The following is the text of a report on Joint Stock Company «National Company «Kazakhstan Temir Zholy» prepared for the purpose of incorporation in this document received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

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 [IB-[●]] to [IB-[●]], which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 December 2025, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [IB-[●]] to [IB-[●]] 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 **[REDACTED]**.

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 2 to the Historical Financial Information, and for such internal control as the directors 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* as issued by the Hong Kong Institute of Certified Public Accountants ("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' judgement, 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 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, 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 financial position of the Group and the Company as at 31 December 2025 and of the financial performance and cash flows of the Group for the year ended 31 December 2025 with the basis of preparation set out in note 2 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 Historical Financial Statements as defined on page [IB-] have been made.

Dividends

We refer to note 33 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the year ended 31 December 2025.

[●]
Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

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 financial statements of the Group for the year ended 31 December 2025. The previously issued financial statements were audited by Ernst & Young LLP in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (the "Historical 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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2025** *KZT'million*
Revenue and other income		
Revenue from freight transportation	21	2,463,197
Revenue from passenger transportation	21	129,250
Government grants	5	43,275
Other revenue	22	121,361
Total revenue and other income		2,757,083
Cost of sales	23(a)	(1,924,051)
Gross profit		833,032
General and administrative expenses	23(b)	(145,837)
Finance income	25	88,618
Finance costs	25	(245,844)
Foreign exchange loss		(19,990)
Share of profits and losses of associates and joint ventures	7	1,634
Impairment of financial assets and contract assets	23(d)	(3,893)
Impairment of non-financial assets	23(e)	(11,480)
Other profits and losses	23(c)	2,781
Profit before tax		499,021
Income tax expenses	17	(155,375)
Profit for the year		343,646

	Notes	**Year ended 31 December 2025** *KZT'million*
Other comprehensive income/(loss), net of income tax:		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit plans	16	276
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Fair value loss on cash flow hedging instruments	13	(97,584)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13, 21	80,781
Income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	3,361
Foreign exchange difference on translation of foreign operations		4,595
Other comprehensive loss for the year		(8,571)
Total comprehensive income for the year		335,075
Profit for the year attributable to:		
The Shareholder		339,919
Non-controlling interests		3,727
		343,646
Total comprehensive income attributable to:		
The Shareholder		331,350
Non-controlling interests		3,725
		335,075
Earnings per share, in KZT	24	684

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2025** *KZT'million*
Assets		
Non-current assets		
Goodwill		15,520
Intangible assets		11,022
Property, plant, and equipment	6	5,875,447
Investments in joint ventures	7	11,637
Investments in associates	7	56,464
Other non-current assets	8	1,136,788
Deferred tax assets	17	312
Total non-current assets		7,107,190
Current assets		
Inventories	10	86,422
Other current assets	12	95,839
Corporate income tax prepaid		8,219
Value-added tax ("VAT") recoverable	4	48,789
Contract assets		1,071
Trade accounts receivable	11	18,009
Cash and cash equivalents	9	232,973
Total current assets		491,322
Total assets		7,598,512
Equity and liabilities		
Equity		
Share capital	13	1,152,698
Hedging reserve	13	(52,012)
Foreign currency translation reserve	13	13,589
Retained earnings		1,255,462
Equity attributable to the Shareholder		2,369,737
Non-controlling interests		18,493
Total equity		2,388,230

	Notes	**As at 31 December 2025** *KZT'million*
Non-current liabilities		
Borrowings	14	2,697,359
Other non-current liabilities	20	177,442
Lease liabilities	15	224,936
Deferred tax liabilities	17	615,181
Employee benefit obligations	16	41,027
Total non-current liabilities		3,755,945
Current liabilities		
Trade accounts payable	18	525,770
Other taxes payable		16,083
Other current liabilities	20	129,821
Contract liabilities	19	149,196
Borrowings	14	488,658
Lease liabilities	15	45,146
Derivative financial instruments	30	91,496
Employee benefit obligations	16	8,167
Total current liabilities		1,454,337
Net current liabilities		(963,015)
Total liabilities		5,210,282
Total equity and liabilities		7,598,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 31 December 2025** *KZT'million*
Cash flows from operating activities:		
Profit for the year		343,646
Adjustments for:		
Income tax expenses recognised in profit or loss	17	155,375
Finance costs	25	245,844
Depreciation and amortisation	8, 23	196,219
Finance income	25	(88,618)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13, 21	80,781
Foreign exchange loss	30	19,990
Impairment of non-financial assets	23(e)	11,480
Post-employment benefits and other long-term employee benefit expenses	23	3,281
Share of profits and losses of associates and joint ventures	7	(1,634)
Impairment of financial assets and contract assets	23(d)	3,893
Other		13,465
Operating income before changes in working capital and other balances		983,722
Change in trade accounts receivable		(27,099)
Change in inventories		(25,134)
Change in other current and non-current assets (including long-term VAT recoverable)		(133,114)
Change in trade accounts payable		166,443
Change in other taxes payable		1,167
Change in other liabilities and contract liabilities		1,478
Change in employee benefit obligations		(8,553)
Cash generated from operations before interest and corporate income tax payments		958,910
Interest paid		(222,376)
Interest received		30,866
Corporate income tax paid		(20,603)
Net cash flows from operating activities		746,797

	Notes	**Year ended 31 December 2025** *KZT'million*
Cash flows from investing activities:		
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(925,368)
Share capital contributions in joint ventures without a change in ownership interest	7	(7,143)
Investments acquired in associates	7	(6,211)
Dividends received from associates		4,693
Repayment of loans issued		2,272
Proceeds from sale of other non-current assets		1,499
Other		(2,009)
Net cash flows used in investing activities		(932,267)
Cash flows from financing activities:		
Proceeds from borrowings	14	908,235
Repayment of borrowings	14	(648,674)
Repayment of lease liabilities	14	(18,072)
Dividends paid to non-controlling interests in subsidiaries		(3,509)
Transfers to restricted cash		(14,368)
Transfers from restricted cash		4,427
Net cash flows generated from financing activities		228,039
Net increase in cash and cash equivalents		42,569
Cash and cash equivalents at the beginning of the year	9	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency		(8,166)
Effect of change in the allowance for expected credit losses		(8)
Cash and cash equivalents at the end of the year	9	232,973
Non-cash transactions:		
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	14	272,755

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 December 2025** *KZT'million*
Assets		
Non-current assets		
Intangible assets		9,397
Property, plant, and equipment	6	3,090,677
Investments in joint ventures	7	223
Investments in associates	7	3,262
Investments in subsidiaries	28	1,658,624
Loans issued	26	193,209
Other non-current assets	8	440,419
Total non-current assets		5,395,811
Current assets		
Inventories	10	36,407
Other current assets	12	49,413
VAT recoverable		14,565
Loans issued	26	113,391
Trade accounts receivable	11	346,312
Cash and cash equivalents	9	122,018
Total current assets		682,106
Total assets		6,077,917
Equity and liabilities		
Equity		
Share capital	13	1,152,698
Foreign currency translation reserve	13	(669)
Retained earnings		1,753,643
Total equity		2,905,672

