC	2	Joint stock company	Passenger transportation	Kazakhstan 21 May 2002	93,849	93,849	100	100	100
KTZ-Freight Transportation LLP	2	Limited liability partnership	Freight transportation and locomotive haulage	Kazakhstan 14 October 2003	63,296	78,064	100	100	100
KTZ Express JSC	2	Joint stock company	Multimodal transportation	Kazakhstan 15 July 2013	47,914	47,914	100	100	100
Kedentransservice JSC	3	Joint stock company	Freight forwarding services, handling rolling stock, terminal services	Kazakhstan 11 December 1997	3,402	3,402	100	100	100
Temirzholsu JSC	4	Joint stock company	Utilities	Kazakhstan 27 January 2004	14,518	15,918	100	100	100
Militarised Railway Security LLP	4	Limited liability partnership	Security	Kazakhstan 26 December 2001	2,632	2,632	100	100	100
Aktau International Sea Commercial Port National Company JSC *(note 1)*	2	Joint stock company	Vessel loading and unloading work, vessel servicing	Kazakhstan 11 October 1996	25,480	25,480	100	100	100
Port Kuryk LLP	5	Limited liability partnership	Freight transhipment and vessel servicing	Kazakhstan 23 July 2012	12,993	60,005	100	100	100
KTZ- Passenger Locomotives LLP	2	Limited liability partnership	Locomotive rolling stock services	Kazakhstan 31 August 2021	96,891	96,891	100	100	100

Notes:

(1) 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.

(2) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance with IFRS Accounting Standards and Order No. 404 of the Minister of Finance. These entities were audited by Deloitte LLP, independent audit firm registered in the Republic of Kazakhstan.

(3) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. This entity were audited by Ernest & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(4) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. These entities were audited by Alma Audit LLP, independent audit firms registered in the Republic of Kazakhstan.

(5) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. This entity were audited by AR Group audit LLP, independent audit firms registered in the Republic of Kazakhstan.

None of the subsidiaries had issued any debt securities that are held by third parties as at 31 December 2024 and 2023 or at any time during the Track Record Period. All the debt securities issued by the subsidiaries are held by the Company.

33. RELATED PARTY TRANSACTIONS

For the purpose of Historical Financial Information, parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party when making financial or operational decisions. In addition, parties under common control within the Group are considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Kazakhstan government through its numerous authorities, affiliates and other organisations (collectively "Other SOEs"). The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's business, and that the dealing of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the Kazakhstan government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationship, the directors are of the opinion that, the Group has made adequate and appropriate disclosure of related party transactions relevant to the business. For the remaining related party transactions that has not been included in the disclosures, none are material related party transactions that require separate disclosures.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be affected 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 and the Company 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 *(note)*
Amounts due from related parties					
– 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	2023	–	12	115	308
– non-trade in nature	2023	–	3,362	31	2,906
		–	3,374	146	3,214
Amounts due to related parties					
– 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	2023	–	5,479	37,696	2,942
– non-trade in nature	2023	–	8,738	1,207	10,457
		–	14,217	38,903	13,399
Cash on current accounts	2024	–	–	1	–
	2023	–	–	112,141	–
Cash on digital accounts	2024	–	–	–	116,631
	2023	–	–	–	–
Restricted cash	2024	–	–	–	197
	2023	–	–	–	202
Loans received	2024	1,002,575	–	–	154,299
	2023	768,615	–	–	125,449
Lease liabilities	2024	–	31,296	–	140,393
	2023	–	9,831	–	58,445
Financial guarantee contract liabilities	2024	–	–	–	14,897
	2023	–	19	–	15,315

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

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties (note)
Sale of goods, services and non-current assets	2024	–	110,476	–	29,434	103,418
	2023	–	72,316	–	22,635	83,862
Recovered/(accrued) allowances for expected credit losses and impairment of advances paid	2024	–	394	–	96	(70)
	2023	–	1,233	–	(4)	(12)
Purchase of goods, services and non-current assets	2024	–	26,623	–	93,221	75,278
	2023	–	33,215	–	124,842	33,999
Receipt of loans	2024	238,169	–	–	–	37,956
	2023	336,309	–	–	–	50,345
Repayment of loans received	2024	1,175	–	–	–	11,160
	2023	1,175	–	–	–	4,629
New lease agreements (Group as lessee)	2024	–	27,261	–	–	80,475
	2023	–	1,121	–	–	23,213
Lease payments	2024	–	11,188	–	–	16,904
	2023	–	20,944	–	–	3,675
Finance income	2024	–	19	–	–	418
	2023	–	362	–	–	234
Finance costs	2024	36,853	5,755	–	–	26,047
	2023	34,564	2,523	–	–	14,482
Dividends due	2024	–	4,480	–	–	–
	2023	–	2,891	–	–	–
Share capital contribution	2024	13,273	1,578	243	–	–
	2023	24,310	5,196	1,116	–	–

