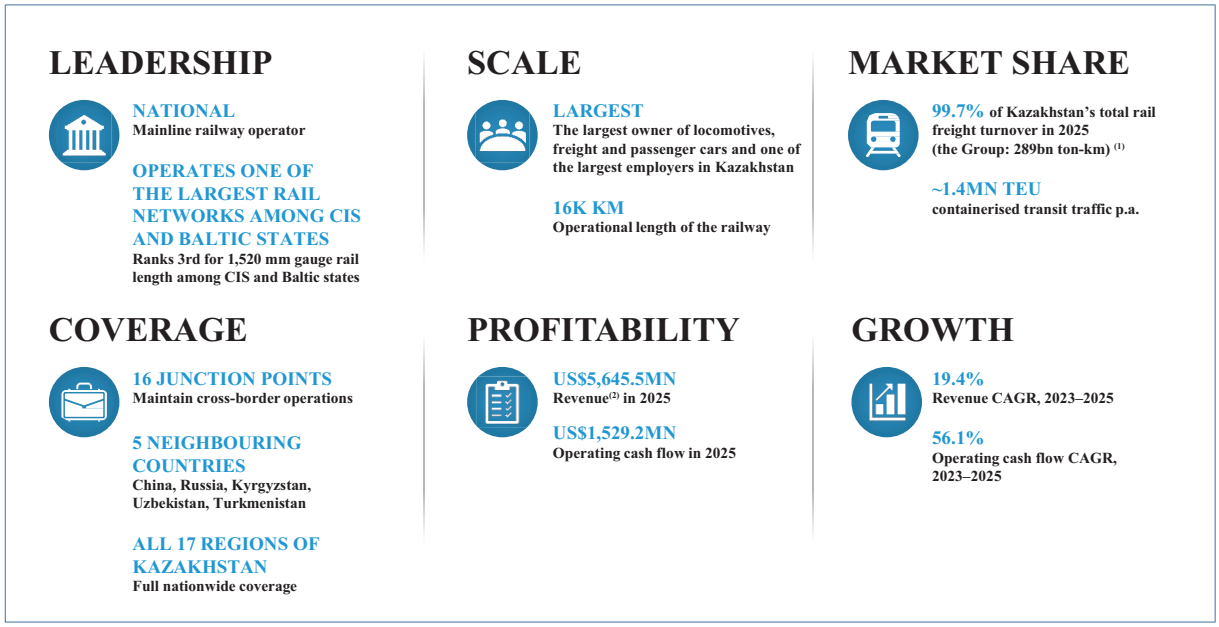
OVERVIEW

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

The Group is one of the largest employers in Kazakhstan, with 119,910 employees as of 30 June 2026. It provides essential freight and passenger transportation services within a landlocked economy that spans the world's ninth-largest territory. Rail transport is critical to the movement of bulk commodities, industrial inputs, agricultural products, manufactured goods and passengers, particularly given Kazakhstan's vast territory, dispersed population centres and limited access to navigable waterways. Kazakhstan's fundamentals, including rising urbanisation, population growth and a medium-term growth projection of approximately 3.5%, support continued demand for reliable freight and passenger transportation services. In terms of railway length, Kazakhstan ranked third, with approximately 16,000 km of operational rail track, among the CIS and Baltic countries with a gauge of 1,520 mm.



Notes:

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

(2) Revenue represents total revenue and other income.

The Group operates an integrated rail and logistics network including mainline railway infrastructure, freight transportation, logistics, ports, dry ports, terminals, transport and logistics centres and passenger transportation. Its integrated asset base includes approximately 16,000 km of operational rail track and approximately 21,000 km of main track, approximately 2,000 locomotives, approximately 40,000 freight cars including fitting platforms, approximately 2,200 passenger cars, approximately 830 stations, 30 locomotive sheds, 17 car sheds, two seaports and key dry port and terminal assets. This integrated network enables the Group to coordinate infrastructure, rolling stock, port, terminal and logistics operations across the transport value chain and provide customers with rail and sea transportation solutions.

In 2025, the Group transported 319.9 million tonnes of cargo and 13.3 million passengers, generating freight turnover of 288.8 billion tonne-kilometres. Freight and passenger transportation revenue amounted to KZT 2,463.2 billion and KZT 129.3 billion, respectively, representing 89% and 5% of the Group's total revenue and other income in 2025, with other revenue and income for the remaining 6%. In the same year, the Group generated revenue and other income of KZT 2,757.1 billion, compared to KZT 2,164 billion in 2024 and KZT 1,934 billion in 2023, representing year-on-year revenue and other income growth of 27.4% in 2025 and 11.9% in 2024. The Group's long-term credit ratings are Baa2 by Moody's and BBB- by Fitch, in each case with a Stable outlook.

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

KEY STRENGTHS

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

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

The Group is Kazakhstan's national transport and logistics operator with an integrated railway network combining mainline railway infrastructure, freight transportation, logistics, port and dry port assets and passenger transportation services. It operates Kazakhstan's mainline railway network and owns a substantial fleet of locomotives, freight cars and passenger cars. According to the KPMG Report, in 2025, Kazakhstan ranked third with approximately 16,000 km of operational rail track among the CIS and Baltic countries with a gauge of 1,520mm. According to the KPMG Report, the Group accounted for approximately 99.7% of Kazakhstan's total rail freight turnover. The Group transported 319.9 million tonnes of cargo and 13.3 million passengers in 2025. The volume of the Group's container transit has grown approximately sixfold to 1.4 million TEU in 2025 over the past ten years. The scale and breadth of the Group's integrated network enable it to provide reliable end-to-end transportation services and coordinate infrastructure, rolling stock, terminals, ports and logistics operations across the transport value chain.

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

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

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

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

The Group's freight business benefits from Kazakhstan's position as a regional producer and exporter of commodities and manufactured goods, with a cargo base including coal, metal ores, oil and petroleum products, construction materials, grain, fertilisers, chemicals and ferrous metals. In 2025, transit freight represented 10% of the Group's freight transportation volume and 23% of freight turnover, reflecting longer average haul distances and the tariff framework applicable to transit transportation. According to the KPMG Report, in 2025, transit transportation through Kazakhstan reached 33 million tonnes, an increase of 20% compared with 2024, making transit a strategically important component of the Group's freight business. In 2025, combined throughput at the Group's Caspian Sea ports (Aktau and Kuryk), which serve as the western gateway for the Middle Corridor, was approximately 8 million tonnes, compared with a combined capacity of approximately 22 million tonnes with Aktau Seaport having

approximately 11.8 million tonnes, Kuryk Seaport having approximately 7.0 million tonnes, and Aktau North Terminal having approximately 3.0 million tonnes.

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

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

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

The Group has delivered strong recent financial performance, supported by regulated tariff increases, robust freight demand, increased transit and export activity and a favourable mix shift towards enhanced capacity driven by network expansion initiatives and higher-yield freight segments. The Group's revenue base comprises freight transportation (89.3% of 2025 revenue and other income), passenger transportation (4.7%) and other revenue and income (6.0%). Within the freight segment, revenue is diversified across domestic transportation (serving Kazakhstan's mining, industrial and agricultural sectors), export transportation (linking Kazakh producers to international markets), import transportation (supporting industrial inputs and consumer goods) and transit transportation (leveraging Kazakhstan's position on key Eurasian corridors). This diversification across cargo types, geographies and customer segments provides resilience against commodity-specific or route-specific demand fluctuations.

Other drivers have included increases in efficiency, allowing the Company to reach higher utilisation of infrastructure and rolling stock, disciplined cost management, government support for socially important services and access to external financing to support investment in capacity and reliability. For the full years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, group revenue and other income was KZT 1,934.1 billion, KZT 2,164.0 billion, KZT 2,757.1 billion, KZT 1,273.1 billion and KZT 1,465.7 billion, respectively.

For the full years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, the Group generated operating cash flow of KZT 306.3 billion, KZT 336.6 billion, KZT 746.8 billion, KZT 338.0 billion and KZT 257.7 billion, respectively. This cash flow generation, together with the approved regulated tariff trajectory and access to capital markets, supports the Group's ability to fund its investment programme and strengthen its financial profile.

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

The Group is implementing a multi-year capital investment programme focused on railway infrastructure, rolling stock renewal, logistics assets, digitalisation and capacity expansion. In 2025, the Group purchased 149 new locomotives, 149 passenger carriages and 12 passenger multiple unit cars. In the first half of 2026, the Group purchased 136 freight locomotives and 58 passenger carriages. It plans to acquire a total of over 1,000 locomotives, over 3,000 open-top wagons, over 700 passenger carriages, 50 cargo tractor units and 50 semi-trailers on a phased basis between 2026 and 2036. The Group's investment programme also includes priority railway infrastructure projects aimed at removing bottlenecks, improving network resilience, increasing throughput and reducing delivery times on key corridors. Key infrastructure projects include the construction of new railway lines (including the Moiynty-Kyzylzhar and Bakhty-Ayagoz lines), second tracks (including on the Dostyk-Moiynty section with targeted capacity enhancement from 30 million tonnes to 50 million tonnes per annum), repair of railway tracks, the purchase of electric locomotives and passenger cars and the modernisation of stations. Seaport infrastructure investments include the construction of a container hub and dredging of the water area at Aktau Port, acquisition of six universal dry cargo container ships, operational efficiency enhancements at Kuryk seaport including the acquisition of a tugboat and the implementation of digital solutions, and the continued development of dry port and terminal facilities at Khorgos including through track modernisation which increased annual handling throughput from 372,000 TEU to 800,000 TEU in September 2025.

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

For the full years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group's capital expenditure was KZT 704.9 billion, KZT 1,170.2 billion, KZT 1,279.7 billion, KZT 399.8 billion and KZT 956.5 billion, and totalled, in aggregate, KZT 4.1 trillion. The Group expects growth capital expenditure to be approximately KZT 1.7 trillion over the next one to two years, following which there will be a shift towards maintenance capital expenditure, which the Group expects to be approximately KZT 4.6 trillion in the mid-term.

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

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

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

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

STRATEGY

The Group's Development Strategy sets out its mission, vision and six strategic goals. In implementing this strategy, the Group intends to focus on network capacity, transit growth, service quality, operating efficiency, ESG performance and safety over a ten-year period. The approved regulated tariff trajectory from 2026 to 2030, together with the Tariff Concept, the Group's investment programme and operational efficiency initiatives, is targeted to support service quality, network maintenance and the approved capital investment programme.

Improving rail transportation efficiency and network capacity

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

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

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

China-Europe trade remains one of the key drivers of rail transit demand with trade turnover in 2025 reaching approximately EUR760 billion according to the KPMG Report. The Group's investment programme targets approximately 745,000 TEU per annum of China-Europe transit through Kazakhstan by 2030 and a total of 3,950,000 TEU per annum by 2030 (compared to approximately 1.4 million TEU per annum in 2025) for transit through Kazakhstan across all container routes. These targets are forward-looking and depend on, among other things, corridor capacity, project execution, market demand, geopolitical developments and the competitiveness of alternative routes. The Group also pursues

international partnerships to support transit growth. For example, Middle Corridor Multimodal Ltd. was established in 2023 with the railway administrations of Azerbaijan and Georgia to support Trans-Caspian multimodal services and was subsequently joined by China Railway Container Transport in 2026. Gulflink Ltd. was established in November 2024 with entities affiliated with AD Ports Group to support North-South freight forwarding and logistics services and the Middle Corridor.

Enhancing service quality and customer experience across freight and passenger services

The Group is committed to consistently improving customer satisfaction through active engagement, systematic feedback collection and prompt response to enhance service quality. The Group has implemented a trip optimizer system on over 400 diesel locomotives, which uses track profile, train composition, locomotive model, speed limits and operational constraints to support automated train control, optimise driving schedules, reduce driver workload and improve fuel efficiency. The Group also operates traction energy dispatching, an automated control system, on over 800 diesel locomotives and over 450 electric locomotives, as an information and analytical platform for accounting, monitoring and analysing electricity and diesel fuel consumption. In the passenger segment, the Group intends to renew its rolling stock fleet, improve station and onboard services, train personnel, optimise schedules and routes, and implement digital technologies. The online ticketing system is also expected to be enhanced to increase the share of digital sales. In the freight segment, the Group intends to streamline service delivery procedures, increase transparency in operations and improve the reliability and predictability of freight services.

Accelerating digitalisation to improve planning, utilisation and border processing

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

Embedding ESG Principles into decarbonisation, workforce development and governance

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

These targets include reducing direct diesel locomotive emissions from 1.8 million tonnes of CO_2 in 2020 to 1.4 million tonnes by 2030. The Group has also improved its carbon intensity from approximately 116 to 103 kg CO_2-eq per 10,000 gross tonne-km between 2023 and 2025, and further improved to 101 kg CO_2-eq per 10,000 gross tonne-km in June 2026.