	Notes	**As at 31 December 2025** *KZT'million*
Non-current liabilities		
Borrowings	14	1,873,712
Lease liabilities	15	11,628
Deferred tax liabilities	17	374,212
Employee benefit obligations	16	16,358
Total non-current liabilities		2,275,910
Current liabilities		
Trade accounts payable	18	220,086
Other taxes payable		7,944
Other current liabilities	20	157,135
Contract liabilities	19	2,788
Borrowings	14	404,398
Lease liabilities	15	8,979
Derivative financial instruments	30	91,496
Employee benefit obligations	16	3,509
Total current liabilities		896,335
Net current liabilities		(214,229)
Total liabilities		3,172,245
Total equity and liabilities		6,077,917

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

Statement of compliance

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

Going concern

The Group's Historical Financial Information have been prepared on a going concern basis. Going concern assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future covering at least 12 months after the reporting date. As at 31 December 2025, current liabilities of the Group exceeded its current assets by KZT963,015 million.

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

Group management has assessed the Group's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the government of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date. Please refer to note 34 for the loans obtained and debt securities issued subsequent to 31 December 2025.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Furthermore, provided that the Company remains a subsidiary of the Shareholder, the Shareholder intends and is able to provide the Group with sufficient financial support to enable it to continue its normal operations for at least 12 months from the date of this report. As at 31 December 2025, the Group has available credit lines with an undrawn balance in a total amount of KZT259,680 million (Note 30), which has been partially utilised in the subsequent period (Note 34). As at 31 December 2025, part of the Group's liabilities are represented by loans from the Shareholder in the amount of KZT975,160 million (Note 29), including a current portion in the amount of KZT37,630 million. Based on past experience, the Group's management believes that it will be able to negotiate changes in payment terms on its payables with the Shareholder, if necessary. After completing the relevant analysis including management's review of the Group's working capital forecast and the assessment of the available mitigating actions to management whereby management can carry out certain actions to improve the going concern and liquidity position of the Group, the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis is appropriate in preparing the Historical Financial Information.

Basis for measurement

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

Basis of consolidation

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

Functional and presentation currency

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

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

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

The following table presents foreign currency exchange rates to KZT:

	31 December 2025	Average rate for 2025
US$	505.53	521.59
Euros	593.44	590.15
Swiss Francs	637.33	630.43
Russian Roubles	6.34	6.28
Chinese Yuan	73.22	71.94

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

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

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

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

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

Material accounting policy information

Property, plant, and equipment

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

Subsequent costs

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

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

Construction in progress

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

Borrowing costs

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

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

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

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

Leases

The Group as lessee

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

Inventories

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

Financial instruments

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

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

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

Wherein:

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

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

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

For the year ended 31 December 2025, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

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

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

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

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

Derivative financial instruments

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

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

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

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

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

Hedge accounting

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

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

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

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

Cash flows hedging

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

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

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

Hedge accounting is discontinued when:

(a) the Group revokes the hedging relationship;

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

(c) it no longer qualifies for hedge accounting.

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

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

Equity

Share capital

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

Other contributions

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

Government grants

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

Government grants that compensate for expenses incurred

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

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

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

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

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

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

Revenue

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

Revenue from freight transportation services

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

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

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

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

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

As at 31 December 2025, the Group has no obligations to counterparties associated with provision of discounts.

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

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

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

Revenue from passenger transportation services

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

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

Other revenue

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

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

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

Sale and lease back transactions

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

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

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

Other employee benefits

Defined benefit plans

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

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

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

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

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

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

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

Climate-related matters

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Control assessment

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

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

Loans at a rate below the market interest rate

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

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

Identifying the cash-generating units

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

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

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

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

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

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

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

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

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

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

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

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

Assessment of impairment indicators of property, plant and equipment

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

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

As at 31 December 2025, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of KZT to the Swiss Francs, as the transit tariff is set in Swiss Francs.

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

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

Accounting for finance agreements with Industrial Development Fund JSC

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

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

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

Key sources of estimation uncertainty

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

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

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

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

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

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

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

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

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

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

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

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

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

Recoverability of VAT

At each reporting date, the Group estimates its provision for non-recoverable VAT incurred from the provision of international transportation services. The Group cannot charge VAT to customers and, accordingly, can only realise it from the tax authorities.

In accordance with the Tax legislation of Kazakhstan, up to 70% of the accrued VAT receivable is subject to refund from the budget on a quarterly basis, after the submission of the tax declaration. The remaining part of the accrued VAT is subject to refund based on the results of the tax audit, within 5 years. In 2024, the Group conducted an analysis of major suppliers and did not identify any signs of unreliability in accordance with the criteria of the Rules for the refund of excess VAT. Based on this analysis, the Group indicated a requirement to conduct a thematic tax audit for the period from first quarter of 2020 to fourth quarter 2023 in the amount of KZT142,427 million in order to confirm the amounts of excess VAT and receive a refund. In January 2025, an order was received from the tax authorities to conduct a tax audit to confirm the amounts of excess VAT from 1 January 2020 to 30 September 2024 in accordance with the Kazakhstan tax legislation. In April 2025, as a result of the tax audit, the tax authority confirmed the amount of VAT excess eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023, amounting to KZT137,949 million. As at 31 December 2025, the Group recognised a provision of KZT4,478 million for the unconfirmed excess VAT amount that is eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023.

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

As at 31 December 2025, total VAT recoverable amounted to KZT421,676 million, of which KZT48,789 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 2026 and believes that the total VAT receivable is fully recoverable.

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

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

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

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

Taxation

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

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

5. SEGMENT INFORMATION

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

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

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

Year ended 31 December 2025

	Freight transportation	Passenger transportation	Reportable segments	Others	Eliminations	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Key operating indicators						
Revenue and other income						
Transportation revenue from third parties *(Note 21)*	2,463,197	129,250	2,592,447	–	–	2,592,447
Government grants	(2,581)	45,856	43,275	–	–	43,275
Other revenue from third parties	94,501	6,437	100,938	20,423	–	121,361
Inter-segment transactions	43,871	105,961	149,832	14,792	(164,624)	–
Total revenue and other income	2,598,988	287,504	2,886,492	35,215	(164,624)	2,757,083
Cost of sales	(1,807,010)	(252,171)	(2,059,181)	(28,627)	163,757	(1,924,051)
Including:						
Staff costs, including taxes, contributions and provisions for unused vacations	(758,730)	(63,962)	(822,692)	(13,220)	5	(835,907)
Fuel and lubricants	(237,119)	(27,713)	(264,832)	(1,084)	–	(265,916)
Repairs and maintenance	(198,344)	(46,504)	(244,848)	(929)	2,935	(242,842)
Electricity	(126,507)	(12,120)	(138,627)	(497)	110	(139,014)
Work and services of a production nature	(151,120)	(24,160)	(175,280)	(5,377)	104,117	(76,540)
Materials and supplies	(68,427)	(7,930)	(76,357)	(1,881)	155	(78,083)
Gross profit	791,978	35,333	827,311	6,588	(867)	833,032