Note: 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(note)
Amounts due from related parties						
– 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	2023	–	2	4	181,490	87
– non-trade in nature	2023	–	14	19	25	1,046
		–	16	23	181,515	1,133
Amounts due to related parties						
– 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	2023	–	4,015	1,327	3,075	768
– non-trade in nature	2023	–	308	3	22	2
		–	4,323	1,330	3,097	770
Cash on current accounts	2024	–	–	–	–	–
	2023	–	–	112,137	–	–
Cash on digital accounts	2024	–	–	–	–	116,631
	2023	–	–	–	–	–
Loan issued	2024	–	–	–	505,147	–
	2023	–	–	–	640,624	–
Including allowances for expected credit losses	2024	–	–	–	(434)	–
	2023	–	–	–	(1,152)	–
Loans received	2024	1,002,575	–	–	10,781	–
	2023	768,615	–	–	49,603	–
Lease liabilities	2024	–	30,545	–	7	–
	2023	–	8,396	–	6	–
Financial guarantee contract liabilities	2024	–	–	–	50,121	14,897
	2023	–	19	–	27,148	15,315

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

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Subsidiaries of the Company	Other related parties (note)
Sale of goods and services	2024	–	203	–	124	882,334	881
	2023	–	305	–	182	805,758	230
Accrued allowances for expected credit losses and impairment of advances paid	2024	–	49	–	1	–	(73)
	2023	–	(49)	–	(1)	(1)	(9)
Purchase of goods, services and non-current assets	2024	–	9,944	–	3,834	198,647	10,820
	2023	–	18,108	–	6,768	174,770	4,231
Loans issue	2024	–	–	–	–	32,457	–
	2023	–	–	–	–	282,155	–
Loan repayment	2024	–	–	–	–	93,424	–
	2023	–	–	–	–	61,453	–
Proceeds from borrowings	2024	238,169	–	–	–	908	–
	2023	336,309	–	–	–	16,680	–
Repayment of borrowings	2024	1,175	–	–	–	39,730	–
	2023	1,175	–	–	–	–	–
Finance income	2024	–	–	–	66,534	–	–
	2023	–	19	–	–	108,691	418
Finance costs	2024	39,590	362	–	–	19	234
	2023	36,130	5,539	–	–	15	–
Dividend income	2024	–	2,165	–	–	21,901	–
	2023	–	4,479	–	–	15,632	–
Investments in subsidiaries	2024	–	2,891	–	–	59,114	–
	2023	–	–	–	–	27,381	–
Share capital contribution	2024	13,273	–	75	–	–	–
	2023	24,310	–	5	–	–	–
New lease agreements	2024	–	27,261	–	–	1	–
	2023	–	1,121	–	–	–	–
Lease payments	2024	–	10,288	–	–	4	–
	2023	–	19,989	–	–	4	–

(a) Amounts due from related parties

The Group

As at 1 January 2023, amounts due from related parties amounted to KZT1,648 million.

The balances of KZT435 million and KZT364 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT6,299 million and KZT7,211 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

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

The Company

As at 1 January 2023, amounts due from related parties amounted to KZT46,176 million.

The balances of KZT181,583 million and KZT301,256 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT1,104 million and KZT2,162 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

Aging analysis of the trade-related amounts due from related parties, net of allowances for expected credit losses, is prepared based on the invoice dates at the end of each reporting period, as follows:

The Group

	At 31 December	
	2023	**2024**
0–30 days	376	241
31–90 days	59	64
91–180 days	–	39
181–365 days	–	20
	435	364

As at 31 December 2023 and 2024, included in the Group's trade-related amounts due from related parties balance with aggregate carrying amount of KZT435 million and KZT364 million were past due as at the respective reporting date.