Ensuring railway safety and operational resilience

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

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

OVERVIEW OF THE BUSINESS OPERATIONS OF THE GROUP

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

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

each segment incorporating associated infrastructure and support services.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
			(KZT millions)		
Revenue from freight transportation	1,682,550	1,875,558	2,463,197	1,130,511	1,322,173
Revenue from passenger transportation	101,682	110,523	129,250	60,161	66,814
Government grants	38,912	41,124	43,275	21,277	27,327
Other revenue	110,951	136,737	121,361	61,128	49,377
Total revenue and other income	**1,934,095**	**2,163,942**	**2,757,083**	**1,273,077**	**1,465,691**

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

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

FREIGHT TRANSPORTATION

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

The following table sets out the functions, customers, charging basis, and assets involved in the provision of the Group's services as a freight transportation service provider:

	Railway Carrier	Mainline Railway Infrastructure Operator	Transportation and Logistics Services Operator
Functions	Provides locomotive traction services, freight and commercial wagon handling services, freight leasing and additional carriage-related services (supply and removal of wagons, and cargo reconsignment)	Provides non-discriminatory access to the mainline railway network to all licensed carriers	Provides freight forwarding and shipment organisation, terminal and transhipment services, container transport organisation and warehousing and storage
Customers	The Group's carriers (KTZ-FT and Kaztemirtrans), cargo shippers and consignees using rail transportation services in domestic, export, import, and transit traffic	Private licensed carriers	Shippers requiring end-to-end and forwarding solutions, including container and transit customers (for whom the Group acts as payer/forwarding agent for transit charges)

	Railway Carrier	Mainline Railway Infrastructure Operator	Transportation and Logistics Services Operator
Charging Basis	**Domestic/export/import:** three regulated components (MRN access, locomotive traction and freight/commercial operations) at Natural Monopoly Committee-approved rates, and is calculated based on shipping distance, type of transportation (railcar/container), cargo weight, container size/type, out-of-gauge dimensions and hazard class. Charges for wagon and container use are not regulated and are set commercially. **Transit:** CHF-denominated tariffs governed by CIS/international treaties	**Regulated access charge** (one of four tariff components) under the Natural Monopoly Committee-approved General Guidelines/Tariff Guide. It is calculated based on cargo classification, shipping distance, traction type (diesel/electric), rolling stock classification (universal/specialised) and ownership (Group's or leased) and cargo weight.	Calculated based on shipping route, origin and destination stations, cargo type and characteristics (including its ETSNG code), container size, transportation territory and scope of services
Assets deployed	Locomotive and Wagon Fleet	Mainline track, stations, signalling and safety systems	Fitting platforms, containers, dry ports (Khorgos), terminals, ports (Aktau/Kuryk)

The following table sets out the Group's revenue from freight transportation, by service for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	Revenue	*% of total freight transportation revenue*	*Revenue*	*% of total freight transportation revenue*	*Revenue*	*% of total freight transportation revenue*	*Revenue*	*% of total freight transportation revenue (unaudited)*	*Revenue*	*% of total freight transportation revenue*
	KZT million	*%*	*KZT million*	*%*	*KZT million*	*%*	*KZT million*	*%*	*KZT million*	*%*
Railway Carrier	1,598,703	95.0	1,770,287	94.4	2,320,217	94.2	1,068,391	94.5	1,262,921	95.5
Mainline Railway Infrastructure Operator[(1)]	39,712	2.4	48,387	2.6	69,726	2.8	32,131	2.8	34,164	2.6
Transportation and Logistics Services Operator	44,135	2.6	56,884	3.0	73,254	3.0	29,989	2.7	25,089	1.9
Total Freight Transportation Revenue	**1,682,550**	**100.0**	**1,875,558**	**100.0**	**2,463,197**	**100.0**	**1,130,511**	**100.0**	**1,322,173**	**100.0**

Note 1: Consists of revenue from private licensed carriers only

In 2025, the Group transported 319.9 million tonnes of cargo and generated freight turnover of 288.8 billion tonne-kilometres. In the first half of 2026, the Group transported 157.1 million tonnes of cargo and generated freight turnover of 146.5 billion tonne-kilometres. Freight revenue is generated from a diverse cargo base which, in 2025, was constituted as follows: coal (33.3% of total volume), metal ores and ferrous metals (19.8% of total volume), oil and petroleum products (8.7% of total volume), construction materials (6.9% of total volume) and other cargo, comprising grain, fertilisers, chemicals and soda, non-ferrous metals, containerised and other cargo (31.3% of total volume). The Group's freight operations therefore support a broad range of customers, including commodity producers, industrial companies, exporters, importers, freight forwarders and logistics operators. The Group targets to achieve freight turnover of approximately 211 billion tonne-kilometres per annum over the medium term.

Local freight consists of movements within Kazakhstan's mainline railway network and is driven principally by the transportation of coal, ores, construction materials, industrial inputs and agricultural products between production, processing and consumption centres. Export freight consists of cargo

transported from Kazakhstan to destinations outside the country, including coal, iron ore and grain. Import freight consists of cargo transported into Kazakhstan from foreign markets, including ferrous metals, chemicals and petroleum products.

The following table summarises the Group's freight volume according to cargo type:

	Year ended 31 December						Six months ended 30 June	
	2023		2024		2025		2026	
Cargo Types	*Volume ('000 tonnes)*	*%*	*Volume ('000 tonnes)*	*%*	*Volume ('000 tonnes)*	*%*	*Volume ('000 tonnes)*	*%*
Coal	107,687	36.2%	103,672	34.2%	106,554	33.3%	51,672	32.9%
Oil and petroleum products	26,169	8.8%	25,857	8.5%	27,899	8.7%	14,276	9.1%
Metal ores and ferrous metals	60,927	20.5%	62,469	20.6%	63,280	19.8%	31,135	19.8%
Construction Materials	20,622	6.9%	21,386	7.1%	22,199	6.9%	9,134	5.8%
Other cargo[1]	81,953	27.6%	89,816	29.6%	100,035	31.3%	50,931	32.4%
Total	**297,357**	**100%**	**303,201**	**100%**	**319,967**	**100%**	**157,148**	**100%**

Note 1: Other cargo comprise grain, fertilisers, chemicals and soda, non-ferrous metals, containerised and other cargo

Transit freight is a strategically important component of the Group's freight business, despite representing a smaller proportion of total transported volume than domestic and export freight. In 2025 and the first half of 2026, transit freight accounted for 10.3% and 11.3% of freight transportation volume and 23.3% and 23.8% of the Group's freight turnover but contributed 33.6% and 37.1% of freight revenue, respectively, reflecting the significantly longer average transportation distances associated with transit movements. In addition, transit tariffs are not subject to local state price regulation and are set under the tariff policy applicable to railways of CIS member states, with tariffs denominated in Swiss Francs and converted into U.S. dollars. The combination of longer haul distances, a distinct tariff framework and Kazakhstan's role as a key Eurasian transit corridor makes transit transportation an important driver of freight revenue, profitability and long-term growth. See "*Government Regulation and Tariffs*" in this section for further information.

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

	Year ended 31 December						Six months ended 30 June			
	2023	% of total	2024	% of total	2025	% of total	2025	% of total	2026	% of total
							(unaudited)			
	(KZT millions, except percentages)									
International (Transit)	655,888	39.0%	698,797	37.3%	827,178	33.6%	391,290	34.6%	490,102	37.1%
Domestic	439,857	26.1%	507,501	27.1%	687,325	27.9%	299,676	26.5%	335,529	25.4%
International (Export)	274,069	16.3%	322,631	17.2%	489,375	19.9%	229,794	20.3%	260,902	19.7%
International (Import)	185,758	11.0%	194,279	10.4%	276,243	11.2%	122,842	10.9%	147,377	11.1%
Additional charges related to the transportation process	60,675	3.6%	67,769	3.6%	65,194	2.6%	31,853	2.8%	33,765	2.6%
Other[1]	66,303	4.0%	84,581	4.4%	117,882	4.8%	55,056	4.9%	54,498	4.1%
Total	**1,682,550**	**100.0%**	**1,875,558**	**100.0%**	**2,463,197**	**100.0%**	**1,130,511**	**100.0%**	**1,322,173**	**100.0%**

Note:

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

The gross profit margin for freight transportation after inter-segment elimination, was 26%, 29%, 34%, 33% and 33% for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively.

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

	Year ended 31 December															Six months ended 30 June									
	2023					2024					2025					2025					2026				
	Volume (millions of tonnes)	% of Total Volume (%)	Turnover (billions of tonnes-km)	% of Total Turnover (%)	Average Distance (km)	Volume (millions of tonnes)	% of Total Volume (%)	Turnover (billions of tonnes-km)	% of Total Turnover (%)	Average Distance (km)	Volume (millions of tonnes)	% of Total Volume (%)	Turnover (billions of tonnes-km)	% of Total Turnover (%)	Average Distance (km)	Volume (millions of tonnes)	% of Total Volume (%)	Turnover (billions of tonnes-km)	% of Total Turnover (%)	Average Distance (km)	Volume (millions of tonnes)	% of Total Volume (%)	Turnover (billions of tonnes-km)	% of Total Turnover (%)	Average Distance (km)
Export	85.7	29	96.3	37	1,124	83.3	27	92.3	35	1,109	89.2	28	104.5	36	1,171	42.7	28	48.6	36	1,138	45.6	29	55.7	38	1,219
Domestic	164.2	55	89.1	34	543	172.2	57	90.8	35	527	176.9	55	93.6	32	529	83.5	55	44.5	33	533	82.2	52	42.3	29	515
Transit	27.3	9	52.6	20	1,924	27.5	9	54.8	21	1,996	33.0	10	65.5	23	1,984	15.7	10	31.8	23	2,027	17.7	11	34.8	24	1,968
Import	20.2	7	24.4	9	1,209	20.2	7	23.8	9	1,173	20.8	6	25.2	9	1,211	10.0	7	11.8	9	1,187	11.6	7	13.7	9	1,183
	297.4	**100.0**	**262.4**	**100.0**		**303.2**	**100.0**	**261.7**	**100.0**		**319.9**	**100.0**	**288.8**	**100.0**		**151.9**	**100.0**	**136.7**	**100.0**		**157.1**	**100.0**	**146.5**	**100.0**	

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

Railway Carrier

As the national freight carrier in rail transport, the Group provides its services as a railway carrier through KTZ-FT and Kaztemirtrans. The Group operates a universal freight wagon fleet of approximately 38,000 units, and its services comprise locomotive traction services, freight and commercial handling services, freight wagon leasing and additional carriage-related services (supply and removal of wagons, and cargo reconsignment). Customers are able to transport cargo in conventional wagons, specialised wagons and containers. The use of containerised freight enables customers to move cargo in sealed, standardised units across rail, sea and road networks without repeated unloading and reloading at each transfer point. This supports faster and more reliable transportation, particularly for cargo moving between China, Kazakhstan, Central Asia, the Caspian region and Europe. The Natural Monopoly Committee regulates the tariffs for locomotive traction services and freight and commercial handling services (except transit freights), as these are classified as "socially significant market". The tariff for freight transportation in wagons and containers is denominated in Tenge and is the sum of three components: the tariffs for mainline railway network services, locomotive traction services and freight and commercial operations. The applicable rate depends on the transportation distance, whether the cargo is carried in wagons or containers, the cargo description and weight, the wagon type, the container size and type, any out-of-gauge (oversized) dimensions and the hazard class of the cargo. The charges for freight wagon leasing and additional carriage-related services are not subject to state tariff regulation and are determined on a commercial basis. In particular, Kaztemirtrans derives revenue from two principal activities: (a) wagon leasing, pursuant to which wagons are made available to customers under property rental agreements on a prepayment basis at the agreed lease rate; and (b) wagon operator services, pursuant to which wagons are provided to customers for freight transportation on a per-use basis. Where Kaztemirtrans provides freight forwarding services, the charges payable comprise both the locomotive traction tariff (railway tariff) and the wagon usage fee.

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

Container transportation forms part of the Group's broader logistics offering. In 2025, the Group's total container transit volume across Kazakhstan was 1.4 million TEU. The Group targets to reach approximately 70–90 million tonnes per annum in total transit over the medium term. The Group operates and supports container transportation on routes connecting China, Kazakhstan, Central Asia, Russia, the Caspian Sea region and Europe, including China-Europe-China and China-Russia-China routes. The Group's container operations are supported by fitting platforms, terminals, dry ports, port infrastructure and cooperation with international railway administrations and logistics partners. For further details, see "Freight Transportation – Transportation and Logistics Services" in this section below.

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

Mainline Railway Infrastructure Operator

As the National Infrastructure Operator, the Group provides non-discriminatory access to the mainline railway network to all licensed carriers. Private carriers who meet applicable regulatory requirements may apply for an indefinite freight transport licence from the Ministry of Transport. The Group enters into mainline railway network services agreements based on the statutory model agreement with licensed carriers, enabling them to access the mainline railway network from the designated departure station to the designated destination station. The Group is responsible for ensuring compliance with various technical and safety standards. The Natural Monopoly Committee regulates the tariffs for the use of the mainline railway infrastructure. For transportation in wagons, the tariff is calculated by applying the escalating coefficients approved by the Natural Monopoly Committee to the base rates set out in the General Instructions (Tariff Guide of the Infrastructure Operator). The amount payable depends on the characteristics of each shipment and the actual volume of services rendered, measured in tariff tonne-kilometres, and reflects the cargo type, transportation distance, wagon type (universal or specialised), wagon payload, rolling stock ownership (inventory or private/leased) and traction type (diesel or electric). The same tariff calculation methodology applies to all users of railway transport services in Kazakhstan. Under the Entrepreneurial Code of the Republic of Kazakhstan and the Law of the Republic of Kazakhstan "On Natural Monopolies", freight transportation in containers and the repositioning of empty containers by rail are not subject to state price regulation. These services are priced on a market basis by reference to the cargo type, transportation distance and container type (including tonnage, length and whether the container is universal or specialised). Pursuant to the services agreements with licensed carriers, the Group receives payment for mainline railway network services on a prepayment basis at ten-day intervals, based on a pro rata allocation of the agreed monthly freight volume. Monthly reconciliation against actual volumes is completed by the 15th day of the following month and is supported by bilateral certificates confirming services rendered and a VAT invoice issued by the Group.

Transportation and Logistics Services

The Group generally provides transportation and logistics services as part of its freight transportation services, through KTZ Express and Kedentransservice. These services combine rail, road, sea, terminal, warehousing, cargo handling and freight forwarding capabilities. The Group's services encompass freight forwarding and shipment organisation, including coordination with railway carriers and infrastructure organisations. It also includes terminal and transhipment services, such as receiving and dispatching cargo, wagons and containers, loading and unloading, transhipment between transport modes, and terminal handling of wagons and containers. These terminal and transhipment services are performed using terminal infrastructure and handling equipment owned or used by the Group. The Group's transportation and logistics services further include container transport organisation and warehousing and storage. These services are designed to support domestic, export, import and transit freight flows. The Group's logistics assets and services include dry ports, seaports, terminals, transport and logistics centres, warehouses, fitting platforms and containers, which together support the Group's ability to offer rail-sea-rail, rail-road and other solutions. The charges for transportation and logistics services are not regulated and are established on a commercial basis and agreed with the customer on a per-order basis.

Charges are determined by reference to the transit route, the origin and destination stations, the type and characteristics of the cargo (including its Harmonized System/ETSNG code and weight), the shipment type, the container type and size, the territory of transportation and the scope of services requested. For container transportation, customers may be quoted an operating rate, a freight forwarding rate or an all-inclusive rate. For each shipment, the Group agrees the applicable rate with the customer in a price protocol, which sets out the components of the rate. Depending on the route and the scope of services, these may include railway tariffs for the relevant territories, station fees, the provision of fitting platforms and the freight forwarder's commission. Terminal services are charged on the following basis: container handling is charged per container, by reference to container size, whether the container is loaded or empty, the relevant terminal and the type of operation (reception or dispatch); wagon reception and dispatch are charged per wagon; loading and unloading are charged per tonne-operation; and container storage is charged per container per day, after the applicable free storage period, at the tariff of the relevant terminal. Certain ancillary expenses, such as additional carrier fees and charges for the use of rolling stock and access tracks (spur lines), may be excluded from the all-inclusive rate and billed separately as incurred, in accordance with the applicable tariffs and contractual terms.

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

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

Transportation Process

The Group's freight transportation activities comprise four types – domestic, export, import and transit. Depending on the route and mode of transportation, the Group engages third parties, including railway and other carriers, terminal and port operators, owners and operators of railcars and containers, warehouse operators, customs representatives and brokers, loading and unloading service providers, and other logistics and service partners.

The Group cooperates with these third parties on an ongoing basis under standing arrangements applicable to specific routes and mode of transportation, rather than entering into a separate cooperation agreement for each individual shipment. Key third-party service providers include a customs clearance and freight-forwarding provider, which prepares customs declarations, registers security for payment of customs duties and performs other customs intermediary functions in international mixed transportation; a terminal operator at the Dostyk and Altynkol container terminals, which provides transloading, placement and securing of cargo and containers, together with related equipment and storage services; and a transloading services provider at Dostyk station, which transloads cargo and containers between railcars and motor vehicles and provides related placement, securing and equipment services.