	Freight transportation	Passenger transportation	Reportable segments	Others	Eliminations	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
General and administrative expenses	(130,574)	(12,577)	(143,151)	(4,145)	1,459	(145,837)
Including:						
Staff costs, including taxes, contributions and provisions for unused vacations	(84,211)	(7,453)	(91,664)	(2,859)	–	(94,523)
Finance income	107,311	2,893	110,204	747	(22,333)	88,618
Finance costs	(213,787)	(45,777)	(259,564)	(319)	14,039	(245,844)
Foreign exchange (loss)/gain	(12,858)	(9,348)	(22,206)	68	2,148	(19,990)
Share of profit of associates and joint ventures	1,634	–	1,634	–	–	1,634
(impairment)/Impairment reversal of financial assets and contract asset	(6,327)	20	(6,307)	(713)	3,127	(3,893)
(impairment)/Impairment reversal of non-financial assets	(11,737)	183	(11,554)	74	–	(11,480)
Other profit and losses	3,055	294	3,349	(480)	(88)	2,781
Profit/(loss) before tax	528,695	(28,979)	499,716	1,820	(2,515)	499,021
Income tax expenses	(138,522)	(8,047)	(146,569)	(31)	(8,775)	(155,375)
Profit/(loss) for the year	390,173	(37,026)	353,147	1,789	(11,290)	343,646
Other key segment information						
Capital expenditures on property, plant and equipment	1,239,973	37,323	1,277,296	2,355	–	1,279,651
Depreciation of property, plant and equipment *(Note 6)*	172,779	24,240	197,019	3,248	(3)	200,264

Geographical information of the Group

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

	Year ended 31 December 2025
	KZT'million
Kazakhstan	2,643,614
Russia	47,251
China	39,801
Germany	4,070
Others	22,347
Total	2,757,083

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

	As at 31 December 2025
	KZT'million
Kazakhstan	7,034,262
Russia	38,598
China	15,757
Total	7,088,617

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the year ended 31 December 2025.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

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

The Company

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

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

As at 31 December 2025, the Group's property, plant and equipment with a carrying amount of KZT82,275 million was pledged as collateral for specific borrowings. As at 31 December 2025, collateral is mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank ("EDB"). As at 31 December 2025, the Company has no property, plant and equipment used as collateral for loans.

For the year ended 31 December 2025, the Group recognised depreciation expenses on right-of-use assets of KZT21,109 million, primarily related to vehicles. The Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT7,420 million, related to the machinery and equipment.

For the year ended 31 December 2025, the Group recognised impairment loss of KZT3,532 million and KZT1,054 million for construction-in-progress and other items of property, plant and equipment, which mainly represented the write-down of respective assets to the recoverable amounts as a result of technological obsolescence and damage. The Company recognised impairment loss of KZT3,520 million and KZT334 million for construction-in-progress and other items of property, plant and equipment, respectively, which mainly represented the write-down of respective assets to the recoverable amounts as a result of technological obsolescence and damage.

For the years ended 31 December 2025, the Group's capitalised borrowing costs amounted to KZT68,453 million, respectively. The average capitalisation rate for the Group was 8.8%. The Company's capitalised borrowing costs amounted to KZT55,349 million. The average capitalisation rate for the Company was 11.61%.

As at 31 December 2025, the cost of the Group's fully depreciated property, plant and equipment in use was KZT396,684 million. The cost of the Company's fully depreciated property, plant and equipment in use is KZT367,468 million.

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

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

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

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

The Company

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

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

For the preparation of the Company's financial statements, investments in associates and joint ventures are accounted for at cost less impairment.

The Group

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

	2025
	KZT'million
Associates	
As at 1 January	48,678
Acquisition	6,211
Foreign currency translation	5,314
Share of profit	2,414
Impairment	(1,508)
Dividends receivable	(4,645)
As at 31 December	56,464
Joint ventures	
As at 1 January	1,396
Acquisition	6,576
Adjustment of unrealised gain	(2,698)
Share of loss	(780)
Contribution to the share capital	7,143
As at 31 December	11,637

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

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

Summary financial information on material associates as at and for the year ended 31 December 2025:

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

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

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

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

	2025
	KZT'million
Associates	
Share of the associates' profit for the year	59
Share of the associates' total comprehensive income	59
Aggregate carrying amount of the Group's investments in the associates	109
Joint ventures	
Share of the joint ventures' loss for the year	(649)
Share of the joint ventures' total comprehensive loss	(649)
Aggregate carrying amount of the Group's investments in the joint ventures	890

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December 2025
	KZT'million
Advances paid for property, plant and equipment	731,026
VAT recoverable	390,051
Investment properties *(note i)*	8,565
Withholding corporate income tax	3,408
Other	4,350
Less: allowance for non-recoverable VAT	(17,164)
Less: allowance for withholding corporate income tax	(1,167)
Less: allowance for advances to vendors for property, plant and equipment	(470)
Less: allowance for other non-current non-financial assets	(72)
Total other non-financial assets	1,118,527
Restricted cash *(note ii)*	14,069
Loans to employees	2,366
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	676
Other	1,533
Less: allowance for other non-current financial assets	(383)
Total other financial assets	18,261
	1,136,788

Note i: The fair value of the Group's investment properties at 31 December 2025 was KZT16,658 million. The fair value has been arrived at based on valuation, carried out by three independent accredited appraisers.

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

For the year ended 31 December 2025, the Group accrued depreciation expense on investment property in the amount of KZT133 million.

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

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

	As at 31 December 2025
	KZT'million
Construction of the railway	289,072
Passenger carriages supply	206,144
Electric locomotive supplies	113,959
Construction of automatic train control systems	68,598
Modernization of railway station infrastructure	26,469
Construction of rolling stock accounting and control system	6,427
Acquisition of rails	5,341
Other	15,016
	731,026

The Company

	As at 31 December 2025
	KZT'million
Advances paid for property, plant and equipment	407,562
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	27,714
Corporate income tax withheld	2,048
Other	605
Less: allowance for expected credit losses on other non-current non-financial assets	(355)
Total other non-financial assets	437,574
Loans to employees	1,842
Other	1,082
Less: allowance for expected credit losses on other non-current financial assets	(79)
Total other financial assets	2,845
	440,419

As at 31 December 2025, the Company's advances paid for property, plant and equipment mostly included advances paid for the construction and modernisation of railway lines in the amount of KZT289,072 million, for the construction of railroad switches in the amount of KZT68,598 million and for the modernisation of railway stations in the amount of KZT26,469 million.