The Company

	At 31 December	
	2023	**2024**
0–30 days	181,575	301,211
31–90 days	8	–
91–180 days	–	25
181–365 days	–	20
	181,583	301,256

As at 31 December 2023 and 2024, included in the Company's trade-related amounts due from related parties balance with aggregate carrying amount of KZT181,583 million and KZT301,256 million were past due as at the respective reporting date.

(b) Amounts due to related parties

The Group

The balances of KZT46,117 million and KZT35,750 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT20,402 million and KZT23,216 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

The Company

The balances of KZT9,185 million and KZT9,612 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT335 million and KZT517 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

Aging analysis of the trade-related amounts due to related parties is prepared based on the invoice date at the end of each reporting period, as follows:

The Group

	At 31 December	
	2023	**2024**
0–30 days	38,121	35,408
31–90 days	2,646	104
91–180 days	107	28
181–365 days	5,143	5
Over 365 days	100	205
	46,117	35,750

The Company

	At 31 December	
	2023	**2024**
0–30 days	7,618	9,354
31–90 days	1,363	56
91–180 days	4	–
181–365 days	147	–
Over 365 days	53	202
	9,185	9,612

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

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

As at 31 December 2023 and 2024, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT125,449 million and KZT154,299 million, respectively.

As at 31 December 2023 and 2024, the Group's and the Company's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74% and from 0.075% to 9.25%, 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% and from 6.53% to 14.5%, respectively.

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 2023 and 2024, due to changes in exchange rates, the Company recognised a foreign exchange loss in the amount of KZT5,711 million and KZT17,891 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.

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 to key management personnel of the Group

	Year ended 31 December	
	2023	**2024**
Salaries, allowances and benefits in kind	348	609
Performance related bonus	442	207
Total compensation paid to key management personnel	790	816

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

The Group's and the Company'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 and the Company's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group and the Company further monitors the market risk and liquidity risk arising from all financial instruments.

Capital risk management

The Group and the Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the Shareholder by optimising debt and equity balance. The Group's and the Company's overall strategy remains unchanged during the Track Record Period.

There are no mandatory minimum capital requirements for the Group and the Company.

The Group's and the Company's equity structure includes net debt (loans, debt securities and lease liabilities less cash and cash equivalents) and 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**
Financial assets		
Amortised cost	51,655	62,707
FVTPL	73	632
Financial liabilities		
Amortised cost	2,485,353	3,164,038
FVTPL	35,719	32,697

The Company

	As at 31 December	
	2023	**2024**
Financial assets		
Amortised cost	839,839	818,281
FVTPL	–	558
Financial liabilities		
Amortised cost	1,832,584	2,157,598
FVTPL	35,719	32,697

Financial risk management objectives

Risk management is an essential element of the Group's and the Company's operations. The Group and the Company monitors and manages financial risks relating to the Group's and the Company'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 will fluctuate as a result of changes in market prices. The Group and the Company manage 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 and the Company is the risk of changes in market interest rates reducing the overall return on the Group's and the Company's investments and/or increasing cash outflow on its loans and debt securities. The Group and the Company limit 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 and the Company'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 and the Company'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.

The Group

	31 December 2023		31 December 2024	
	Interest rate increase/ (decrease) in basis points	Effect on profit/equity	Interest rate increase/ (decrease) in basis points	Effect on profit/equity
KZT borrowings	397/(397)	(9,186)/9,186	397/(397)	(3,791)/3,791
Euros borrowings	397/(397)	(4,369)/4,369	397/(397)	(6,797)/6,797
Swiss Francs borrowings	397/(397)	(8,099)/8,099	397/(397)	(19,862)/19,862

The Company

	31 December 2023		31 December 2024	
	Interest rate increase/ (decrease) in basis points[8]	Effect on profit/equity	Interest rate increase/ (decrease) in basis points[8]	Effect on profit/equity
KZT borrowings	397/(397)	(5,363)/5,363	397/(397)	(2,541)/2,541
Swiss Francs borrowings	397/(397)	(8,099)/8,099	397/(397)	(12,868)/12,868

Currency risk

The Group and the Company undertakes transactions denominated in foreign currencies, consequently, exposing itself to exchange rate fluctuations.