The following diagram sets out a representative example of the transit process:



Transit – Consumer goods from Xi'an, China through Kazakhstan (via Khorgos Gateway and Aktau Port) to Poti, Georgia via the Middle Corridor

Step 1: Request and Organisation – The customer provides the Group with the shipment details for a container train carrying consumer goods originating in Xi'an, China and destined for Poti, Georgia, including volume, preferred timing and container type and quantity. MCML, a joint venture of the Group, acts as the single transportation coordinator. See "Freight Transportation – International Partnerships – Middle Corridor transit coordination services" in the section below for further details on MCML. It manages the transportation process with key partners on each stage of the Middle Corridor, namely Azerbaijan Railways, Georgian Railways and China Railways, who are the national railway operators of Azerbaijan, Georgia and China, respectively. The Group reviews the multimodal route through Kazakhstan and prepares a commercial offer covering its forwarding fee, transit coordination costs and third-party charges.

Step 2: Route, Rate and Terms Agreement – The customer and the Group agree on the Middle Corridor route via Khorgos Gateway, by rail from China to Kazakhstan through Khorgos Gateway, across Kazakhstan from Altynkol to Aktau Port, across the Caspian Sea to Alyat Port in Azerbaijan, and onward by rail through Azerbaijan and Georgia to Poti Port, together with pricing, timeline and other commercial terms. The Group determines the all-in service cost, which includes the transit tariff for carriage across Kazakhstan (approximately 3,128 km) calculated under the Tariff Agreement of CIS railway administrations dated 17 February 1993 (the "**CIS Tariff Treaty**") and denominated in Swiss Francs; terminal handling fees at Khorgos Gateway and Aktau Port, payable to the relevant terminal operators; sea freight charges for the Caspian Sea crossing from Aktau to Alyat, payable to Kazmortransflot; onward rail charges for carriage through Azerbaijan and Georgia to Poti, payable to the designated entities of Azerbaijan Railways and Georgian Railways; and the Group's forwarding and coordination fee.

Step 3: Cargo Consolidation and Departure from China – The cargo is consolidated at the Group's Xi'an terminal facility, operated by Kazakhstan-China Trade and Logistics Company LLC, a joint venture of the Group. A container train is formed and the departure documents are prepared. China Railways is responsible for the rail segment from Xi'an to the Khorgos border crossing.

Step 4: Entry into Kazakhstan and Rail Transport – The cargo enters Kazakhstan at the Khorgos border crossing. At Altynkol station, China Railways hands over the wagons or containers to the Group, accompanied by the applicable border and customs procedures. The Group coordinates the clearance process and the interaction between the carrier, terminal and border authorities. Unlike import cargo, which is subject solely to the laws of the Republic of Kazakhstan, transit cargo is also governed by applicable international agreements. The gauge changes from 1,435 mm to 1,520 mm at the Altynkol container terminal. The Group carries the containerised cargo by rail across Kazakhstan from Altynkol to Aktau Port, provides continuous monitoring and coordinates operations with the relevant terminal and border authorities. The transit freight tariff applies under the CIS Tariff Treaty, is denominated in Swiss Francs and converted to U.S. dollars. The transit tariff for the Kazakhstan rail segment is calculated upon the cargo's entry into Kazakhstan and is payable in Tenge on an advance basis.

Step 5: Sea Crossing of the Caspian Sea – At Aktau Port, the containers are transferred from rail to maritime transport. Kazmortransflot, a portfolio company of SK, provides the sea-carrier service across the Caspian Sea from Aktau Port to Alyat Port in Azerbaijan. The Group coordinates port handling, vessel scheduling and documentation for the maritime segment, including the seamless docking of railway and marine transport.

Step 6: Onward Rail Transport and Delivery – At Alyat Port, the containers are transferred from maritime to rail transport. Freight forwarding across each country within the Middle Corridor is performed by the designated entity of the respective national railway administration. Designated entities of Azerbaijan Railways and Georgian Railways carry the cargo through Azerbaijan and Georgia, with the conditional distribution of containers by destination stations including Absheron, Tbilisi and Poti. This arrangement is governed by the agreement on international goods transport by rail, commonly known as the SMGS Agreement, under which each participant in the transportation chain is responsible for the cargo while it is on the territory of its country, from the point of acceptance until handover to the next participant. Through MCML, the Group coordinates the onward movement, customs clearance and final delivery to Poti Port, including streamlined cross-border customs, transit and border procedures.

Step 7: Completion and Settlement – The customer pays an all-inclusive rate to MCML on a prepayment basis, covering the rail tariff for the Kazakhstan segment, wagon and terminal operator charges, customs and port charges, sea freight and the Group's forwarding fee. The Group settled separately with each engaged carrier, terminal operator and service provider, and no consolidated payment mechanism is applied. Terminal operators and Kazmortransflot receive payments on a pre-payment basis,

while the designated entities of Azerbaijan Railways and Georgian Railways receive payments within 30 days following completion of services. Total transit time is approximately 12–15 days.

Establishment of a cargo air carrier

On 28 October 2025, the Group established JSC "Alatau Air Cargo" (formerly JSC "KTZ Air Cargo") as a dedicated cargo air carrier to expand its integrated transport logistics capabilities and strengthen Kazakhstan's role as a transit hub between Europe and Asia.

In 2026, Turlov Private Holding Ltd. subscribed for shares in Alatau Air Cargo, and holds 50.98% of Alatau Air Cargo's charter capital, with the Group holding the remaining 49.02%. The strategic partnership brings private-sector investment to accelerate certification and aircraft procurement.

As at the Latest Practicable Date, Alatau Air Cargo is in its pre-operational phase. It has reserved an aircraft registration number in February 2026 and is preparing to obtain an air operator's certificate and to secure an aircraft. Alatau Air Cargo is in discussions with aircraft manufacturers, airlines and lessors regarding aircraft procurement. The establishment of Alatau Air Cargo is expected to provide the Group with air cargo capability and enable integrated solutions combining air, rail, road and sea transport. As Alatau Air Cargo is in its pre-operational phase, it has not contributed to the Group's revenue or operating profit during the Track Record Period. Costs incurred to date relate primarily to company formation, consultant engagement and evaluation of aircraft procurement options. The realisation of expected benefits is subject to commencing commercial operations in the future.

International Partnerships

The Group is implementing a strategy to expand the international transport and logistics network, with the objective of strengthening Kazakhstan's role as a transit hub between Asia and Europe. These initiatives integrate rail, maritime and warehousing services and focus on strategic routes, including the Middle Corridor and the Central-Asian Corridor and are intended to improve the efficiency of freight transportation across Central Asia.

Consolidated-cargo carriage services on international routes

In September 2022, the Group established KPMC Ltd., a joint venture registered at the Astana International Financial Centre. In October 2023, PSA Eagle Pte. Ltd., a subsidiary of PSA International Pte Ltd, a global operator of port and logistics infrastructure acquired 51% interest in the charter capital of KPMC Ltd.. KPMC Ltd. is a freight-forwarding joint venture engaged in logistics related activities connected with the Middle Corridor including the development of digital logistics solutions and cargo handling services. PSA Eagle Pte. Ltd. holds a 51% stake in KPMC Ltd., while the Group holds 49%. The joint venture commenced commercial operations in the second half of 2024. KPMC Ltd. operates consolidated-cargo carriage services on routes including China-Georgia, China-Turkey, China-Azerbaijan, China-Tajikistan, China-Kazakhstan and Europe-Kazakhstan, and transports agricultural products on the Kazakhstan-China route. KPMC Ltd. processed 1,097 TEU in 2025 and 1,632 TEU in the six months ended 30 June 2026, generating revenue of KZT 57.3 million and KZT 29.3 million, respectively. However, the joint venture has not yet achieved profitability, recording net losses of KZT 839 million in 2025 and KZT 135.3 million in the six months ended 30 June 2026. This partnership is expected to enable the development of new forwarding products and international routes, leveraging PSA International Pte Ltd's global logistics expertise. The future financial impact will depend on volume growth, revenue development, operating efficiency and KPMC's ability to achieve break-even.

Terminal facility at Xi'an dry port

In May 2023, Kedentransservice established China-Kazakhstan (Xi'an) Trade & Logistics Co. Ltd in Xi'an, China, with Xi'an Free Trade Port Construction and Operation Co., Ltd. ("**Xi'an FTP**"), a company engaged in the construction and operation of free trade port infrastructure in Shaanxi Province, China. Xi'an FTP holds 51% of the joint venture and Kedentransservice holds 49%. The company operates a terminal facility at Xi'an's dry port with a design capacity of 133,000 TEU per year across a site area of 6.7 hectares. It provides terminal services (such as warehouse and cargo handling services) and organises container transportation connecting Shaanxi province with Kazakhstan, Central Asia and Europe. The terminal commenced operations in 2024 and handled approximately 23,000 TEU in 2024, 41,195 TEU in 2025 (representing year-on-year growth of 79%) and 19,475 TEU in the first half of 2026. In 2024, the joint venture recorded revenue of KZT 216.1 million and a net profit of KZT 71.8 million. In 2025, the joint venture recorded revenue of KZT 19.6 billion and net profit of KZT 1.0 billion. For the six months ended 30 June 2026, the joint venture recorded revenue of KZT 2.6 billion and a net loss of KZT 1.4 billion. The Xi'an terminal facility expands the Group's presence at cargo-generating origins within China and strengthens its position along the Middle Corridor. It serves as a primary hub for cargo consolidation and contributed to a 33-fold increase in container traffic volumes from China via the Middle Corridor in

2024. The terminal also provides the Group with direct access to cargo origins in China, enabling early-stage influence over routing decisions in favour of international transport corridors via Kazakhstan. It is expected to result in increased transit traffic volumes, higher terminal handling revenues and improved infrastructure utilisation at border crossings.

Terminal facility and warehouse at Almaty GTS-2 freight terminal

In January 2025, Kedentransservice established Kazakh-Chinese Trade and Logistics Company (Almaty) Ltd. at the Astana International Financial Centre as a joint venture with Xi'an FTP. Xi'an FTP holds 50.1% of the joint venture and Kedentransservice holds 49.9%. The joint venture is developing terminal and warehouse capacity at the Group's GTS-2 freight terminal in Almaty, Kazakhstan, with a design capacity of 115,000 TEU per year across a site area of 9.8 hectares. Technical operations of the terminal commenced on 10 June 2025, and full commissioning is expected in the fourth quarter of 2026. Since full commissioning of the terminal has not yet commenced, the joint venture has not achieved profitability. For the six months ended 30 June 2026, the joint venture recorded revenue of KZT 184.9 million and a net loss of KZT 201.1 million. The Almaty terminal handles high-value-added cargo, it consolidates and distributes import cargo from China for integration into logistics supply chains serving major e-commerce platforms. Operating in conjunction with the Xi'an terminal, it expands the Group's presence in the e-commerce cargo handling segment and establishes a major import hub for Kazakhstan. As the terminal reaches its design capacity and warehouse utilisation increases, revenues from terminal handling and warehousing services are expected to grow.

Logistics terminal at Lianyungang port

In June 2014, the Group, through KTZ Express, established the Chinese-Kazakhstan International Logistics Company ("**Lianyungang JV**") as a joint venture with Lianyungang Port Group, a port and logistics operator based in Lianyungang, Jiangsu Province, China. Lianyungang Port Group holds 51% of the Lianyungang JV, while KTZ Express holds the remaining 49%. The Lianyungang JV was established to develop and operate a logistics terminal at the Lianyungang port, with a site area of 210,000 square metres. Lianyungang terminal commenced operations in July 2014. It expands the Group's presence at a major Chinese port city and provides direct access to sea-rail intermodal logistics connecting China's eastern seaboard with Kazakhstan and Central Asia. It is expected to result in increased transit traffic volumes and higher terminal handling revenues. The Lianyungang terminal handled container throughput of 243,350 TEU in 2023, 260,500 TEU in 2024, 271,700 TEU in 2025 and 143,602 TEU in the six months ended 30 June 2026. The terminal also handled international container train transshipment of 31,217 railcars in 2023, 35,549 railcars in 2024, 35,692 railcars in 2025 and 19,866 railcars in the six months ended 30 June 2026. In 2023, the joint venture recorded revenue of CNY 164.3 million and a net profit of CNY 5.2 million. In 2024, the joint venture recorded revenue of CNY 150.6 million and a net profit of CNY 4.1 million. In 2025, the joint venture recorded revenue of CNY 199.2 million and a net profit of CNY 4.7 million. For the six months ended 30 June 2026, the joint venture recorded revenue of CNY 142.9 million and a net profit of CNY2.6 million.

Middle Corridor transit coordination services

In November 2023, the Company established Middle Corridor Multimodal Ltd. ("**MCML**") as a joint venture with Azerbaijan Railways CJSC ("**Azerbaijan Railways**"), the state-owned railway company of Azerbaijan, and JSC Georgian Railway, the state-owned railway company of Georgia. It commenced commercial operations in 2025. In April 2026, China Railway Container Transport Corp. Ltd. ("**CRCT**"), a subsidiary of the state-owned China State Railway Group and the national container operator of China, joined as a fourth participant. Each of the Company, Azerbaijan Railways, Georgian Railway and CRCT holds a 25% interest in MCML.

MCML provides a unified operating and commercial framework for container transit services along the Middle Corridor, connecting China through Kazakhstan, across the Caspian Sea and through Azerbaijan and Georgia to Turkey and Europe. The participation of the national railway companies of all countries on the land route, together with China's national container operator, enables coordinated management along the entire corridor.

MCML has enabled a transition from ad hoc bilateral arrangements to a coordinated operating model, under which carriers work to a harmonised schedule and a single entity is accountable to customers for end-to-end service delivery. In April 2026, the participants signed a container services agreement under which MCML or KTZ Express offers an all-in rate to customers, with settlement among carriers managed centrally. In 2025, MCML handled 2,438 TEU and 17,942 tonnes of cargo. In the six months ended 30 June 2026, MCML handled 2,816 TEU and 21,746 tonnes. In 2025, MCML recorded revenue of KZT 112.1 million and a net loss of KZT 295.3 million. For the six months ended 30 June 2026, MCML recorded revenue of KZT 393.4 million and a net profit of KZT 156.9 million.

MCML is expected to be the principal mechanism for managing transit traffic growth on the Middle Corridor, supporting a shift from one-off shipments to regular container services, harmonisation of tariffs and transit times, and securing cargo volumes allocated by China for the Kazakhstan route. Through MCML, the Group participates in Middle Corridor transit growth not only as carrier and infrastructure operator within Kazakhstan, but also as co-organiser of the entire supply chain.

Central Asia–Persian Gulf logistics services

In November 2024, the Group, through KTZ Express, established Gulflink Ltd. as a joint venture with International Maritime Investments Ltd., a subsidiary of AD Ports Group PJSC ("**AD Ports Group**"), a port and logistics operator based in Abu Dhabi, United Arab Emirates, controlled by ADQ, a sovereign wealth fund of the Emirate of Abu Dhabi. AD Ports Group holds 51% of Gulflink Ltd. and KTZ Express holds the remaining 49%.