During 2025, the Company transferred to non-current assets construction projects of the ferry complex at the Kuryk port in the amount of KZT10,221 million which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

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

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December 2025 *KZT'million*
Short-term bank deposits in KZT	175,890
Short-term bank deposits in US$	4,532
Short-term bank deposits in other currencies	34
Cash in digital accounts in KZT	22,882
Cash in current accounts in KZT	16,462
Cash in current bank accounts in US$	6,806
Cash in current bank accounts in Russian Roubles	3,392
Cash in current bank accounts in Chinese Yuan	2,714
Cash in current bank accounts in other currencies	277
Cash on hand	2
Subtotal	232,991
Less: allowance for expected credit losses on cash and cash equivalents	(18)
Cash and cash equivalents	232,973

The Company

	As at 31 December 2025
	KZT'million
Short-term bank deposits in KZT	87,131
Cash on digital accounts in KZT	22,882
Cash in current accounts in KZT	11,896
Cash in current bank accounts in other currencies	120
Subtotal	122,029
Less: allowance for expected credit losses on cash and cash equivalents	(11)
Cash and cash equivalents	122,018

As at 31 December 2025, the Group's and the Company's cash on digital accounts represents programmable digital KZT only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder (Note 14).

As at 31 December 2025, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies. The Company's weighted average interest rate on cash in current accounts in KZT was 7.43%.

The Group's short-term KZT and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 December 2025, the Group's weighted average interest rate on short-term bank deposits was 17.68% in KZT, 2.36% in US$, 11.75% in other currencies.

The Company's short-term bank deposits are opened for three months or less, depending on the Company's cash needs. As at 31 December 2025, the Company's weighted average interest rate on short-term bank deposits was 17.73%.

As at 31 December 2025, the carrying value of cash placed by the Group on current and short-term accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Group, amounted to KZT24,570 million and KZT22,882 million, respectively (Note 30). In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from AA to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 December 2025 is low.

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

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

10. INVENTORIES

The Group

	As at 31 December 2025
	KZT'million
Fuel and lubricants (at cost)	30,827
Track structure materials (at cost)	26,862
Raw and other materials (at cost)	13,825
Spare parts (at cost)	11,015
Construction materials (at cost)	1,128
Others (at cost)	3,745
Subtotal	87,402
Less: Provision for inventory	(980)
Total	86,422

The Company

	As at 31 December 2025
	KZT'million
Track structure materials (at cost)	26,793
Materials and supplies (at cost)	5,152
Fuel and lubricants (at cost)	1,843
Spare parts (at cost)	778
Construction materials (at cost)	424
Others (at cost)	1,417
Total	36,407

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December 2025
	KZT'million
Trade accounts receivable	22,865
Less: allowance for credit losses	(4,856)
Total	18,009

The Company

	As at 31 December 2025
	KZT'million
Trade accounts receivable	346,646
Less: allowance for credit losses	(334)
Net carrying amount	346,312

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

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

The Group

	As at 31 December 2025
	KZT'million
Within 1 month	8,418
1 to 3 months	6,819
3 to 6 months	2,288
6 months to 1 year	442
Over 1 year	42
Total	18,009

The Company

	As at 31 December 2025
	KZT'million
Within 1 month	345,761
1 to 3 months	494
3 to 6 months	57
Total	346,312

The movements in the loss allowance for impairments of trade accounts receivable are as follows:

The Group

	As at 31 December 2025
	KZT'million
At beginning of the year	3,507
Impairment losses, net	2,132
Amount written off as uncollectible	(783)
At end of the year	4,856

The Company

	As at 31 December 2025
	KZT'million
At beginning of the year	93
Impairment losses, net	247
Amount written off as uncollectible	(6)
At end of the year	334

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

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

The Group

As at 31 December 2025

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

The Company

As at 31 December 2025

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

12. OTHER CURRENT ASSETS

The Group

	As at 31 December 2025
	KZT'million
Withholding corporate income tax	36,392
Advances paid	26,713
Other taxes prepaid	4,089
Prepaid expenses	1,037
Other	5,488
Less: allowance for the impairment of advances paid	(2,328)
Less: allowance for the impairment of other current non-financial assets	(5,089)
Total other non-financial assets	66,302
Restricted cash	25,009
Claims, interest and fines	1,947
Due from employees	1,628
Others	5,160
Less: allowance for expected credit losses on other current financial assets	(4,207)
Total other financial assets	29,537
	95,839

The Company

	As at 31 December 2025
	KZT'million
Withholding corporate income tax	35,596
Advances paid	8,108
Other taxes prepaid	501
Prepaid expenses	289
Income tax prepaid	36
Others	3,080
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,375)
Total other non-financial assets	44,235
Restricted cash	3,606
Claims, interest and fines	898
Loans to employees	627
Others	1,105
Less: allowance for expected credit losses on other current financial assets	(1,058)
Total other financial assets	5,178
	49,413

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

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

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

13. EQUITY

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

	Number of shares authorised for issue	Number of shares, issued and paid	Share capital
			KZT'million
As at 1 January 2025	502,040,458	496,694,666	1,123,907
Placed shares	–	1,010	28,791
As at 31 December 2025	502,040,458	496,695,676	1,152,698

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

Share issuance

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

Other contributions

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 *(Notes 14 and 17)*.

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

Foreign currency translation reserve

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

Hedging reserve

Strategy 1 (effective from 1 October 2024)

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

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

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

Strategy 2 (effective from 21 November 2024)

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

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

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

The Company

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

	Foreign currency translation reserve	**Retained earnings**	**Total**
	KZT'million	*KZT'million*	*KZT'million*
As at 1 January 2025	(69)	1,340,623	1,340,554
Profit for the year	–	356,210	356,210
Other comprehensive loss	(600)	(1,746)	(2,346)
Total comprehensive (loss)/income for the year	(600)	354,464	353,864
Other contributions	–	58,556	58,556
As at 31 December 2025	(669)	1,753,643	1,752,974

14. BORROWINGS

The Group

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

The Company

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

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

The Group

	As at 31 December 2025
	KZT'million
Within one year	488,658
Within a period of more than one year but not exceeding two years	189,515
Within a period of more than two years but not exceeding five years	1,168,059
Within a period of more than five years	1,339,785
	3,186,017

The Company

	As at 31 December 2025
	KZT'million
Within one year	404,398
Within a period of more than one year but not exceeding two years	84,975
Within a period of more than two years but not exceeding five years	852,105
Within a period of more than five years	936,632
	2,278,110

Loans received

Shareholder

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

Societe Generale and Natixis

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

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

Citibank

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

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

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

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

The Export-Import Bank of China and China Development Bank

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

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

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 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.

Citibank Kazakhstan JSC

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

ForteBank JSC

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

Halyk Bank JSC

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

Freedom Bank Kazakhstan JSC

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

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

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

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

Note i: In August 2025, the Group, represented by the Company, as part of the Eurobonds issuance on the Kazakhstan Stock Exchange in favor of the Shareholder in the amount of US$882,978,000 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 recognised an adjustment to the carrying amount of the bonds issued within finance income in the amount of US$80,296,949 (KZT43,226 million) (Note 25).

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

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

Credit agreements and breaches of credit agreements

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

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

Loan agreements with HSBC Continental Europe include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT40,909 million.

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

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 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT92,152 million.

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 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT264,740 million.