A significant portion of the Group's and the Company's short-term and long-term foreign currency debt is denominated in US$, Swiss Francs and Euros and Russian Roubles. A change in the KZT value against the US$, or any other foreign currency in which debt is denominated will result in a foreign exchange gain or loss. During the year ended 31 December 2023 and 2024, the Group incurred a foreign exchange loss of KZT14,124 million and KZT69,620 million, respectively, of which a major portion is attributable to borrowing as disclosed in Note 14 and the Company incurred a foreign exchange loss of KZT16,650 million and KZT80,880 million, respectively, which is primarily attributed to loans issued and loans received. The Company issues loans to subsidiaries being indexed to changes in foreign currency exchange rates.

Cross – currency swaps and borrowings

In October-November 2022, the Group, represented by the Company, entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US dollars. Borrowings represent interest and principal payments on USD denominated Eurobonds in the amount of 882,978,000 US dollars with a coupon rate of 2% per annum and maturity in October 2025 and the holder is the Shareholder.

The Group and the Company, pays a fixed amount of Swiss Francs in exchange for a fixed amount of US dollars. The payment of these fixed amounts in Swiss Francs is a manage of the foreign exchange risk of borrowings, as the Group has a share of revenue denominated in Swiss Francs. These derivative financial instruments are designated into hedging relationships from 1 October 2024 in the Historical Financial Information.

Financial results on derivative instruments

During 2024, as part of the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London in the amount of 17,674,778 US Dollars (equivalent to approximately KZT8,221 million), 4,540,916 Swiss Francs (equivalent to approximately KZT2,385 million) and 4,485,525 Swiss Francs (equivalent to approximately KZT2,345 million). During 2023, the Group received 17,478,556 US dollars (equivalent to approximately KZT8,146 million).

As at 31 December 2024, the Group's and the Company's fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) 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 Group's and the Company's fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 78,578,766 US Dollars (equivalent to approximately KZT35,719 million) within non-current liabilities.

Hedging policy

During the year ended 31 December 2024, 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 (Note 13). Potential sources of ineffectiveness under both Strategy 1 and Strategy 2 are differences in the timing of cash flows from hedged items and hedging instruments, as well as changes in forecasted revenue from freight transit transportation. An additional source of ineffectiveness under Strategy 1 is the change in the fair value of the cross-currency swap due to changes in market interest rates in Swiss Francs and US dollars. The Group considers that the ineffectiveness of the hedge has a remote probability due to the high probability of cash flows from freight transit revenue in Swiss Francs during the relevant period.

As of 31 December 2024, the Group and the Company 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

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
31 December 2024					
Eurobonds					
Nominal values in USD	–	–	882,978,000	–	882,978,000
Nominal value in KZT million	–	–	463,661	–	463,661
Average USD/CHF exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in KZT million	–	–	(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
31 December 2024					
Nominal value in Swiss francs	39,613,561	69,467,385	30,084,195	911,043,258	1,050,208,399

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

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

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
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)
31 December 2024	22,581	15,989	38,570

The following table reflects the sensitivity of the Group's and the Company'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.

The Group

	Year ended 31 December					
	2023			2024		
	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity
US$	14%/ (14%)	(40,334)/ 40,334	–	9%/ (7%)	1,372/ (1,108)	(32,621)/ 26,355
Euros	13%/ (13%)	(20,080)/ 20,080	–	9%/ (6%)	(19,263)/ 12,736	–
Russian Roubles	29%/ (29%)	(11,449)/ 11,449	–	2%/ (23%)	(1,236)/ 14,186	–
Swiss Francs	17%/ (17%)	(34,438)/ 34,438	–	12%/ (4%)	(8,581)/ 2,804	(58,553)/ 19,136
In other currencies	17%/ (17%)	(455)/ 455	–	9%/ (13%)	139/ (214)	–

The Company

	Year ended 31 December					
	2023			2024		
	Exchange rate increase/ (decrease)	**Effect on profit**	**Direct effect on equity**	**Exchange rate increase/ (decrease)**	**Effect on profit**	**Direct effect on equity**
US$	14%/ (14%)	(42,330) 42,330	–	9%/ (7%)	(32,746)/ 26,456	(32,621)/ 26,355
Euros	17%/ (17%)	(10,420)/ 10,420	–	12%/ (4%)	(65,566)/ 21,429	–
Swiss Francs	13%/ (13%)	(971)/ 971	–	9%/ (6%)	(847)/ 560	19,136
In other currencies	29%/ (29%)	(550)/ 550	–	2%/ (23%)	(56)/ 641	–

Credit risk

Credit risk arising from a party's inability to meet the terms of the Group's and the Company'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 and the Company'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 and the Company 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 and the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Group and the Company 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).