Gulflink Ltd. provides freight forwarding and logistics services linking Central Asia with the Persian Gulf, Pakistan, Turkey and the Indian subcontinent. Through the partnership, the Group has gained access to AD Ports Group's port and logistics network, creating a second strategic corridor direction in addition to the China–Europe axis served by the Middle Corridor. Gulflink Ltd. commenced operations in July 2025, it has dispatched 249 container trains and handled 29,480 TEU in 2025, and dispatched 54 container trains and handled 7,347 TEU in the six months ended 30 June 2026. In 2025, the joint venture recorded revenue of KZT 165.9 million and a net profit of KZT 117.4 million. For the six months ended 30 June 2026, the joint venture recorded revenue of KZT 93.9 million and a net profit of KZT 25.2 million. Gulflink Ltd. is expected to provide access for Kazakh and transit cargo to Persian Gulf and South Asian markets, diversify routes to reduce dependence on a single corridor direction and provide additional throughput for the ports of Aktau and Kuryk.

Expansion of Aktau Seaport

Aktau Seaport is Kazakhstan's principal maritime outlet on the Caspian Sea and a key node for international freight flows across the Caspian region, including routes forming part of the Middle Corridor and the North-South Corridor. The port handles dry cargo, crude oil and oil products and supports the Group's ability to provide integrated rail-sea-rail logistics solutions. Aktau Seaport is owned by Samruk-Kazyna, is managed by the Group under an indefinite term trust management arrangement and is consolidated in the Group's financial statements. Aktau Seaport has been developed to increase Kazakhstan's capacity to handle Caspian Sea cargo flows and to support the diversification of international routes for freight moving to and from Kazakhstan. As at 30 June 2026, Aktau Seaport had an annual capacity of 11.8 million tonnes was able to process up to seven vessels simultaneously. Its throughput was 4.9 million tonnes and 2.5 million tonnes in 2025 and first half of 2026, respectively. It is planned to increase capacity to process up to eight vessels simultaneously and 12.3 million tonnes by 2028.

Pursuant to Government Resolution No. 1539 of 4 December 2012, the Government resolved to transform the then Republican State Enterprise "Aktau International Sea Trade Port" into a joint-stock company with 100% state participation, transfer the state's shareholding to Samruk-Kazyna, and place 100% of the shares into trust management by the Company. The resulting trust management agreement (Contract No. 344-I/207-AO) ("**Trust Management Agreement**") was entered into between Samruk-Kazyna and the Company on 29 November 2013. Samruk-Kazyna remains the sole legal owner of Aktau Seaport while the Company, as trustee, is entitled to exercise the rights and obligations of a shareholder under Kazakhstan joint-stock company law, Aktau Seaport's charter and its internal governance documents, in accordance with the terms of the Trust Management Agreement.

The trust management structure was adopted to integrate Aktau Seaport into the Group's unified transport-logistics network. As the designated national transport-logistics operator, the Group is responsible for coordinating rail transportation, terminal handling, sea transhipment, container services and international transit corridors across Kazakhstan. A significant portion of Aktau Seaport's commercial performance depends on the availability and coordination of rail freight flows. By managing Aktau Seaport, the Group can align scheduling, tariff decisions and container operations between its railway network and Aktau Seaport's maritime facilities, thereby enhancing the efficiency of cross-border cargo movements.

The Trust Management Arrangement is narrowly tailored to serve specific commercial and regulatory objectives; it preserves Samruk-Kazyna's 100% legal ownership of Aktau Seaport (thereby maintaining state control over a strategic national asset), enables the Group to exercise corporate governance and operational coordination without direct transfer of ownership, leaves day-to-day operations and associated liabilities with Aktau Seaport as a specialised operator, and precludes disposal or encumbrance of the shareholding without a further government decision.

Under the Trust Management Agreement, the Company is entitled to determine the size and composition of Aktau Seaport's board of directors, determine the manner of exercising its management powers, approve the distribution of Aktau Seaport's net income (including the declaration and amount of dividends), receive all dividends attributable to the shares, and obtain information and documents concerning Aktau Seaport on written request. The Company may also delegate certain management functions to other persons where appropriate.

The Company is obligated to preserve the share structure and refrain from any act resulting in its alienation or Aktau Seaport's reorganisation or liquidation, and must transfer to Samruk-Kazyna any property received upon liquidation, submit semi-annual trust management reports, and ensure that the relevant encumbrance is registered with Aktau Seaport's share registrar. Samruk-Kazyna is entitled to receive all reports submitted by the Company and Aktau Seaport, request information and documents, decide on changes to announced shares, determine terms for conversion of Aktau Seaport's securities, and propose candidates for election as independent directors. Samruk-Kazyna is obligated to exercise shareholder rights in accordance with the Trust Management Agreement, provide documents and information within 15 calendar days of a written request, ensure the shareholder register reflects the trust management arrangement, and refrain from pledging, encumbering or offering the shares for sale during the term of the Trust Management Agreement except for: (i) transfer into republican ownership of the Republic of Kazakhstan; and (ii) authorised disposal in connection with the potential privatisation. In particular, pursuant to a supplemental agreement to the Trust Management Agreement, the Company is authorised to dispose shares in Aktau Seaport in connection with the transfer of Aktau Seaport into competitive environment, always subject to written approval from the division of Samruk-Kazyna responsible for privatisation and asset restructuring, the adoption of the necessary corporate decisions and compliance with applicable Kazakhstan law, including obtaining the requisite Government of the Republic of Kazakhstan decision.

Under the laws of Kazakhstan, Samruk-Kazyna, as founder of the trust management, may terminate the Trust Management Agreement and withdraw the shares of Aktau Seaport from trust management at its discretion, subject to compensating the Company for losses, damages and expenses arising from such termination. The Trust Management Agreement may also be terminated if the Company declines to continue trust management, or in other circumstances provided by Kazakhstan law. Termination would result in the Company ceasing to exercise shareholder rights over Aktau Seaport, including the right to receive dividends and to participate in strategic and operational decisions. While Aktau Seaport's revenue and asset contributions to the Group are not material relative to the Group's consolidated revenue and total assets, loss of management control over Aktau Seaport would adversely affect the Group's ability to coordinate logistics across the Middle Corridor and could impact the efficiency of rail-sea intermodal operations at Aktau. Kazakhstan law does not prescribe a specific methodology or procedure for calculating this compensation. The amount would therefore be determined on a case-by-case basis: the Company would need to substantiate its actual losses with supporting documents and any lost profits with evidence of income it would have earned had the trust management continued. The parties may agree on the amount payable upon termination of the Trust Management Agreement; any dispute over that amount may be resolved in accordance with the agreement's dispute resolution provisions and applicable law.

The following table sets forth the revenue and total assets contributed by Aktau Seaport to the Group after intra-group elimination during the Track Record Period:

	For the Years Ended			For the six months ended 30
	2023	2024	2025	June 2026
		KZT million		
Aktau Seaport Revenue	11,197	11,380	14,123	7,155
Total Revenue	1,934,095	2,163,942	2,757,083	1,465,691
Revenue Contribution (%)	0.58	0.53	0.51	0.49
Aktau Seaport Total Assets Contribution	30,564	33,122	38,277	40,755
Total Assets	4,940,206	5,958,756	7,598,512	8,748,937
Asset Contribution (%)	0.62	0.56	0.50	0.47

The Group, through KTZ Express and Aktau Seaport, has established Aktau International Container Hub LLP as a joint venture with Shanhai (Hong Kong) Investment and Development Company Limited ("**Shanhai (HK) Investment**"), a subsidiary of Lianyungang Port Group. Principal activities of Shanhai (HK) Investment include investment in infrastructure projects, participation in logistics and transportation

ventures, and investment in port and terminal facilities. Shanhai (HK) Investment holds 51% of Aktau International Container Hub LLP, while KTZ Express and Aktau Seaport each hold 24.5%. Construction of Phase 1 of the container hub (with annual capacity of 140,000 TEU) was completed in March 2026, and the hub commenced operations in July 2026. Construction of Phase 2 is planned to be completed in 2027, with an estimated cost of KZT 22.5 billion, increasing the hub's annual capacity to 240,000 TEU. The container hub is expected to increase container transport volumes through Kazakhstan, support the development of the Middle Corridor and attract additional cargo flows. The actual financial impact will depend on cargo handling volumes, capacity utilisation, tariffs and operational efficiency.

The Group intends to use Aktau Seaport, together with Kuryk Seaport (which had an annual capacity of 7 million tonnes as at 30 June 2026, and a throughput of 2.0 million tonnes and 0.9 million tonnes, in 2025 and the first half of 2026, respectively.) and related terminal and logistics infrastructure, to improve route flexibility, support transit and export cargo flows, and facilitate freight transportation across the Caspian Sea. In cooperation with the Government, the Company is developing Aktau and Kuryk ports, reconstructing and modernising berths, purchasing marine vessels and dredging the port area. In 2026, the Group contracted to purchase six new vessels with an aggregate contract price of approximately KZT 54,056 million (including VAT) to be paid in stages at expected internal rate of return of 11.8% and an expected payback period of 16 years. The discounted payback period for the purchase of such vessels is 25 years. The Group also plans to further increase its maritime fleet by purchasing additional vessels in the next 12 months. The Group continues to seek to diversify the cargo handled at its port-linked logistics assets and to attract additional freight flows, including containerised freight and bulk cargo.

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

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

The Group's external logistics network includes terminal and dry port arrangements at key origin and consolidation points for cargo moving to and from Kazakhstan. As of the Latest Practicable Date, the corporate approval procedures are being undertaken for the construction of Esil Transport and Logistics Complex in Astana. Commissioning is planned for the last quarter of 2027.

Increasing the availability of fleet for fitting platforms

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

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

The Group is increasing the availability of fitting platforms, including 80-foot fitting platforms capable of carrying two 40-foot containers. Since 2024 and up to 30 June 2026, a total of 2,393 flatcars have been delivered. The Group expects these assets to support growth in container transportation and reduce operating inefficiencies associated with empty returns. The revenue from fitting platforms was KZT 8,457 million, KZT 28,588 million, KZT 38,200 million and KZT 30,783 million for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively.

The Group has also entered into finance lease arrangements for the supply of additional flatcars for the transportation of large-capacity containers in 2026 and 2027. Approximately 700 flatcars and 1,700 flatcars are expected to be purchased in the remaining part of 2026 and in 2027, respectively. These purchases are intended to support the expansion of container and multimodal freight services and the development of transit corridors through Kazakhstan. Furthermore, the Group has entered into long-term contracts to purchase approximately 1,100 locomotives and approximately 550 passenger carriages over the next ten years.

The major terms of the long-term contracts generally include the following:

- Purchase order: Purchase quantity and delivery date are fixed at the time of signing.
- Price: The unit price of the locomotives and passenger carriages is typically specified in the relevant long-term contract, but may be adjusted by reference to changes in commodity prices and exchange rates.
- Minimum purchase quantity: there is typically no annual minimum purchase quantity except for one of the agreements. If the actual purchase quantity is lower than the minimum purchase quantity, parties will follow the applicable delivery schedule, and no shortfall penalty or price adjustment will apply solely as a result of the shortfall.
- Delivery, inspection and product returns: the supplier shall be responsible for product delivery and costs of delivery. The Group conducts inspections after the locomotives and passenger carriages are delivered. Minor defects may be recorded upon acceptance and must be rectified by the relevant supplier at its own cost without preventing acceptance, while the Group may suspend or decline acceptance for material defects. Depending on the agreement, remedies may include repair, replacement, compensation, rejection, refund or repurchase; however, the Group does not have a general right of return under all long-term contracts.
- Warranty period: generally two years from acceptance, up to ten years for specified components and a special warranty against serial defects which subsists five years after acceptance. During the applicable warranty period, the relevant supplier must repair or replace defective products at its own cost. Depending on the relevant agreement, the Group may also claim compensation for documented direct losses or, where repair or replacement is not possible, obtain a refund or set-off subject to return of the affected product.
- Credit terms and payment method: Advance payments are up to 75%, with the remaining balance payable within 30 days of acceptance. Advance payments are secured by bank guarantees.
- Duration, termination and renewal: There is no fixed expiry date or renewal mechanism, and the long-term contracts remain in force until the parties have performed their respective obligations. The long-term contracts may be terminated, among other circumstances, upon (i) a delay in delivery, (ii) failure to obtain targeted loan financing or (iii) material breach or insolvency.

JSC UTLC Eurasian Railway Alliance

The Group participates in UTLC ERA, a joint venture with Russian Railways and Belarusian Railways, formed to develop and operate international container services along the Northern Corridor. The parties each hold a 33.3% interest in UTLC ERA. UTLC ERA has been operational since 2018 and provides a unified approach to organising international transit across the 1,520 mm gauge network, reducing the need for separate coordination of transportation through each of the three countries. In 2025, UTLC ERA held a market share of 88% in China-Europe-China container traffic. The Group's participation in UTLC ERA integrates the railway resources and competencies of Kazakhstan, Russia and Belarus. Cooperation with Russian Railways and Belarusian Railways involves coordinating the transportation process, utilising the railway infrastructure of the three countries, aligning transport volumes and routes, ensuring smooth transit of container trains and jointly developing technologies and logistics services.

Dividends received by the Group from UTLC ERA amounted to KZT 2,495 million for the year ended 31 December 2023, KZT 3,990 million for the year ended 31 December 2024, KZT 2,874 million for the year ended 31 December 2025 and nil for the six months ended 30 June 2026, respectively. The Group's dealings with Russian Railways are conducted in Swiss Francs and, accordingly, do not involve U.S. correspondent banks or create a U.S. sanctions nexus. The Group closely monitors its payment practices to ensure no U.S. dollar transactions with Russian Railways are undertaken unless separately reviewed and cleared.