Loan agreement with EBRD includes compliance with financial covenant of Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, this covenant was met. As at 31 December 2025, the carrying value of this loan is KZT88,641 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, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT261,819 million.

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

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

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

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

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

The Group

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

15. LEASE LIABILITIES

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

The Group

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

The Company

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

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

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

Lease agreements with Industrial Development Fund JSC

Flat carriages

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

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

Passenger carriages

In May 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 157 passenger carriages with a total value of KZT103,432 million and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 5 years. The Group acts as a lessee.

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

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

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

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

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

Freight open wagons

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

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

The terms and conditions of lease agreements

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

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

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

16. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

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

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

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

Post-employment benefit obligations:

- A one-time retirement payment;

- A one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;

- A payment of between KZT70 thousand and KZT200 thousand per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;

- A benefit payment depending on work experience in the industry over six months – twenty four months from the date of the termination of an employment agreement of between KZT70 thousand and KZT200 thousand per month, in accordance with Rules No. 2;

- Sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules No. 3;

- Financial support to pensioners for the holidays;

- Vouchers for sanatorium-resort treatment to pensioners;

- Funeral aid of pensioners;

- A one-time payment to pensioners on special anniversaries;

- The reimbursement for denture treatment costs to pensioners;

- The reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- Financial support for sanatorium-resort treatment to employees;

- Financial assistance on denture treatment to employees;

- A one-time payment to employees on anniversaries;

- The reimbursement of railway ticket expense to employees.

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

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

The Group

	As at 31 December 2025
	KZT'million
Non-current portion of employee benefit obligations	41,027
Current portion of employee benefit obligations	8,167
Total liabilities as at the end of the year	49,194

The Company

	As at 31 December 2025
	KZT'million
Non-current portion of employee benefit obligations	16,358
Current portion of employee benefit obligations	3,509
Total liabilities as at the end of the year	19,867

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

The Group

	2025
	KZT'million
Current service cost	2,267
Past service cost	1,473
Interest costs	6,039
Actuarial gain on other long-term employee benefits	(459)
Total expenses recognised in profit or loss	9,320
Actuarial revaluation recognised in other comprehensive income:	
– *experience-based adjustments*	8,581
– *change in demographic assumptions*	1,503
– *change in financial assumptions*	(10,360)
Total income recognised in other comprehensive income	(276)
Total	9,044

The Company

	2025
	KZT'million
Current service cost	1,202
Past service cost	4,067
Interest costs	1,735
Actuarial gain on other long-term employee benefits	(274)
Total expenses recognised in profit or loss	6,730
Actuarial revaluation recognised in other comprehensive income:	
– *experience-based adjustments*	5,290
– *change in demographic assumptions*	241
– *change in financial assumptions*	(3,785)
Total expenses recognised in other comprehensive income	1,746
Total	8,476

Movement in the present value of obligations for the year ended 31 December 2025 is as follows:

The Group

	2025
	KZT'million
Total liabilities at the beginning of the year	48,703
Current service cost	2,267
Past service cost	1,473
Interest costs	6,039
Actuarial gain on other long-term employee benefits	(459)
Actuarial revaluation recognised in other comprehensive income:	(276)
Payments made for the year	(8,553)
Total liabilities as at the end of the year	49,194

The Company

	2025
	KZT'million
Total liabilities at the beginning of the year	13,993
Current service cost	1,202
Past service cost	4,067
Interest costs	1,735
Actuarial gain on other long-term employee benefits	(274)
Actuarial revaluation recognised in other comprehensive income:	1,746
Payments made for the year	(2,602)
Total liabilities as at the end of the year	19,867

The total post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the year ended 31 December 2025 are as follows:

The Group

	2025
	KZT'million
Finance costs *(Note 25)*	6,039
Cost of sales *(Note 23(a))*	3,069
General and administrative expenses *(Note 23(b))*	212
Total recognised in profit or loss for the year	9,320

The Company

	2025
	KZT'million
Cost of sales	4,839
Finance costs	1,735
General and administrative expenses	156
Total recognised in profit or loss for the year	6,730

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

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

	Year ended 31 December 2025
Discount rate	16.8%
Expected annual growth in material aid in the future	6.4% (average)
Expected annual minimum salary growth in the future	7.7% (average)
Expected annual future growth in rail ticket cost	8.6% (average)

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

The Group

	As at 31 December 2025
	KZT'million
Within the next 12 months	8,167
2 to 5 years	16,869
5 to 10 years	11,594
Beyond 10 years	12,564
Total expected payments	49,194

The Company

	As at 31 December 2025
	KZT'million
Within the next 12 months	3,509
2 to 5 years	6,726
5 to 10 years	4,623
Beyond 10 years	5,009
Total expected payments	19,867

According to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.7%/(7.6%) caused by an inflation rate increase/decrease of 1%, and 8.1%/(7.1%) caused by a discount rate decrease/increase of 1%. The Company's maximum increase/decrease in employee benefit obligations is 6.9%/(6.1%) caused by an inflation rate increase/decrease of 1%, and 6.5%/(5.6%) caused by a discount rate decrease/increase of 1%.

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

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

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

17. CORPORATE INCOME TAX

Income tax expenses for the year included:

	2025
	KZT'million
Current income tax expense	19,343
Adjustment of income tax for prior years	477
Deferred income tax expense	123,184
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371
	155,375

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

	2025
	KZT'million
Profit before tax	499,021
Statutory tax rate	20%
Calculated corporate income tax expense at the official rate	99,804
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:	
Adjustment of income tax for prior years	477
Non-deductible expenses	42,723
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371
Corporate income tax expense recognised in profit or loss	155,375

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

The Group

	As at 31 December 2025 *KZT'million*
Deferred tax assets:	
Tax losses carried forward	162,891
Deferred revenue	21,675
Derivative financial instruments	18,299
Accrued employee obligations	9,847
Financial guarantee agreement liabilities	4,909
Lease liabilities	4,831
Difference in receivables	3,487
Other	2,272
	228,211
Less: deferred tax assets offset with deferred tax liabilities	(227,899)
Deferred tax assets	312

	As at 31 December 2025 *KZT'million*
Deferred tax liabilities:	
Property, plant and equipment and other non-current assets	(679,716)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(137,268)
Lease liabilities	(26,011)
Other	(85)
	(843,080)
Less: deferred tax liabilities offset with deferred tax assets	227,899
Deferred tax liabilities	(615,181)
Total net deferred tax liabilities	(614,869)

	2025
	KZT'million
Net deferred tax liabilities as at the beginning of the year	(468,036)
Recognised in profit or loss	(135,555)
Recognised in equity *(Note 13)*	(14,639)
Recognised in other comprehensive income *(Note 13)*	3,361
Net deferred tax liabilities as at the end of the year	(614,869)

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

The Company

	As at 31 December 2025
	KZT'million
Deferred tax assets:	
Tax losses carried forward	67,568
Fair value adjustment to loans issued	39,119
Liabilities under financial guarantee contracts	24,062
Derivative financial instruments	18,299
Lease liabilities	4,122
Other	7,448
Deferred tax assets	160,618