The Group

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade accounts receivable*	–	–	–	20,316	20,316
Other financial assets – Normal**	35,376	–	–	–	35,376
Cash and cash equivalents	204,614	–	–	–	204,614
Total	239,990	–	–	20,316	260,306

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade accounts receivable*	–	–	–	25,173	25,173
Other financial assets – Normal**	41,673	–	–	–	41,673
Cash and cash equivalents	198,578	–	–	–	198,578
Total	240,251	–	–	25,173	265,424

The Company

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
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	139,416	–	–	–	139,416
Total	796,611	–	–	182,671	979,282

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
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	126,139	–	–	–	126,139
Total	642,241	–	–	302,830	945,071

* For the trade accounts receivable to which the Group and the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 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 2023, cash held by the Group on current accounts in Kazpost JSC, a related party of the Group (54.8% of cash and cash equivalents). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BB+ 'stable' (26.2% of cash and cash equivalents). As at 31 December 2024, carrying value of cash held by the Group of 116,631 million tenge on digital accounts in National Bank of Kazakhstan, which is other related party of the Group (58.73% of cash and cash equivalents) (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- (29.45% of cash and cash equivalents).

As at 31 December 2023, cash held by the Company on current accounts in Kazpost JSC, a related party of the Company (80.4% of cash and cash equivalents). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BB+ 'stable' (10.2% of cash and cash equivalents). As at 31 December 2024, 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 (92.5% of cash and cash equivalents) (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- (6.6% of cash and cash equivalents).

The Group and the Company 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 and the Company operates on a prepayment basis with the majority of its customers.

In addition, the Group and the Company exposed to credit risk on financial guarantees provided to banks. The maximum risk of the Group and the Company in this regard is equal to the maximum amount that the Group and the Company obliged to pay in the events of claims for guarantees disclosed in Note 31.

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 and the Company manages short-term, mid-term and long-term financing liquidity risk in accordance with Shareholder requirements. The Group and the Company 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 2023 and 2024, the Company entered into agreements with subsidiaries to provide financial assistance to the Company in the amount of KZT155,380 million and KZT229,880 million, respectively, for a period of up to one year. As at 31 December 2023 and 2024, the carrying value of the received financial aid under the "cash pooling" mechanism amounted to KZT49,603 million and KZT10,781 million, respectively. As at 31 December 2023 and 2024, the carrying value of the financial aid given under the "cash pooling" mechanism amounted to KZT15,542 million and KZT44,548 million, respectively.

As at 31 December 2023, the Group and the Company, has credit lines available in Halyk Bank of Kazakhstan JSC and ForteBank JSC for the total amount of KZT131,000 million. As at 31 December 2024, the Group and the Company, has credit lines available in Halyk Bank of Kazakhstan JSC, ForteBank JSC and Citibank with undrawn balances totalling KZT128,068 million.

The Group and the Company control and monitor 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 and the Company'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.

Liquidity table

The Group

	Up to 1 month	**1–3 months**	**3 months– 1 year**	**1–5 years**	**Over 5 years**	**Total**
2023						
Non-interest bearing:						
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
2024						
Non-interest bearing:						
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

The Company

	Up to 1 month	1–3 months	3 months– 1 year	1–5 years	Over 5 years	Total
2023						
Non-interest bearing:						
Accounts payable	54,960	194	9,186	–	–	64,340
Other 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
2024						
Non-interest bearing:						
Accounts payable	88,289	7,444	9,611	–	–	105,344
Other 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

The amounts presented in the table of financial guarantee agreements reflect the maximum amounts that the Group and the Company will be obliged to pay in the event of claims under guarantee agreements. As at reporting date the Group and the Company 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 in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale. As no readily available market exists for a large part of the Group's and the Company'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 and the Company 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 financial assets and liabilities maturing within 12 months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial 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, the Company 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. The Group's and the Company's bank loans are mostly provided by international financial institutions and foreign banks. Although interest rates on these borrowings 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 and the Company's financial assets and financial liabilities not regularly measured at fair value (but fair value is mandatorily disclosed)