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

PASSENGER TRANSPORTATION

The Group provides passenger transportation services primarily through its wholly-owned subsidiary Passenger Transportation. The Group operates socially significant passenger transportation, which is regulated and partly subsidised by the State, and rapid transit passenger transportation, for which tariffs are not regulated and which is provided on a commercial basis. As at the Latest Practicable Date, the Group operates 66 socially significant passenger transportation routes and four rapid transit passenger transportation routes. Passenger transportation forms a smaller part of the Group's business than freight transportation, but remains strategically important given the Group's role as Kazakhstan's national railway operator and the importance of rail services for inter-regional and international passenger connectivity.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
			(KZT millions)		
Passenger transportation	89,866	94,003	110,746	51,988	55,041
Other revenue from passenger transportation[(1)]	11,816	16,520	18,504	8,173	11,773
Total	**101,682**	**110,523**	**129,250**	**60,161**	**66,814**

Note:

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

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

	FY2023			FY2024			FY2025			1H2026		
Passenger Transportation	Revenue *(KZT million)*	Passengers *('000)*	Passenger Turnover	Revenue *(KZT million)*	Passengers *('000)*	Passenger Turnover	Revenue *(KZT million)*	Passengers *('000)*	Passenger Turnover	Revenue *(KZT million)*	Passengers *('000)*	Passenger Turnover
Socially Significant Passenger Transportation	74,823.5	11,901.1	9,583.4	84,390.6	12,281.8	9,873.2	97,979.6	11,721.1	9,618.1	49,581.3	5,701.0	4,854.5
Rapid Transit	18,365.0	1,780.2	2,247.6	13,599.3	1,514.1	1,846.4	17,284.9	1,548.2	1,789.5	7,779.8	627.0	689.4
Total	**93,188.5**	**13,681.3**	**11,831.0**	**97,989.9**	**13,795.9**	**11,719.6**	**115,264.4**	**13,269.3**	**11,407.7**	**57,361.1**	**6,328.0**	**5,543.9**

In 2025, the Group transported 13.3 million passengers and generated passenger turnover of 11.4 billion passenger-kilometres, which accounted for 72% of passenger turnover in Kazakhstan. For the six months ended 30 June 2026, the Group transported 6.3 million passengers and generated passenger turnover of 5.5 billion passenger-kilometres. Revenue from passenger transportation was KZT 101.7 billion, KZT 110.5 billion, KZT 129.3 billion, KZT 60.2 billion and KZT 66.8 billion for the full years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. Passenger transportation accounted for 4.7% and 4.6% of the Group's revenue and other income for the full year ended 31 December 2025 and the six months ended 30 June 2026, respectively. Passenger fares are determined by multiple factors, including travel distance, train category, carriage type, route and service class. For illustrative purposes, the base fare for a coupe (sleeper) carriage per 1,000 km, excluding additional fees and onboard services, is as follows: KZT 10,578 for a standard passenger train, KZT 11,521 for an express train, and KZT 17,282 for a Talgo express train.

The costs of the Group's passenger transportation business exceed revenue due to regulated tariffs for socially significant passenger transportation. However, losses are reduced by Government subsidies intended to support the continued operation of socially significant routes. The following tables set forth the gross profit and gross profit margin of the Group's passenger transportation segment including and

excluding government grants, without taking into account segment elimination, for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	Gross Profit (KZT millions)	*Gross profit margin (%)*	*Gross Profit (KZT millions)*	*Gross profit margin (%)*	*Gross Profit (KZT millions)*	*Gross profit margin (%)*	*Gross Profit (KZT millions)*	*Gross profit margin (%)*	*Gross Profit (KZT millions)*	*Gross profit margin*
Passenger transportation (including government grants)[(1)]	12,333	5.8	22,423	9.0	35,333	12.3	13,793	10.1	16,942	11.0

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	Gross Loss (KZT millions)	*Gross margin (%)*	*Gross Loss (KZT millions)*	*Gross margin (%)*	*Gross Loss (KZT millions)*	*Gross margin (%)*	*Gross Loss (KZT millions)*	*Gross margin (%)*	*Gross Loss (KZT millions)*	*Gross margin (%)*
Passenger transportation (excluding government grants)	(26,579)	(15.2%)	(18,701)	(9.0%)	(10,809)	(4.5%)	(7,484)	(6.5%)	(7,264)	(5.6%)

Note 1: Comprising compensation for passenger transportation costs (socially significant passenger transportation subsidies for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026) and interest rate subsidies on financial liabilities (for the year ended 31 December 2025 and the six months ended 30 June 2026).

Government grants as compensation for passenger transportation (socially significant passenger transportation subsidies) totalled KZT 38.9 billion, KZT 41.1 billion, KZT 46.1 billion, KZT 21.3 billion and KZT 24.2 billion for the full years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. These subsidies are provided under a republican budget programme "015" for long-distance inter-regional routes and local budget programme "005" for suburban and regional routes, respectively. Carriers are selected through an open tender process conducted by the authorised body in accordance with the applicable rules for conducting an open tender to select carriers for socially significant routes. A carrier must satisfy certain conditions in order to participate in the tender, including being a Kazakhstan-registered entity with sufficient compliant rolling stock (at least 30% of the required passenger wagon capacity, or 100% for electric and diesel trains), demonstrate adequate working capital and qualified train crew personnel. The carrier is required to submit ongoing performance reports to the authorised body demonstrating fulfilment of the contract conditions. In the event of non-fulfilment of the contract conditions, the contracts provide for repayment of the subsidies received. See "Relationship with the Government – Financial Support from the Government and Samruk-Kazyna" for further details.

Subsidy amounts are determined based on budget applications submitted by the budget programme administrators – namely, the Ministry of Transport for republican subsidies and local executive bodies for local subsidies – on the basis of cost calculations provided by the carriers. Allocation limits are distributed among carriers based on budgetary funds allocated from the republican and local budgets for the corresponding calendar year, and may be adjusted by the authorised body during the year. Historically, annual subsidy allocations have not been granted in the full amounts requested. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

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

Such improvements in service quality will ensure that the Group is able to capitalise on the expected 10.1% CAGR growth in the passenger transportation market in Kazakhstan that is expected between 2026 and 2030.

INFRASTRUCTURE AND SUPPORT SERVICES

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

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

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

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

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

THE RAIL NETWORK AND ROLLING STOCK

Overview

Kazakhstan's railway network is operated by the Group and consists of the mainline railway network and related ancillary tracks connecting Kazakhstan with the railway networks of Russia, the Kyrgyz Republic, Uzbekistan, Turkmenistan and China. As at 30 June 2026, the railway network had an operational track length of approximately 16,000 km, a main track length of approximately 21,000 km, and approximately 830 stations. The operational track length represents the shortest extent of the main track between the axes of stations, regardless of the number of parallel tracks, and includes electrified sections, stations, bridges, tunnels, border facilities and related railway infrastructure required for freight and passenger operations. The main track length represents the developed length of all main tracks across the network, calculated by aggregating the lengths of first, second and third main tracks (on double-track and triple-track sections) together with the crossovers between them. For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group had 831, 831, 833 and 833 stations, respectively.

Electrified tracks are used on sections of the network where electric haulage supports freight and passenger train operations at required speeds and capacity levels. The net operating freight turnover provided by electric locomotives on electrified tracks accounted for 54.0%, 53.2%, 52.6% and 52.4% of the total freight turnover for the full years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2026, respectively, with the remainder coming from diesel locomotives on non-electrified sections.

The following table sets out the length of the tracks during the Track Record Period:

	Length *(km)*			
	As at 31 December			**As at 30 June**
Track	**2023**	**2024**	**2025**	**2026**
Main Track operational length	16,005.6	16,008.5	16,003.1	16,003.1[(1)]
Main Track developed length	21,120.3	21,123.2	21,146	21,146[(1)]

Note (1): According to Order No. 923-CZ dated 21 December 2020, the report on track facilities is prepared at the beginning of the year annually. The Directors confirm that there are no material changes to the main track lengths from 1 January to 30 June 2026.

International Transit Corridors

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

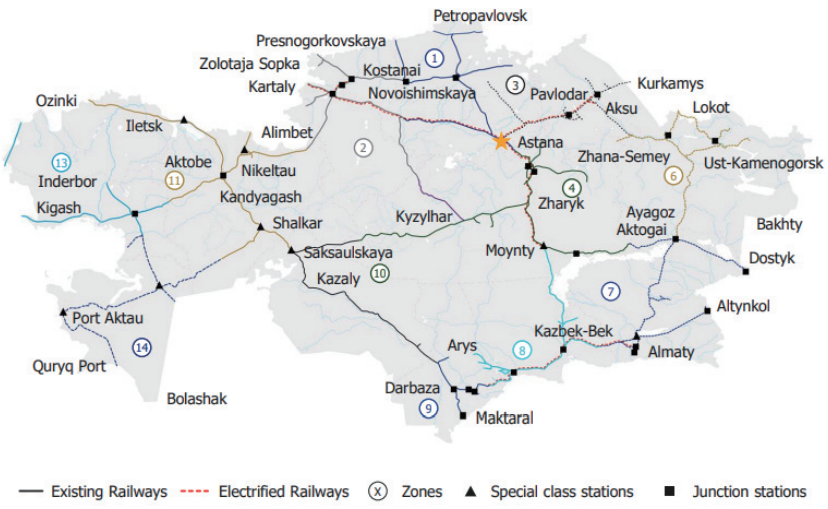


- **Northern Corridor.** The Northern Corridor is the shortest overland route between East Asia and Europe. It runs from China through Kazakhstan, Russia and Belarus to Europe, entering the European Union through Poland.
- **Southern Corridor.** The Southern Corridor connects China with the countries of Central Asia and Iran through the territory of Kazakhstan. It runs from China through Kazakhstan to Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, and onward to Iran.
- **Central Asian Corridor.** The Central Asian Corridor provides rail freight transportation between the Russian Federation and the countries of Central Asia through the territory of Kazakhstan. It runs from Russia (including traffic originating in Belarus) through Kazakhstan to Uzbekistan, Kyrgyzstan, Tajikistan and Afghanistan.
- **Middle Corridor.** The Middle Corridor is a multimodal transport route connecting China and the Asia-Pacific region with Europe. It runs from China (and Central Asia) through Kazakhstan, across the Caspian Sea to Azerbaijan and Georgia, and onward to Europe either through Türkiye or across the Black Sea.
- **North-South Corridor.** The North–South Corridor connects Europe, Russia and Central Asia with the countries of the Persian Gulf. Its eastern route, which passes through Kazakhstan, runs from Russia (including traffic originating in Belarus) through Kazakhstan and Turkmenistan to Iran and Afghanistan.

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

Railway Network

The following map shows the railway routes that are operated by the Group in Kazakhstan:



The following map shows the material ports, dry ports, terminals and logistics centres that are operated by the Group:



Note: Khorgos Dry Port is 51% held by KTZE-Khorgos Gateway, a non-wholly owned subsidiary of the Group in which the Group holds 51%. The Group holds, 49% and 49% in the terminals in Xi'an and Lianyungang, respectively, through joint ventures. Kazakhstan-China Trade and Logistics Company LLC and Chinese-Kazakhstan International Logistics Company, respectively.

Network Specifications and Land Leases

The Company is the only entity authorised to operate and manage the mainline railway network in Kazakhstan. Pursuant to Article 26 of the Land Code, the land underneath the mainline railway tracks is the property of Kazakhstan and is legally excluded from privatisation. Accordingly, the Company holds land lease contracts with local executive authorities for the use of land underlying the mainline railway tracks, operational facilities and power transmission lines. The Company holds approximately 20,000 land lease contracts across different administrative districts and railway stations. Lease payments are determined in accordance with the Tax Code, which makes certain distinctions based on region, location and soil type. The lease rate under each land lease contract is set by the relevant local executive authority at the time the contract is entered into and generally remains fixed for the full term of the contract, with no periodic rental adjustments except as required by applicable laws. During the Track Record Period, there were immaterial adjustments to the lease rates under a few of the Group's existing land lease contracts. The terms of these land lease agreements range from five to 49 years, with individual lease commencement and expiry dates varying across the portfolio depending on the specific asset and the terms established by the relevant local executive authority in accordance with applicable municipal master

development plans. Given the volume and diversity of agreements, the Company manages lease renewals on a rolling basis, with applications for lease extensions submitted to the relevant local executive authority three months prior to expiry in accordance with the Land Code. There are 131 land leases that are due to expire from 1 October 2026 to 1 March 2027. As of the Latest Practicable Date, 131 lease extensions have been submitted to the relevant local executive authority and none were rejected. Local executive authorities may not unilaterally terminate such land lease contracts or transfer the land use rights to any third party unless and until the Group transfers legal title to the immovable property located on the land, including the railway track, to such party. This position arises under both the Land Code and the terms of the land lease contracts. Under paragraph 1 of Article 52 of the Land Code, the ownership of buildings, structures and facilities carries with it, in the manner prescribed by law, the right to the land plot on which they are located, and these rights may not be separated from each other. In addition, under the Law of the Republic of Kazakhstan "On Railway Transport", the Main Railway Network is not subject to privatisation and, together with the main railway lines, station tracks and other facilities forming part of it that are in state ownership, is transferred to the Company in its capacity as the National Infrastructure Operator; accordingly, the land plots on which the Main Railway Network is located are required to be leased to the Company. In addition, each land lease contract is prepared by the relevant local executive authority on the basis of a standard form, executed by both parties, and may be terminated only at the initiative of the Company. As the Group owns all mainline railway tracks in Kazakhstan, it is the only entity leasing land underneath such railway tracks from local executive authorities. This legal framework supports the long-term security of the Group's land use rights and the continued operation and management of the national mainline railway network.

Cross-Border Railway Infrastructure Arrangements

China

The Group is party to several arrangements with China relating to cross-border railway infrastructure. Under a Border Railway Agreement with the Ministry of Transport of Kazakhstan and the Ministry of Railway of China on 10 August 1992 and amended in December 2012, the Group and its Chinese counterpart coordinate operations at their shared border railway stations, including the coordination of freight volumes, train scheduling and the operation of technical and communications equipment at the relevant border crossings. It is of indefinite duration and may be terminated by either party upon six months' prior written notice. In addition, in July 2025, the Group entered into a comprehensive strategic cooperation agreement with a Chinese state-owned enterprise, China State Railway Group Co., Ltd., under which the parties intend to jointly develop international transport routes connecting Kazakhstan and China, including the Middle Corridor, and to pursue joint investment projects for the modernisation and construction of railway infrastructure, logistics facilities and multimodal terminals, including increased capacity along key cross-border sections. It is of indefinite duration and may be terminated by either party upon six months' prior written notice. Financial settlements for cross-border freight transportation with China are governed by the agreement on international goods traffic by rail, and transit tariffs are calculated under the unified transit tariff framework, with coefficients and discounts agreed annually to maintain competitive routing along the Middle Corridor.

Russia

The Group also cooperates with Russian Railways in respect of cross-border railway infrastructure connecting Kazakhstan and the Russian Federation. This cooperation covers, among other things, the joint modernisation and development of border crossing points, joint monitoring and analysis of capacity at border junctions, coordination of infrastructure development plans, the exchange of freight volume data, coordination of train and wagon movements, and the joint formulation of tariff policies. The Group and Russian Railways are additionally cooperating on the digitalisation of cross-border operations, including the development of a unified digital platform and the expansion of paperless, electronic data interchange for bilateral freight shipments. These arrangements are documented in a strategic cooperation agreement dated November 2024, which is of indefinite duration, and a border junctions development agreement dated November 2025, which is valid until 31 December 2030 and subject to automatic five-year renewal. Either agreement may be terminated by either party on 30 calendar days' prior written notice, and both set out general principles of cooperation without, of themselves, creating civil law liabilities between the parties.