	As at 31 December 2025
	KZT'million
Deferred tax liabilities:	
Property, plant and equipment and other non-current assets	(405,451)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(129,377)
Other	(2)
Deferred tax liabilities	(534,830)
Total net deferred tax liabilities	(374,212)

	2025
	KZT'million
Net deferred tax liabilities as at the beginning of the year	(289,171)
Recognised in profit or loss	(92,541)
Recognised in equity *(Note 13)*	(14,639)
Recognised in investments in subsidiaries *(Note 13)*	22,139
Net deferred tax liabilities as at the end of the year	(374,212)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December 2025
	KZT'million
Within 1 month	376,893
1 to 3 months	128,990
3 to 6 months	1,180
6 months to 1 year	15,059
Over 1 year	3,648
Total	525,770

As at 31 December 2025, the Group's trade accounts payable were denominated in the following currencies:

	As at 31 December 2025
	KZT'million
KZT	457,719
Chinese Yuan	32,132
Euros	20,042
US$	14,344
In other currencies	1,533
	525,770

The Company

	As at 31 December 2025
	KZT'million
Within 1 month	130,932
1 to 3 months	85,693
3 to 6 months	830
6 months to 1 year	761
Over 1 year	1,870
Total	220,086

As at 31 December 2025, the Company's trade accounts payable were mainly expressed in KZT.

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

19. CONTRACT LIABILITIES

The Group

	As at 31 December 2025
	KZT'million
Freight transportation	142,565
Passenger transportation	5,083
Others	1,548
	149,196

As at 1 January 2025, the Group's contract liabilities amounted to KZT133,170 million.

The Company

	As at 31 December 2025
	KZT'million
Freight transportation	2,788

As at 1 January 2025, the Company's contract liabilities amounted to KZT3,801 million.

The Group's and the Company's revenue recognised in the reporting period, which was included in the balance of advances received and deferred income at the beginning of the year amounted to KZT122,072 million and KZT3,793 million, respectively.

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

20. OTHER LIABILITIES

The Group

	As at 31 December 2025
	KZT'million
Other non-financial liabilities	
Deferred income (government grants)	183,321
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	15,816
Other	2,696
	201,833
Other financial liabilities	
Unused vacation and other employee benefits	49,671
Financial guarantee agreement liabilities	24,545
Salary payables	15,188
Other	16,026
	105,430
	307,263
Current portion of other liabilities	129,821
Non-current portion of other liabilities	177,442
	307,263

The Company

	As at 31 December 2025
	KZT'million
Other non-financial liabilities	
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	7,530
Others	404
	7,934
Other financial liabilities	
Unused vacation and other employee benefits	26,248
Financial guarantee agreement liabilities	120,314
Others	2,639
	149,201
	157,135
Current portion of other liabilities	157,135

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

In addition, the Company recognised liabilities under financial guarantee contracts on the finance lease agreements and borrowings of certain subsidiaries. As at 31 December 2025, the liability under these financial guarantees was KZT95,768 million.

At 31 December 2025, the Group's and the Company's other financial liabilities were mainly denominated in KZT.

21. REVENUE

In 2025, revenue from freight transportation included:

	Year ended 31 December 2025 *KZT'million*
Revenue from contracts with customers:	
International (transit) routes	827,178
Domestic routes	687,325
International (export) routes	489,375
International (import) routes	276,243
Additional charges related to the transportation process	65,194
Other revenue from freight transportation	117,882
	2,463,197

During 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of KZT80,781 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.

In 2025, revenue from passenger transportation included:

	Year ended 31 December 2025 *KZT'million*
Revenue from contracts with customers:	
Passenger transportation	110,746
Other revenue from passenger transportation	18,504
	129,250

Revenue from passenger transportation of KZT2,753 million, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, and KZT126,497 million was recognised over time.

Total revenue from contracts with customers for the year ended 31 December 2025 amounted to KZT2,592,447 million.

The following table shows the amounts of revenue recognised in the year ended 31 December 2025 that were included in the contract liabilities at the beginning of the year:

	Year ended 31 December 2025
	KZT'million
Freight transportation	114,014
Passenger transportation	4,528
Others	3,530
Total	122,072

Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the year is as follows:

	Year ended 31 December 2025
	KZT'million
Amounts expected to be recognised as revenue:	
Within one year	149,196

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

22. OTHER REVENUE

	Year ended 31 December 2025
	KZT'million
Revenue from the sale of goods and provision of other services	69,285
Revenue from the lease of carriages	39,007
Revenue from fines	7,940
Revenue from the lease of other property, plant and equipment	5,129
	121,361

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

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

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

Revenue of KZT21,627 million is recognised at a point in time, and of KZT55,598 million – over time.

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

(a) Cost of sales

	Year ended 31 December 2025 *KZT'million*
Employee benefit expense	
Wages, salaries, bonuses and other benefits	835,907
Pension scheme costs (defined benefit scheme) *(Note 16)*	3,069
	838,976
Fuel and lubricants	265,916
Repairs and maintenance	242,842
Depreciation of property, plant and equipment	171,382
Depreciation of right-of-use assets	20,867
Amortisation of intangible assets	648
Electrical power	139,014
Materials and supplies	78,083
Work and services of a production nature	76,540
Property tax and other taxes, excluding social tax and social contributions	31,979
Utilities and building maintenance	9,423
Communication services	3,127
Other expenses	45,254
	1,924,051

(b) General and administrative expenses

	Year ended 31 December 2025 *KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)	
Wages, salaries, bonuses and other benefits	94,523
Pension scheme costs (defined benefit scheme) *(Note 16)*	212
	94,735
Property tax and other taxes, excluding social tax and social contributions	15,458
Other third-party services	5,649
Consulting, audit and legal services	5,626
Expenses for holding festive and cultural events	4,712
Depreciation of property, plant and equipment	2,442
Depreciation of right-of-use assets	282
Amortisation of intangible assets	465
Business trips	2,502
Membership fees	1,641
Utilities and building maintenance	1,587
Short-term lease expenses	1,548
Insurance	745
Communication services	698
Expenses to maintain social sphere facilities	539
Banking services	453
Repairs and maintenance	431
Other expenses	6,324
	145,837

(c) Other profit and losses

	Year ended 31 December 2025 *KZT'million*
Loss on disposal of items of property, plant and equipment	(3,872)
Gain on contribution of assets to an associate	2,709
Depreciation of investment properties	(133)
Income from investment property	1,736
Reversal of provisions	35
Others	2,306
	2,781

(d) Impairment of financial assets and contract assets

	Year ended 31 December 2025
	KZT'million
Impairment loss recognised on:	
– loans issued	497
– financial assets at amortised cost	53
– contract assets	100
– cash and cash equivalents	7
– trade accounts receivable	2,132
– other receivables	1,104
	3,893

(e) Impairment of non-financial assets

	Year ended 31 December 2025
	KZT'million
Impairment loss recognised on:	
– VAT recoverable	4,781
– property, plant and equipment	4,586
– investments in associates	1,508
– intangibles assets (except for goodwill)	23
– other non-current non-financial assets	87
– other current non-financial assets	495
	11,480

24. 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 2025, there were no antidilutive instruments outstanding.