As at 31 December 2023 and 2024, the fair value of the Group's and the Company's 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 2024 and 2023 is presented as follows:

The Group

	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	4,577	4,257	2,692	2,516
Other financial assets	22,037	20,320	31,218	30,069
Borrowings	851,990	821,326	1,361,496	1,337,391
Debt securities	1,265,557	1,182,596	1,291,892	1,208,326

The Company

	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	645,201	644,881	507,405	507,229
Other financial assets	6,787	5,963	4,328	4,440
Borrowings	422,168	380,276	632,500	591,529
Debt securities	1,265,557	1,182,596	1,291,892	1,208,326

Fair value hierarchy

The Group and the Company 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 Company

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

The Group

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
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 of loss:				
– other financial assets	–	–	73	73
Total	–	24,504	73	24,577
Financial liabilities recognised 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 of 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**
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 of loss:				
– other financial assets	–	–	632	632
Total	–	31,953	632	32,585
Financial liabilities recognised 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 of loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	2,578,414	–	2,578,414

The Company

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
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 recognised 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 of 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**
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 recognised 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 of loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	1,832,552	–	1,832,552

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.

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.

35. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period are as follow:

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.

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 Track Record Period.

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

36. FIVE INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

The five highest paid individuals of the Group for the Track Record Period did not include any of directors or set out in Note 35 above. Details of the remuneration for the Track Record Period of the individuals are as follows:

	Year ended 31 December	
	2023	**2024**
Salaries, allowances and benefits in kind	190	226
Performance related bonuses	331	141
	521	367

	Number of employees Year ended 31 December	
	2023	**2024**
Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	1	4
HK$1,500,001 to HK$2,000,000	4	–

During the Track Record Period, 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 Track Record Period.

37. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

38. EVENTS AFTER THE REPORTING DATE

Citibank

In 2025, the Group, represented by its subsidiaries KTZ-Freight Transportation LLP, 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 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 (41,418 million tenge).

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 2025, the Group, represented by KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP, 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.

In 2025, the Group, represented by KTZ-Freight Transportation LLP, 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 January–March 2026, the Group, represented by its subsidiary KTZ-Passenger Locomotives LLP, 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 KTZ-Freight Transportation LLP, 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 semi-annually 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 KTZ-Freight Transportation LLP, 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 semi-annually 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 KTZ-Passenger Locomotives LLP, 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 2025, the Group represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan 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 repayment of loans received in the total amount of KZT158,000 million.

In January–March 2026, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, 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 2025, the Group, represented by KTZ-Freight Transportation LLP, 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 LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

In January–March 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, 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 KTZ-Freight Transportation LLP, 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 2025, the Group, represented by a subsidiary 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 KZT14,000 million with an interest rate of 18%. The Group has made early repayment of the loan.

In February 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, 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.

Shareholder

In 2025, the Group, represented by the Company, received borrowings amounting to KZT65,480 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 KZT56,989 million, net of deferred tax in the amount of 11,398 million tenge through equity in retained earnings as other contributions.

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

In 2025, the Group, represented by KTZ-Freight Transportation LLP, 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.

In March 2026, the Group, represented by KTZ-Freight Transportation LLP, 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 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 KTZ-Freight Transportation LLP, 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 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 KTZ – Freight Transportation LLP, 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 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.

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

In 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.

ForteBank JSC

In 2025, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, drew down borrowings in the amount of 80,000 million tenge 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.

Freedom Bank Kazakhstan JSC

In 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.

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 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 Dollars 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).

In 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 tenge were used in this issue. 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.

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 1,000,000,000 US Dollars (KZT461,550 million), 500,000,000 US Dollars 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 990,675,000 US Dollars (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 44,000,000 US Dollars (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 13,245,000 US Dollars (KZT6,125 million) and 300,840 Swiss francs (KZT178 million).

Share issuance

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

Share capital

In 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.

39. SUBSEQUENT FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended 31 December 2025 have been prepared by the Company subsequent to 31 December 2024 and up to the date of this report. No dividends or distributions have been declared or made by the Company in respect of any period subsequent to 31 December 2024.