Existing Infrastructure, Investment Projects and Expansion

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

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

Projects Under Construction

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

Key projects include:

- **Almaty station bypass:** completion of the construction of a railway line bypassing Almaty station, with working rail movements having been launched on the Zhetygen-Kazybek Bek section in 2025. The project is intended to reduce congestion at the Almaty hub and shorten cargo delivery times. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 91,627 million, and capital expenditure to be incurred is approximately KZT 61,672 million. It is to be financed pursuant to a loan dated 9 January 2026 in the amount of CHF 243,428,993. The loan was provided at a rate of SARON O/N 6M + 1.3% (IFC & AIIB) and SARON O/N 6M + 0.55% (SC) per annum and is repayable on 15 December 2035;
- **Darbaza-State Border with Uzbekistan railway line:** completion of a railway line connecting Kazakhstan with Uzbekistan via the Maktaaral-Syrdarya checkpoint, with the objective of shortening transit routes towards Afghanistan, Pakistan and Turkmenistan and upgrading capacity from 40 million tonnes to 60 million tonnes per annum. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 85,245 million, and capital expenditure to be incurred is approximately KZT 207,957 million. This project shall be financed through the use of the proceeds of the Company's issue of Eurobonds on 29 April 2026 which were issued in two tranches (ISIN XS3353982112 and XS3353982385) and for which $122.1 million has been allocated for the implementation of this project;
- **Altynkol-Zhetygen section modernisation:** completion of capacity upgrades from 50 million tonnes to 75 million tonnes per annum, including the construction of additional tracks and sidings and the development of Altynkol station. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 64,250 million, and capital expenditure to be incurred is approximately KZT 43,550 million. This project shall be financed through the use of the proceeds of the Company's issue of eurobonds on 29 April 2026 which were issued in two tranches (ISIN XS3353982112 and XS3353982385) and for which $122.1 million has been allocated for the implementation of this project;
- **Moiynty-Kyzylzhar railway line:** construction of a new branch line intended to increase capacity and strengthen transit capabilities. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 294,687 million, and capital expenditure to be incurred is approximately KZT 425,618 million;
- **Bakhty-Ayagoz railway line:** construction of a railway line and associated infrastructure to create an additional railway border crossing with the PRC, with a projected capacity of 25 million tonnes per annum after completion. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 195,787 million, and capital expenditure to be incurred is approximately KZT 377,158 million. The Company intends to apply **[REDACTED]**% of the **[REDACTED]** of the **[REDACTED]** to continue to finance this project which shall supplement the following bonds which were previously issued to finance the project: issued bonds (ISIN KZQ000000173), with Samruk-Kazyna acting as the purchaser, dated 13 February 2026, in the amount of CNY 1,604,400,000. The interest rate is LPR 1Y + 1.2% per annum and the bonds are repayable on 15 December 2028; issued bonds (ISIN KZQ000000330), with Samruk-Kazyna acting as the purchaser, dated 25 February 2026, in the amount of CNY 615,600,000. The interest rate is LPR 1Y + 1.2% per annum and the bonds are repayable on 15 December 2028; and issued bonds (ISIN KZQ000000819), with Samruk-Kazyna acting as the purchaser, dated 8 May 2026, in the amount of CNY 1,180,000,000. The interest rate is 4.2% per annum and the bonds are repayable on 10 April 2029; and
- installation of automatic signalling and interlocking systems on selected railway sections, aimed at improving operational safety, throughput and traffic management. As of the Latest Practicable Date, capital expenditure incurred amounted to KZT 170,016 million, and capital expenditure to be incurred is approximately KZT 119,842 million. This project shall be financed through the use of the proceeds of the Company's issue of eurobonds on 29 April

2026 which were issued in two tranches (ISIN XS3353982112 and XS3353982385) of up to USD 500 million each and for which $500 million has been allocated for the implementation of this project.

The Company is currently assessing a number of potential sources of financing for the construction of the Darbaza – Republic of Uzbekistan border railway line (with financing of up to CHF 555 million). The Company expects this project to be financed through debt financing provided by international financial institutions, export credit agencies and commercial banks, including European and Chinese institutions. Discussions with potential lenders and other financing participants are at an early stage. In relation to the Moiynty - Kyzylzhar railway line (with financing of up to KZT 636.6 billion), the Company and the World Bank (IBRD) have signed a project agreement for the transforming rail connectivity in Kazakhstan (Middle Corridor Development) Project, which will finance, by way of a syndicated loan arranged by Société Générale, backed by guarantees from the IBRD and the Asian Infrastructure Investment Bank. The Company currently expects to raise the relevant financing in the fourth quarter of 2026. However, the final structure, amount, currency, tenor, cost and composition of the financing sources for each project, as well as the identity of the financing participants, have not yet been determined. As of the date of this Document, no binding commitments have been entered into in respect of either project.

Rolling Stock and Other Investments

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Electric				
Mainline freight locomotives	532	546	567	574
Mainline passenger locomotives	83	97	109	116
Total electric locomotives	**615**	**643**	**676**	**690**
Diesel				
Mainline freight locomotives	706	678	740	783
Mainline passenger locomotives	57	83	83	83
Shunting locomotives	425	429	439	456
Total diesel locomotives	**1,188**	**1,190**	**1,262**	**1,322**
Total	**1,803**	**1,833**	**1,938**	**2,012**

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

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Freight rail carriage				
Open-top wagon	27,112	28,712	29,738	29,733
Platform	480	464	458	458
Box car	6,841	6,664	6,361	6,278
Hopper	2,453	2,422	2,400	2,356
Other	729	727	722	719
Total	**37,615**	**38,989**	**39,679**	**39,544**

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Passenger rail carriage				
First-class coach	21	12	4	4
Third-class sleeper	551	592	640	607
Compartment coach	648	633	654	611
Dining cars	21	22	23	22
Interregional	108	114	126	126
Baggage and luggage wagons	25	25	25	23
ZAK type cars	13	9	9	9
Talgo cars	732	732	732	732
Officer's and maintenance cars	32	32	25	25
Total	**2,151**	**2,171**	**2,238**	**2,159**

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

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

As at 30 June 2026, the Group owned 4,101 large-capacity containers, including 200 autonomous refrigerated containers. These containers support the Group's containerised freight, logistics and transit services, including cargo flows between China, Kazakhstan, Central Asia, the Caspian Sea region and Europe.

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

- in 2025, the Group purchased 149 new locomotives and the first half of 2026 the Group has purchased a further 143 new locomotives; a total of over 1,000 locomotives are planned to be acquired on a phased basis between 2026 and 2036;
- in 2025, the passenger rail fleet was expanded by 161 locally produced carriages; and
- the Group intends to continue purchasing new rolling stock, modernising existing locomotives and rolling stock and upgrading railway infrastructure to improve reliability, safety and capacity.

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

During 2025, the Group made KZT 1,279.7 billion in capital expenditure for the modernisation and renewal of the railway rolling stock and locomotive fleet and the modernisation and renewal of infrastructure, as compared to KZT 1,170.2 billion in 2024. For the six months ended 30 June 2026, the Group made KZT 956 billion in capital expenditure investments for the same purposes, as compared to KZT 400 billion in the comparable period in 2025. The following table sets out the asset deterioration ratio and the useful lives of the Group's assets during the Track Record Period:

	As at 31 December									As at 30 June		
	2023			2024			2025			2026		
Principal Railway Assets	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio
Railway Tracks	185,804		**57.1**	202,005		**56.7**	213,568		**55.3**			
Station Facilities	10,737		**48**	10,033		**55**	17,117		**59**			
Material and Supply Bases	2,606	N/A[1]	**73**	3,106	N/A[1]	**65**	2,621	N/A[1]	**64**		N/A[2]	
Recovery and Fire Trains	57,264		**70**	56,239		**57**	53,811		**59**			
Power Supply Facilities	80,634		**68**	80,232		**65.8**	82,841		**65.5**			
Signaling and Telecommunications	93,289		**59**	100,337		**63**	106,669		**62**			

	As at 31 December									As at 30 June		
	2023			2024			2025			2026		
Principal Railway Assets	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio	Number	Useful Lives	Asset Deterioration Ratio
Locomotives	**1,803**	**25.8**	**64.34**	**1,833**	**24.27**	**58.21**	**1,938**	**22.61**	**49.37**	**2,012**	**20.5**	**46.29**
Electric	615			643			676			690		
Mainline freight locomotives	532	31.8	76.57	546	29.94	71.41	567	29.15	68.94	574	28.3	67.3
Mainline passenger locomotives	83	36.7	18.8	97	37.2	18.98	109	37.5	19.26	116	37.6	19.44
Diesel	1,188			1,190			1,262			1,322		
Mainline freight locomotives	706	19	48.24	678	16.48	39.64	740	14.3	34.81	783	11.9	29.19
Mainline passenger locomotives	57	40	6.3	83	40	8.36	83	40	10.85	83	40	12.09
Shunting locomotives	425	29.6	74.84	429	29.38	70.58	439	28.15	67.24	456	25.5	61.19
Freight Rail Carriage	**37,615**		**55.6**	**38,989**		**56.5**	**39,679**		**58.4**	**39,544**		**60.2**
Open-top Wagon	27,112	22	56.8	28,712	22	57.1	29,738	22	59.1	29,733	22	61.1
Platform	480	32	51.7	464	32	52.8	458	32	55.1	458	32	56.6
Box Car	6,841	32	51.4	6,664	32	53.1	6,361	32	53.9	6,278	32	54.8
Hopper	2,453	30	57.9	2,422	30	60.2	2,400	30	62.8	2,356	30	63.6
Other	729	26	48.3	727	26	51.9	722	26	55.4	719	26	57.1
Passenger rail carriage	**2,151**	**17**	**44.16**	**2,171**	**16**	**41.77**	**2,238**	**15**	**38.43**	**2,159**	**14**	**34.89**
First-class coach	21	40	96.59	12	43	95.5	4	43	91.86	4	43	92.76
Third-class sleeper	551	19	45.45	592	18	43.22	640	15	35.58	607	12	31.19
Compartment coach	648	22	64.18	633	20	55.2	654	18	50.44	611	14	40.35
Dining cars	21	32	83.78	22	28	68.95	23	29	70.2	22	28	70.17
Interregional	108	12	38.91	114	12	40.22	126	12	39.67	126	12	41.33
Baggage and luggage wagons	25	28	78.53	25	28	81.47	25	30	84.39	23	32	86.82
ZAK type cars	13	15	39.08	9	6	16.05	9	7	19.48	9	7	21.18
Talgo cars	732	10	23.23	732	11	25.74	732	12	28.25	732	12	29.5
Officer's and maintenance cars	32	32	80.68	32	33	83.38	25	32	82.21	25	32	83.61

Note:

(1) As these assets have differing useful lives, an average value for these assets as a whole is not representative and not applicable

(2) The number and asset deterioration ratio of these assets are calculated annually following submission of statistical reports as of 1 January of each year

As a result of modernisation works undertaken by the Group, the asset deterioration ratio of the Group's assets generally decreased during the Track Record Period. Through the asset deterioration ratio, which measures the degree of accumulated physical wear of each category of fixed assets relative to its original (or other relevant carrying) cost, the Group monitors the condition of its principal railway and infrastructure assets. For accounting purposes, the Group depreciates its fixed assets using the straight-line method in accordance with its accounting policy under IFRS (IAS 16), under which an asset's depreciable value is written off evenly over its established useful life. See "Consolidated Financial Statements for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, extracted from Accountants' Reports in Appendix IA and Appendix IB – Critical Accounting Judgements and Key Sources of Estimation Uncertainty – Key sources of estimation uncertainty – Depreciation of property, plant and equipment and amortisation of intangible assets" – set out in Appendix I to this Document for details.

Separately from accounting depreciation, the Group also assesses the physical wear level of its infrastructure assets. For mainline railway network assets held by the Group's infrastructure operator branch (the Mainline Network Directorate), the physical wear level is assessed using a unified methodology developed by an independent specialist firm in accordance with Order No. 262-TsZhS dated 1 October 2020. This methodology provides a standardised approach for calculating the physical wear level of mainline railway network fixed assets based on actual technical condition, and is applied for the purpose of determining the actual condition of the mainline network to support objective planning of modernisation, reconstruction, capital repair and ongoing maintenance expenditure. Depending on the asset type, different calculation methods are applied under this methodology. For other subsidiaries such as KTZ-FT, Passenger Transportation and KTZ Express, wear levels are calculated based on standard useful life. The deterioration metrics at the Group level and across individual business segments are aggregated using the weighted average cost method. The Group will continue to require significant expenditure to maintain, modernise and upgrade its railway and logistics infrastructure. See "Risk Factors – Risks Relating to Its Business and Industry – The Group may not have sufficient reliable operational capacity to meet business demand" in this Document for further details.

GOVERNMENT REGULATION AND TARIFFS

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

Railway Sector Regulation

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

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

Freight and Passenger Transportation Regulation

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

National Carriers and Safety Oversight

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

Natural Monopoly and Tariff Regulation

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

Tariffs for regulated services are approved by the authorised regulatory authority for a period of five years or longer and are intended to allow recovery of the costs of providing regulated services and a profit directed towards development, efficient operation and other purposes permitted by law. For regulated services relating to the mainline railway network, the authorised regulatory authority may approve price caps and adjust them annually in accordance with tariff formation rules. There are currently 105 tariff schemes applicable to the Group based on several objective variables including: cargo classification, transport distance, rolling stock category and ownership, cargo weight, reconsignment activities, transshipment arrangements, loading standards, and wagon categories.

The Group's ability to set and adjust prices is strictly circumscribed by Kazakhstan law and depends on the relevant business segment. For mainline railway network ("**MRN**") services, access to the railway network for the passage of rolling stock in freight and passenger transportation is regulated, and the Natural Monopoly Committee approves the applicable tariffs using a cost-based regulation method under the Tariff Formation Rules (Rules No. 90), under which the approved tariff estimate incorporates a fixed normative profit in absolute terms, capped by the Group's investment programme.

Transit freight shipments through Kazakhstan are governed by the international tariff framework described below. For containerised freight, the overall container transportation charge – comprising the Group's freight forwarding, logistics and coordination services – is not subject to local tariff regulation and is set by the Group independently based on market principles. However, to the extent that container transportation on domestic, export and import routes requires the use of mainline railway network services or locomotive traction services, those underlying service components remain subject to the regulated tariffs described above. In providing MRN services for domestic, export and import traffic, the Group has no discretion to independently vary tariffs, negotiate with customers, or grant individual discounts, as all such tariffs are fixed within the tariff estimates approved by the Natural Monopoly Committee, and any change requires the Group to file a detailed tariff application, undergo expert review by the Natural Monopoly Committee, and hold mandatory public hearings. Tariff revenue for a given year is calculated as the sum of economically justified costs and the allowable level of profit for that year; where a tariff is approved for its entire period of validity, the tariff is calculated as the aggregate tariff revenue for all years within that period divided by the aggregate planned volume of the regulated service for those years, and where a tariff is approved separately for each year, the tariff for that year is calculated as that year's tariff revenue divided by that year's planned volume of the regulated service. Since 2024, in agreement with the Government of Kazakhstan, the Group has been implementing a systematic programme of regulated tariff increases of approximately 24% annually to address accumulated infrastructure investment deficits. During the Track Record Period, the Group has been compliant with applicable natural monopoly and tariff regulations.