	Year ended 31 December 2025
Weighted average quantity of common shares	496,695,065
Profit for the year attributable to the Shareholder, in KZT'million	339,919
Basic and diluted earnings per common share, in KZT	684

25. FINANCE INCOME AND COSTS

	Year ended 31 December 2025
	KZT'million
Finance income	
Effect of the modification of debt liabilities that does not result in derecognition *(Note 14)*	43,226
Interest income on cash and cash equivalents	21,770
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,745
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	7,196
Income from guarantees issued	2,850
Other finance income	2,831
	88,618

	Year ended 31 December 2025
	KZT'million
Finance costs	
Interest costs and unwinding of discount on loans	153,443
Lease interest expenses	36,307
Interest expense on employee benefit obligations *(Note 16)*	6,039
Other finance costs	5,198
	200,987
Loss from the ineffective part of hedging instruments *(Note 13)*	44,857
	245,844

26. LOANS ISSUED

The Company

	As at 31 December 2025
	KZT'million
Current loans:	
Limited Liability Partnership «KTZ-Freight Transportation»	43,478
Limited Liability Partnership «KTZ-Passenger Locomotives»	30,764
Joint Stock Company «Passenger Transportation»	14,622
Joint Stock Company "KTZ Express"	9
Other	124
Less: allowance for impairment	(151)
	88,846
Non-current loans:	
Joint Stock Company «Passenger Transportation»	53,417
Vostokmashzavod JSC	1,860
Less: allowance for impairment	(1,902)
	53,375
Debt securities	
Issued by subsidiaries:	
Limited Liability Partnership «KTZ-Passenger Locomotives»	68,228
Joint Stock Company «Kaztemirtrans»	61,459
Joint Stock Company «Passenger Transportation»	26,652
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	4,227
Joint Stock Company "KTZ Express"	3,949
Less: allowance for impairment	(136)
	164,379
	306,600
Current portion of loans	113,391
Non-current portion of loans	193,209
Total	306,600

Short-term loans were issued to subsidiaries under the "cash pooling" mechanism with the possibility of early repayment at any time at the discretion of the participants (Note 30).

As at 31 December 2025, loans issued are expressed in KZT, while debt securities issued by subsidiaries Joint Stock Company «National Company «International Sea Trade Port of Aktau», Limited Liability Partnership «KTZ-Passenger Locomotives» and Joint Stock Company "KTZ Express" in the total amount of KZT43,549 million indexed to the Swiss Francs.

Loans issued

Joint Stock Company «Passenger Transportation»

In May 2025, the Company issued a loan to its subsidiary Joint Stock Company «Passenger Transportation» for acquisition of passenger carriages in the amount of the special-purpose loan of KZT65,480 million received from the Shareholder. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Company recognised a fair value adjustment in the amount of KZT56,982 million, net of deferred tax in the amount of KZT11,396 million, within investments into subsidiaries.

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

Debt securities issued by subsidiaries

Joint Stock Company "KTZ Express"

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

Limited Liability Partnership «KTZ-Passenger Locomotives»

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

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

Joint Stock Company «National Company «International Sea Trade Port of Aktau»

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

Limited Liability Partnership «KTZ-Freight Transportation»

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

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

27. FINANCIAL AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2025, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor; the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of second tracks on the Dostyk–Alashankou railway section; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic control systems; liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of KZT4,681,921 million excluding VAT.

Other commitments

As at 31 December 2025, the Group, represented by its subsidiary Joint Stock Company "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 2025, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities

Litigations

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

Contingent liabilities related to the Kazakhstan tax system

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

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

Insurance

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

Environmental protection

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

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

Guarantees

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

The Group

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

The Company

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

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	2 August 2038	111,680
	Joint Stock Company "KTZ Express" under finance lease agreements	5 July 2024	29 August 2040	85,594
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	92,238 (14,548 million Russian Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	No date	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	28 February 2035	160,809 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2036	111,208 (187 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	167,924 (283 million Swiss Francs)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 February 2034	57,460 (90 million Swiss Francs)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 August 2034	236,344 (371 million Swiss Francs)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
The Export-Import Bank of China and China Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	7 February 2025	21 March 2040	41,691 (576 million Chinese Yuan)
Deutsche Bank Luxembourg, S.A., Banco Santander, S.A., EXIM Bank US	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	26 November 2025	20 February 2035	93,219 (146 million Swiss Francs)
European Bank for Reconstruction and Development (EBRD)	Joint Stock Company «National Company «International Sea Trade Port of Aktau» for financing the reconstruction of berths	30 September 2025	27 July 2035	20,770 (35 million Euros)

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

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

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

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

In accordance with the loan agreement with EDB, obtained by the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» for KZT92,238 million, 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 2025, these covenants were met.

In accordance with loan agreements with Societe Generale and Natixis, obtained by the subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives» for the total amount of KZT439,942 million, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2025, 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 Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives» for the total amount of KZT293,804 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

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

Under the loans from Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States received by the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» in the total amount of KZT93,219 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from EBRD obtained by the subsidiary Joint Stock Company «National Company «International Sea Trade Port of Aktau» for KZT20,770 million, the Company has to comply with certain financial covenants such as Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, these covenants were met.

28. SUBSIDIARIES

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

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
Joint Stock Company «Kaztemirtrans»	(a)	Kazakhstan 21 October 2003	KZT70,238,738,900	100%	Freight carriage operation
Joint Stock Company «Passenger Transportation»	(a)	Kazakhstan 21 May 2002	KZT93,865,833,651	100%	Passenger transportation

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
Limited Liability Partnership «KTZ-Freight transportation»	(a)	Kazakhstan 14 October 2003	KZT78,064,127,000	100%	Freight transportation and locomotive haulage
Joint Stock Company "KTZ Express"	(c)	Kazakhstan 15 July 2013	KZT47,913,613,000	100%	Multimodal
Joint Stock Company «Kedentransservice»	(a)	Kazakhstan 11 December 1997	KZT3,401,429,779	100%	Freight forwarding services, rolling stock operation, terminal services
Joint Stock Company «National Company «International Sea Trade Port of Aktau»*	(c)	Kazakhstan 11 October 1996	KZT25,479,890,000	100%	Vessel loading and unloading work, vessel servicing
Limited Liability Partnership «Port Kuryk»	(c)	Kazakhstan 23 July 2012	KZT66,307,555,736	100%	Freight transhipment and vessel servicing
Limited Liability Partnership «KTZ-Passenger Locomotives»	(a)	Kazakhstan 31 August 2021	KZT96,890,535,400	100%	Locomotive rolling stock services
Limited Liability Partnership «KTZE – Khorgos Gateway»	(a)	Kazakhstan 1 December 2009	KZT36,380,316,000	51%	Dry port services

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

Notes:

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

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

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

The carrying amount of the Company's investments in subsidiaries:

	As at 31 December 2025 *KZT'million*
Investments, at cost	1,658,624

29. RELATED PARTY TRANSACTIONS

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

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

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

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

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December 2025 are detailed below.