Tariffs in respect of socially significant passenger transportation are regulated by law whereas rapid transit passenger transportation is not regulated and is set commercially. Adjustments to tariffs for socially significant passenger transportation are initiated by carriers, including Passenger Transportation, rather than by the Government, through an annual application and approval process conducted within the applicable regulatory framework and the terms of the relevant subsidy agreements. Although Passenger Transportation's subsidy agreements with the Ministry of Transport and local executive bodies provide for an annual tariff indexation of 7% from 1 January of each year, such indexation is not automatic and must be agreed annually with the Ministry of Transport and the relevant local executive bodies. Tariff adjustments may also be suspended or restricted as part of the Government's macroeconomic policy. For example, passenger transportation tariffs were frozen from October 2025 to March 2026 under the Government's action plan on macroeconomic stability and improving the welfare of the population for 2026 to 2028.

Under the cost-based tariff methodology, the maximum permitted profit rate for regulated MRN activities approved by the Natural Monopoly Committee is approximately 25%. However, the approved profit rate for any given year is capped at the level required to fund the MRN's approved investment programme. For 2026, the approved profit rate is approximately 9%.

There is no uniform tariff applicable to MRN services. Tariffs are calculated on a shipment-by-shipment basis and vary according to cargo type, transportation distance, wagon payload and traction type (electric or diesel), among other factors. The following table sets out the approved profit compared against actual profit/(loss) for MRN services during the Track Record Period:

	For the years ended 31 December			For the six months ended 30 June
	2023	**2024**	**2025**	**2026**
		KZT billion		
Maximum margin	58.5	69.5	205.0	208.0
Actual Realised Profit/(Loss) Margin	(53.0)	(59.0)	76.0	91.0

The cost of transporting goods by rail is calculated by reference to a number of components, including mainline railway network services, locomotive traction services, freight and commercial work and charges for the use of freight wagons and containers. On average, for the transportation of bulk cargoes in universal rolling stock on domestic, export and import routes, these components represent

approximately 29%, 20%, 1% and 49% of the total tariff, respectively, with the first three components subject to regulation by the Natural Monopoly Committee and the fourth determined by market rates. Domestic, export and import tariffs are generally subject to the Kazakhstan regulated tariff framework, while transit transportation is treated separately under the international tariff framework described below. The Group may experience a regulatory lag between increases in its cost base and corresponding tariff adjustments, which may affect timely cost recovery through regulated tariffs. The regulated tariffs of the Group for mainline railway network, locomotive traction and freight and commercial operation services are differentiated according to, amongst others, cargo categories, type of traction (electric or diesel), transportation distance, type of rolling stock, ownership of rolling stock, cargo type and wagon loading. The current tariff system provides for internal cross-subsidisation between cargo categories and transportation types. Regulated tariffs were historically subject to strict state regulation, which resulted in low tariff levels for transportation of core cargo categories such as coal, ferrous and non-ferrous ore and grain, at levels that did not permit full recovery of operating expenses. In 2025, 84% of regulated freight turnover was carried at tariffs below cost, with the losses from freight transportation amounting to KZT 320 billion. Since 2024, the Company jointly with state authorities has been implementing measures aimed at gradual increases in regulated freight transportation tariffs in order to achieve profitability. Regulated tariffs for the 2026–2030 period were approved by Order No. 105-OD of the Committee for Regulation of Natural Monopolies dated 29 November 2025. The tariff level was increased by 24% effective from 21 September 2026 pursuant to Order No. 114-OD of the Committee for Regulation of Natural Monopolies dated 2 September 2026. Approximately 80% of freight turnover is transported using regulated tariffs. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

Regulated Tariff Increases

Tariff regulation had a positive impact on the Group's revenue during the Track Record Period. Regulated MRN and locomotive traction ("LT") tariffs for freight transportation are being increased under the approved 2024 to 2026 tariff trajectory, with planned annual increases of approximately 24% to support railway maintenance, modernisation, capacity expansion and the financial sustainability of regulated railway services. These tariff increases, together with changes in traffic volumes, were a primary driver of growth in transportation revenue. Regulated tariffs for MRN and LT services increased by approximately 24% in 2023 and 2024, and by approximately 28% in 2025, contributing annualised revenue impacts of approximately KZT 160 billion, KZT 202 billion and KZT 276 billion, respectively. The Natural Monopoly Committee has approved a further 24% tariff increase, effective from 21 September 2026 for MRN services and 1 December 2026 for LT services.

Tariff regulation also had a positive impact on the Group's profitability during the Track Record Period. Net profit grew from KZT 136.8 billion in 2023 (a 3.7-fold increase compared to 2022) to KZT 160.8 billion in 2024 (+17.6%) and KZT 343.6 billion in 2025 (a 2.1-fold increase), with net profit of KZT 191.0 billion for the six months ended 30 June 2026 (a 2.2-fold increase compared to the corresponding period in 2025). Gross profit followed a similar trend, increasing from KZT 435.5 billion in 2023 to KZT 543.9 billion in 2024, KZT 833.0 billion in 2025 and KZT 429.1 billion for the six months ended 30 June 2026. Regulated tariff adjustments contributed KZT 122.3 billion, KZT 121.9 billion, KZT 364.3 billion and KZT 98.2 billion to revenue growth in 2023, 2024, 2025 and the six months ended 30 June 2026, respectively.

MRN tariffs increased by 24% on 21 September 2026, it will remain unchanged in 2027 and the Company assumes annual increases at inflation rate over the 2028–2030 period. Under the Concept of the New Tariff Methodology for MRN Services approved by the State Commission, tariffs are scheduled to reach profitability levels in 2029–2031, with tariffs for loss-making cargo categories (including coal, grain, and iron and non-ferrous ores) increasing at rates exceeding inflation. For LT services, a 24% increase is scheduled from 1 December 2026 and annual tariff indexation in line with inflation is planned for the 2027–2030 period. On 27 August 2026, the State Commission for the Modernisation of the Economy of the Republic of Kazakhstan approved the Concept of the New Tariff Methodology for Mainline Railway Network Services (the "**Tariff Concept**"). The Tariff Concept is intended to address the historical under-recovery of costs and the internal cross-subsidisation between cargo categories under the current tariff system. It provides for, amongst others: (a) regulated tariffs to be gradually brought to levels ensuring the recovery of the cost of regulated services; (b) the elimination of cross-subsidisation between cargo categories; and (c) the simplification of the tariff structure from the current differentiation across 23 cargo groups to four tariff classes. The transition is to be implemented in phases, with a testing period planned for 2027 and the full transition to the new tariff schedule scheduled from 1 January 2032. Implementation of the Tariff Concept remains subject to the adoption of further implementing measures, including tariff decisions of the Natural Monopoly Committee. See "Risk Factors – Risks Relating to Its

Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

Transit and International Tariff Framework

The rules governing the application of tariffs for international transportation are established by international treaties of Kazakhstan. Transit transportation through Kazakhstan is not subject to local state price regulation and is conducted under the tariff policy applicable to railways of CIS member states, which is based on the International Transit Tariff and the Unified Transit Tariff. Transit tariffs are denominated in Swiss Francs and converted into U.S. dollars and participating railway administrations may grant discounts or establish special through rates in accordance with the applicable tariff framework. Transit tariffs are established in Swiss francs with quarterly announced conversion rates into US dollars and are therefore subject to foreign exchange fluctuations. Transit tariffs significantly exceed the level of regulated tariffs applicable to domestic, export and import transportation by 1.5 to 5.6 times in terms of Swiss Francs per tonne-km. This tariff premium means that transit freight, which accounted for approximately 23% of total freight turnover in the period, contributed 33.6% of total freight revenue during the full year ended 31 December 2025. Within the framework of implementation of the EAEU Treaty provisions, the Group is entitled to apply a price cap mechanism in respect of certain international transportation services, which is an instrument for increasing transportation profitability, the legislative purpose of which is the repayment of debt incurred for the implementation of large infrastructure projects.

EAEU and Other International Arrangements

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

Competition and Antimonopoly Regulation

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

Liberalisation of Rail Freight Transportation

Under the Law on Railway Transport, licensed carriers are entitled to non-discriminatory access to the mainline railway network operated by the Company as the National Infrastructure Operator. Carriers using the network pay the regulated mainline railway network service charges to the Company. Since 2018, two private carriers have provided rail freight transportation on selected domestic routes.

The Concept for the Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030, approved by Government Resolution No. 1116 dated 30 December 2022 (the "**Transport and Logistics Concept**"), sets target indicators for the share of private carriers in the carriage of goods by rail, rising progressively from 10% in 2023 to not less than 30% by 2030. The Transport and Logistics Concept does not specify the basis on which these indicators are measured. As at the Latest Practicable Date, the Ministry of Transport was in the process of updating the Transport and Logistics Concept, the draft updated Concept had not been published, and no amendment to the Transport and Logistics Concept had been adopted or come into effect. The draft remained a working document undergoing coordination with the relevant government authorities, and neither its final content nor the timing of its adoption had been determined. The existing targets under the Transport and Logistics Concept are policy indicators and do not impose legally binding obligations on KTZ-FT. As at the Latest Practicable Date, there was no legally binding timetable for any further increase in private carriers' participation.

The Group operates its freight transportation business through KTZ-FT, the national freight carrier. Based on the Group's data and statistics published by the Bureau of National Statistics of the Republic of Kazakhstan, and calculated by reference to freight turnover (tonne-kilometres) carried by KTZ-FT in its capacity as a freight carrier, in 2025, KTZ-FT accounted for approximately 94.8% of Kazakhstan's total

rail freight turnover, approximately 84.2% of domestic rail freight turnover and 100% of export, import and transit rail freight turnover in Kazakhstan. See "Industry Overview – Competitive Landscape and Group Market Position" and "Industry Overview – Entry Barriers and Key Success Factors" in this Document.

Where freight is carried by a private carrier, under the current legal framework, the Company receives mainline railway network service charges for that traffic. To the extent that the related services for that traffic are provided by parties other than the Group, the Group does not receive the associated locomotive traction, wagon and other carriage-related revenue. Any future impact on the Group would depend on the pace and scope of private entry, including participation by private carriers in export, import or transit transportation, the traffic affected and the services retained by the Group. See "Risk Factors – Risks Relating to Its Business and Industry – Railway transportation may be subject to increasing competition from other modes of freight transportation, and the Group may be subject to increasing competition from other transportation and logistics companies" in this Document.

The continued receipt of mainline railway network service charges for traffic carried by private carriers would partially mitigate the potential adverse impact of increased competition from private carriers. As described under "Natural Monopoly and Tariff Regulation" above, mainline railway network services represent, on average, the largest of the three regulated tariff components for bulk cargo transported in universal rolling stock on domestic, export and import routes, although the actual proportions vary according to shipment parameters.

Having considered (a) that private carriers have to date operated only on selected domestic routes; (b) the absence of any material adverse impact on the Group's business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date; (c) that, as advised by the Kazakhstan Legal Adviser, the policy targets do not impose legally binding obligations on KTZ-FT and, as at the Latest Practicable Date, there was no legally binding timetable for any further increase in private carriers' participation; and (d) the continued receipt by the Company of mainline railway network service charges for traffic carried by private carriers, as described above, the Directors are of the view that, based on the current legal framework, the policy documents in effect and the actual level of private carriers' participation as at the Latest Practicable Date, the liberalisation is not presently expected to have a material adverse impact on the Group's business, financial condition or results of operations. Based on the foregoing, nothing has come to the Sole Sponsor's attention that would reasonably cast doubt on the Director's view as stated above.

Licensing, Permits and Other Regulatory Requirements

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

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

GEOPOLITICAL DEVELOPMENTS AND SANCTIONS

The Group's potential exposure to sanctions risks can generally be categorised as follows:

- **Dealings with Russian Railways and Belarusian Railways –** The Group holds a 33.3% interest in UTLC ERA, a joint venture with Russian Railways (a company incorporated in Russia and the national railway operator of the Russian Federation) and Belarusian Railways (a company incorporated in Belarus and the national railway operator of Belarus), each of which also holds 33.3%. UTLC ERA promotes Eurasian transit corridors between China, South Asia and Europe. The UTLC ERA joint venture companies are not subsidiaries of the Company and the Company does not control them. Two Company representatives serve on UTLC ERA's board of directors, and the Company receives dividends from the joint venture. In addition, the Group interacts with Russian Railways in connection with extra-territorial passenger/freight transportation and related payments, and has entered into service agreements with Russian Railways (including for information system maintenance and technical support). Russian Railways is designated under applicable UK sanctions and is subject to U.S. Directive 3 under Executive Order 14024. Belarusian Railways is not designated under any applicable U.S., EU, or UK sanctions regime. Over the longer term, the principal potential financial effects for the Group would arise from any tightening of sanctions on Russian Railways or Belarusian

Railways, which could restrict the Group's receipt of dividends from, or its continued participation in, UTLC ERA, and from changes in Russia–Belarus transit volumes. The Group mitigates these risks through ongoing screening and monitoring of UTLC ERA and its shareholders, and by developing alternative transport corridors, including the Trans-Caspian International Transport Route. Dividends received by the Group from UTLC ERA amounted to KZT 2,495 million during the year ended 31 December 2023, KZT 3,990 million for the year ended 31 December 2024, KZT 2,874 million during the year ended 31 December 2025 and nil during the six months ended 30 June 2026, representing 0.13%, 0.18%, 0.10% and nil, respectively, of the Group's total revenue and other income for those periods. UTLC ERA was also a customer of the Group during the Track Record Period. The services procured by UTLC ERA from the Group comprise principally freight transportation services, ancillary transportation services (including the organisation and forwarding of container shipments and the provision of fitting platforms). In terms of pricing, freight carriage services are provided on the Group's standard terms and at the rates applicable to all of its customers, without preferential terms, while ancillary transportation services are priced by reference to the costs of providing the relevant services, in accordance with the Group's pricing policies and as agreed between the parties. 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. Services are provided on 100% prepayment terms, with prepayments recognised as advances received within contract liabilities on receipt and recorded 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. Revenue for ancillary transportation services is also recognised over time. The Group's commercial rationale for this is that UTLC ERA, which promotes Eurasian transit corridors, requires these services to organise cargo transportation for its customers, and the Group, as the operator of Kazakhstan's national railway network, is positioned to provide them, generating additional revenue for the Group. The Group's revenue from UTLC ERA for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026 amounted to KZT 71,994 million, KZT 110,226 million, KZT 100,517 million and KZT 60,317 million, respectively, representing 3.7%, 5.1%, 3.6% and 4.1%, respectively, of the Group's revenue and other income for those periods. Accordingly, taking into account both the dividends received from UTLC ERA and the revenue derived from UTLC ERA as a customer, which together represented a limited proportion of the Group's revenue and other income during the Track Record Period, the Group's participation in and dealings with UTLC ERA have not had, and are not expected to have, a material financial impact on the Group.