The Group

	Shareholder	**Associates**	**Companies making up the Shareholder group**	**Other related parties***
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Amounts due from related parties				
– trade in nature	–	1,161	180	84
– non-trade in nature	–	3,249	214	9,339
	–	4,410	394	9,423
Amounts due to related parties				
– trade in nature	–	4,370	147,197	4,116
– non-trade in nature	–	11,314	2,313	8,099
	–	15,684	149,510	12,215
Cash on current accounts and short-term deposits	–	–	24,570	–
Cash on digital accounts *(Note 9)*	–	–	–	22,882
Restricted cash	–	–	–	4
Loans payable	975,160	–	–	164,264
Lease liabilities	68	20,601	–	245,863
Financial guarantee agreement liabilities	–	–	–	13,521

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

The Company

	Shareholder	**Associates**	**Companies making up the Shareholder group**	**Subsidiaries of the Company**	**Other related parties***
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Amounts due from related parties					
– trade in nature	–	12	17	343,441	75
– non-trade in nature	–	–	190	6	3,767
	–	12	207	343,447	3,842
Amounts due to related parties					
– trade in nature	–	2,313	741	2,989	1,368
– non-trade in nature	–	246	1	–	4
	–	2,559	742	2,989	1,372
Cash on current accounts	–	–	254	–	–
Cash on digital accounts *(Note 9)*	–	–	–	–	22,882
Loans issued	–	–	–	306,600	–
Including allowance for expected credit losses	–	–	–	–	(205)
Borrowings received	975,160	–	–	46,885	–
Lease liabilities	–	20,601	–	4	–
Financial guarantee agreement liabilities	–	–	–	95,768	13,521

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

The Group

	Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties*
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Sale of goods, services and non-current assets	–	101,424	–	35,936	127,508
Impairment/(reversal of impairment) of trade accounts receivable and other current assets	–	(42)	–	1	(67)
Purchase of goods, services and non-current assets	–	24,523	–	221,052	119,948
Proceeds from borrowings	107,806	–	–	–	–
Repayment of borrowings	31,175	–	–	–	18,032
New lease agreements (Group as lessee)	247	22	–	–	103,993
Lease payments	203	15,126	–	–	27,808
Finance income	43,226	–	–	–	1,376
Finance costs	40,421	4,414	–	–	45,945
Dividends receivable	–	4,645	–	–	–
Contribution to the share capital	28,791	6,211	13,719	–	–

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

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

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

The amounts due from and due to related parties, which are non-trade in nature, are unsecured, interest-free and repayable on demand.

In 2025, the Group received a loan from the Shareholder in the amount of KZT65,480 million (Note 14).

In 2025, the Group issued bonds in favour of the Shareholder in the amount of KZT42,326 million (Note 14).

As at 31 December 2025, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT164,264 million.

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

Compensation of key management personnel of the Group

	Year ended 31 December 2025
	KZT'million
Salaries, allowances and benefits in kind	729
Performance related bonus	307
Total compensation paid to key management personnel	1,036

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

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

Capital risk management

The Group manages its capital risk to ensure that it can continue as a going concern, maximising shareholder value and optimising its debt and equity balance.

The Group's overall strategy remains unchanged from 2024.

There are no obligatory minimum equity requirements for the Group.

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

Categories of financial instruments

The Group

	As at 31 December 2025
	KZT'million
Financial assets	
Amortised cost	65,175
FVTPL	632
Financial liabilities	
Amortised cost	4,022,440
FVTPL	91,496

The Company

	As at 31 December 2025
	KZT'million
Financial assets	
Amortised cost	660,376
FVTPL	558
Financial liabilities	
Amortised cost	2,641,756
FVTPL	91,496

Financial risk management objectives

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

Market risk

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

Interest rate risk

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

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

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

	Interest rate increase/(decrease) in basis points*	Effect on profit/equity
Group		
Key interest rate NBRK	186/(186)	(1,190)/1,190
EURIBOR	27/(27)	(1,005)/1,005
SARON	35/(35)	(3,144)/3,144
LPR	350/(350)	(907)/907

* 1 basis point – 0.01%.

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
Company			
Base rate of the NBRK	2025	186/(186)	(1,190)/1,190
SARON	2025	35/(35)	(2,180)/2,180

Currency risk

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

Foreign currency risk management strategies

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

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

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

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

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

Cross-currency swaps and borrowings

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

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

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

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

Financial results on derivative instruments

During 2025, under the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), and Citibank London in the amount of US$17,565,607 (KZT9,220 million) and 4,512,532 Swiss Francs (KZT2,926 million) (during 2024: US$7,674,778 (KZT8,221 million) and 4,540,916 Swiss Francs (KZT2,385 million)).

As of 31 December 2025, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom), amounting to US$180,989,291 (KZT91,496 million), was recognised as current liabilities.

Hedge effectiveness assessment

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

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

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

Sources of hedge ineffectiveness may include:

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

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

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

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

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

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

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

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

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

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

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

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

The Group

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

The Company

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

Credit risk

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

Maximum exposure and year-end staging

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

The Group

As at 31 December 2025

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

The Company

As at 31 December 2025

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

The Group

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

The Company

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

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

Fair value of financial instruments

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

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

Cash and cash equivalents

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

Financial assets and liabilities

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

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

Derivative financial instruments

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

Borrowings

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

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

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

The Group

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

The Company

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

Fair value hierarchy

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

- Level 1: quotes on an active market (uncorrected) in relation to identified financial instruments;
- Level 2: data differing from quotes attributable to level 1, and available directly (i.e. quotes) or indirectly (i.e. data generated from quotes). This category includes instruments estimated using market quotes on active markets for similar instruments, market quotes for similar instruments on market not treated as active, or other estimation methods, all of whose data used is directly or indirectly based on observable primary data;
- Level 3: data that is not available. This category includes instruments estimated using information not based on observable primary data. Moreover, any such unobservable data has a significant impact on an instrument's estimation. This category includes instruments estimated based on quotes for similar instruments that require the use of material unobservable quotes or judgements to reflect the different between instruments.

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

The Group

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

The Company

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

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

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

31. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

Year ended 31 December 2025

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

Notes:

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

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

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

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

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

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

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

32. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December 2025 *KZT'million*
Salaries, allowances and benefits in kind	216
Performance related bonuses	140
Total	356

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

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

33. DIVIDENDS

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

34. EVENTS AFTER THE REPORTING DATE

Citibank

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

Societe Generale and Natixis

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

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

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

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

Halyk Bank of Kazakhstan JSC

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

The Export-Import Bank of China and China Development Bank

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

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

Citibank Kazakhstan JSC

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

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

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

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

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

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

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

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

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

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

Standard Chartered Bank

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

Debt securities issued

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

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

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

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

Derivative financial instruments

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

35. SUBSEQUENT FINANCIAL STATEMENTS

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