- **Dealings with Lukoil Lubricants Central Asia –** The Group maintains a commercial relationship with Lukoil Lubricants Central Asia, a Kazakhstan-incorporated entity owned by PJSC Lukoil through Lukoil International GmbH, which supplies certain lubricants used in the Group's rail operations on a non-exclusive, commercial basis. Lukoil and its subsidiaries were designated by the UK on 15 October 2025 and by the U.S. on 22 October 2025. The Group's procurement costs for lubricants purchased from Lukoil Lubricants Central Asia for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026, were KZT 29.25 million, KZT 25.44 million, KZT 1,905 million and KZT 2,805 million, respectively, representing 0.002%, 0.002%, 0.099% and 0.271%, respectively, of the Group's total cost of sales for those periods. There are other lubricant suppliers in Kazakhstan and, if needed to supplement any volume requirements, purchases can also be made from suppliers outside Kazakhstan. However, purchases from outside Kazakhstan will, by reference to current market prices, potentially cost 20–25% more than if purchased from Lukoil Lubricants Central Asia. Regardless, even if the Group had to double its spend on purchasing lubricants, it has the annual budgets to do so.

- **Dealings with Sberbank and VTB Bank –** The Company historically maintained relationships with Sberbank and VTB Bank, both of which are Russian state-owned banks subject to EU, UK and U.S. sanctions. In June 2020, the Company took out a loan in the principal amount of KZT 6,236,160,000 from Sberbank, and in December 2021, the Company took out a loan in the principal amount of RUB 19,400,000,000 from VTB Bank. In March 2022, the Company prepaid the relevant loans (outstanding amounts of KZT 4,910,717,223.70 under the Sberbank loan and RUB 19,400,000,000 under the VTB Bank loan) and closed the corresponding accounts. As at the Latest Practicable Date, no member of the Group has any outstanding loan obligations to, or other relationships with, those banks. No member of the Group maintains any facility with either bank or is withholding any principal or interest owed to them, and accordingly no funds are being made available to a designated person. A legacy exposure

remains only at the level of an affiliate of the Group, Aktau Sea Northern Terminal LLP, which has a Sberbank facility (with approximately RUB 5,066 million outstanding as at 30 September 2026). The Group holds a 40% interest in Aktau Sea Northern Terminal LLP and nominates two of the five members of its supervisory board. Aktau Sea Northern Terminal LLP is a non-designated Kazakh entity that is neither a subsidiary of the Company nor controlled by the Group, and the facility is its own liability. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** or of any future **[REDACTED]** to Aktau Sea Northern Terminal LLP. Accordingly, this legacy associate-level exposure does not constitute a new or additional Russian banking exposure for the Group.

- **Cargo and freight transportation exposure –** The Group's railway network is physically integrated with the Russian and Belarusian networks, which share the same 1,520 mm gauge. For the Group's core network to function, its operators are required to perform certain operations on Russian territory, and its locomotives, freight cars, and passenger cars travel from, to, and through Russia and Belarus. In 2025, approximately 47% of the Group's total freight transportation revenue was related to export, import and transit freight directly or indirectly related to dealings with or through Russia and Belarus (compared with 46% in 2024 and 49% in 2023). Approximately 0.6% of the number of the Group's customers were domiciled in Russia and Belarus for the six months ended 30 June 2026 (approximately 1.8% in 2025; 1.9% in 2024; and 1.5% in 2023). The Group transits only non-sanctioned commodities, has implemented digital tracking and monitoring systems, and is developing alternative corridors, including the Trans-Caspian International Transport Route, to reduce reliance on any single transit route.
- **Iran exposure –** The Group has exposure to Iran-related sanctions risk through a trilateral memorandum of understanding dated 26 November 2021 among Kazakhstan, Iran and Turkmenistan to expand railroad cooperation and boost container transit volume on the Kazakhstan-Turkmenistan-Iran railway. The U.S. maintains an extensive sanctions regime against Iran, including secondary sanctions applicable to non-U.S. persons operating in certain sectors of the Iranian economy. As at the Latest Practicable Date, the Group has not commenced any construction projects in connection with this memorandum of understanding, which is not legally binding. In addition, members of the Group operate or service the Aktau and Kuryk ports, which has provided services for Russian and Iranian vessels. Revenue from those ports represented approximately 0.83%, 0.74%, 0.69%, and 0.64% of the Group's consolidated revenue for the years ended 31 December 2023, 2024, and 2025, and the six months ended 30 June 2026, respectively. Declared cargo is overwhelmingly grain and agricultural goods. All port counterparties and ship agents are Kazakhstan-based, contracts are with resident Kazakh ship agents, and payments are made in tenge, with no U.S. person, U.S.-dollar clearing, or U.S.-origin goods involved. Notwithstanding these controls, the Group as a port operator does not have the ability to inspect all cargo or to compel full disclosure of third parties' underlying business, and a residual visibility risk therefore remains.

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

The Group's revenue from customers whose country of domicile was Russia for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026 amounted to KZT 150,496 million, KZT 182,070 million, KZT 193,545 million and KZT 109,795 million, respectively. Revenue from customers whose country of domicile was Russia represented 7.8%, 8.4%, 7.0% and 7.5% of the Group's revenue and other income for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026, respectively. The Group's revenue from customers whose country of domicile was Belarus for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026 amounted to KZT 714 million, KZT 9,715 million, KZT 10,119 million and KZT 1,634 million, respectively. Revenue from customers whose country of domicile was Belarus represented 0.04%, 0.4%, 0.4% and 0.1% of the Group's revenue and other income for the years ended 31 December 2023, 2024 and 2025 and for the six months ended 30 June 2026, respectively.

The Company has adopted a sanctions compliance policy, the Regulation of the Process "Organisation of Sanctions Compliance Work within the Group of Companies of JSC 'National Company "Kazakhstan Temir Zholy"'" (the "**Sanctions Regulation**"), which applies to the Company and its majority-owned or controlled entities, and which sets out the procedures for assessing and responding to sanctions risks. The policy requires, among other things: (i) screening of counterparties, including their beneficial owners, representatives and bank accounts, against the U.S., EU and UK sanctions lists before contracting, at least annually and after each new sanctions package; (ii) escalation of potential matches to a working group that includes the head of legal, with the option to pause, restructure, seek authorisation for or terminate the relevant dealing; (iii) inclusion of sanctions and termination clauses in contracts which

provide termination or other protective rights if a counterparty becomes subject to applicable sanctions; (iv) quarterly reporting by subsidiaries; (v) avoidance of U.S. dollar settlement in dealings with Russian Railways, which are made in Swiss francs; and (vi) digital cargo tracking and transit of non-sanctioned commodities only.

- **U.S. Sanctions –**
  - U.S. primary sanctions apply to "U.S. Persons" (which includes any U.S. citizen; any U.S. permanent resident alien; any entity organized under the laws of the United States or any jurisdiction within the U.S. (including foreign branches); and any person in the United States, regardless of nationality). The Company has confirmed that (a) each member of the Group is not a U.S. person and is not controlled, directly or indirectly, by any U.S. person; (b) no U.S. person employed or otherwise engaged by the Group has been involved, directly or indirectly, in the negotiation, approval or performance of the Group's dealings with Russian Railways, Belarusian Railways, and Lukoil Lubricants Central Asia; (c) no U.S.-origin goods, software or technology, and no U.S. dollar payments routed through U.S. financial institutions, are involved in those dealings, these dealings will be in Swiss francs; and (d) the Group does not deal with any SDN, or with any party in a country or territory subject to comprehensive U.S. sanctions. The new investment prohibition in Executive Order 14071 binds only U.S. persons in relation to investments in Russia and does not reach the Company. In addition, the Company is not a covered foreign person under the U.S. Outbound Investment Security Program.
  - With respect to U.S. secondary sanctions risk, the principal exposure arises from operating in or being connected with the Russian transportation sector pursuant to the 19 May 2023 determination under Executive Order 14024. OFAC's FAQ 1126 defines the transportation sector broadly, and the Group falls within the literal scope of that definition given its physical rail integration with Russian networks and its dealings with Russian Railways. However, the practical risk is assessed as low, on the following grounds: (a) the Group is a Kazakhstan state-owned national railway, not a Russian entity, and is wholly owned by the Republic of Kazakhstan through Samruk-Kazyna; (b) no Kazakh entity has been designated for operating in the Russian transportation sector; (c) the Group's profile is materially different from entities actually designated under this authority, which comprise either Russian-incorporated transportation operators or procurement and evasion intermediaries channelling dual-use goods; and (d) the enforcement posture of the Russia programme has been extremely lenient under the current U.S. administration (even vis-à-vis non-Kazakh entities). As regards ground (c), OFAC designations under the Russian transportation sector authority since the 19 May 2023 determination and up to the Latest Practicable Date fall into two groups: (i) entities incorporated and operating within Russia whose business is the Russian transportation sector; and (ii) third-country intermediaries, such as freight-forwarding and shipping companies in China and Turkey, designated for moving goods, technology or military-applicable items to or for the benefit of Russia, frequently as part of procurement or evasion networks. Kazakhstan entities on the SDN List are either subsidiaries of sanctioned Russian parents designated on an ownership basis or procurement intermediaries channelling dual-use goods into Russia. The Group differs in the following respects: (a) ownership – the Company is wholly and ultimately owned by the Republic of Kazakhstan through Samruk-Kazyna and is not controlled by any sanctioned person; (b) sector – the Group operates national rail infrastructure and transit logistics, a sector in which no Kazakh entity has been designated; (c) operations and geography – the Group's operations are centred on Kazakhstan's domestic network and Eurasian transit corridors, it does not manufacture rolling stock for Russia or act as a procurement or forwarding conduit into Russia, and it is developing alternative corridors that reduce reliance on Russian routes; (d) conduct – the Group transits only non-sanctioned commodities, deploys digital tracking and screening controls, avoids U.S. dollar clearing and other U.S. touchpoints in its Russia-related dealings, and engages in no deceptive practices; and (e) nexus – its contacts with Russia (ordinary rail interchange with Russian Railways, a minority interest in UTLC ERA and legacy banking relationships wound down in 2022) are incidental to operating a physically integrated 1,520 mm gauge network. On the basis of the above, and in any event because the controlling point is that the Company is not a U.S. person, the practical secondary sanctions risk is assessed as very low. The current enforcement posture is treated as a supporting consideration only, and not as the primary basis for this conclusion, since such posture could change; the primary basis remains the Company's status as a non-U.S. person and the material differences between the Company's profile and that of the entities OFAC has in fact designated. In relation to Iran, secondary sanctions may apply under Executive Order 13902 to persons operating in the manufacturing, steel, or construction sectors of the Iranian economy, which include railway track construction materials. As the trilateral memorandum of

understanding concerning the Kazakhstan–Turkmenistan–Iran railway has not yet resulted in any construction activity and is not legally binding, no present U.S. secondary sanctions exposure arises; however, any future commencement of construction could alter this assessment. In relation to the Group's port activities at Aktau and Kuryk, taking into account the limited visibility inherent in port operations, the non-sensitive cargo, the Kazakh contracting structure and tenge settlement, and the absence of any U.S. nexus, the secondary sanctions exposure stemming from KTZ's operations at the Aktau and Kuryk ports is assessed as low but not zero.

- **E.U. Sanctions –** E.U. sanctions apply to E.U. persons (which includes any entity that is incorporated under the laws of any EU member state, irrespective of where they are acting globally; any individual that is a citizen of any EU member state, irrespective of where they are acting globally; any acts within the territory of the EU; and any aircraft or vessel that is registered under the jurisdiction of any EU member state). The Company has confirmed that (a) each member of the Group is not an EU person and is not controlled, directly or indirectly, by any EU person; and (b) each member of the Group does not deal with any person or entity designated under EU sanctions. Article 5e of Regulation (EU) 833/2014 does not apply to the **[REDACTED]** or to secondary market transactions in the **[REDACTED]**, as the Company is not established in Russia.
- **U.K. Sanctions –** U.K. sanctions apply to U.K. persons (which includes any entity that is incorporated under the laws of the UK, irrespective of where such entity is acting globally; any individual who is a citizen of the UK, irrespective of where they are acting globally; any acts within the territory of the UK; and any aircraft or vessel that is registered under the jurisdiction of the UK). The Company has confirmed that (a) each member of the Group is not a UK person and is not controlled, directly or indirectly, by any UK person; and (b) no UK national, and no UK office or branch of the Group, has been involved, directly or indirectly, in the relevant dealings. Three of the Directors are E.U. or U.K. nationals, but they are independent non-executive directors who do not own or control the Group; their presence does not make the Group a U.K. person. The Company's **[REDACTED]**, **[REDACTED]** and **[REDACTED]** are securities of a Kazakhstan issuer that is not designated, not controlled by a designated person and not a person connected with Russia or Belarus, and are therefore not caught by Regulation 16 of the UK Russia Regulations or Regulation 15A of the UK Belarus Regulations. As the **[REDACTED]** of the **[REDACTED]** will be applied to the Company's own disclosed purposes and not to any investment in Russia, neither Regulation 16(4G)–(4H) nor Regulation 18B of the UK Russia Regulations is engaged for **[REDACTED]**, and **[REDACTED]** (whether in the **[REDACTED]** or in secondary market transactions in the **[REDACTED]** after **[REDACTED]**) will acquire an interest in the Company only and no interest in, or control over, the Group's minority joint ventures, whose own activities are not attributed to the Company's **[REDACTED]**.

The Company is incorporated in Kazakhstan and is not a U.S., EU or UK person. Screening of the Company, members of the Group, the Directors, the Management Board members and Samruk-Kazyna against the applicable U.S., EU and UK sanctions lists did not identify any designations.

The Company has adopted a **[REDACTED]** policy (the "**[REDACTED]**", a summary of which is set out in "Future Plans and **[REDACTED]**" in this Document), which provides that none of the **[REDACTED]** of the **[REDACTED]** will be applied, directly or indirectly: (1) for the benefit of any person designated under UK, EU, U.S. or UN sanctions, or any entity controlled by such a person; (2) for any investment restricted for UK persons under Regulation 18B (including acquiring interests in land or entities in Russia, or establishing JVs with persons connected with Russia), or any similar investment in Belarus; or (3) to fund, finance or otherwise contribute to UTLC ERA or Aktau Sea Northern Terminal LLP, including for the purpose of repayment of any facilities granted to them, and that repayment of such facilities (including the Sberbank facility of Aktau Sea Northern Terminal LLP) will not be funded out of the **[REDACTED]** from the **[REDACTED]**. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** or any future **[REDACTED]** of its **[REDACTED]** for any other activity that would breach applicable UK, EU or U.S. sanctions. The **[REDACTED]** will be held in a segregated account and disbursed only after review confirming compliance with applicable UK, EU and U.S. sanctions.

On the basis of the above, the International Sanctions legal advisers are of the view that U.S., EU and UK sanctions do not apply to the Company, any U.S. secondary sanctions exposure is low, and the Company's activities should not result in sanctions against **[REDACTED]** who (i) purchase **[REDACTED]** in the **[REDACTED]** or in subsequent **[REDACTED]** of the **[REDACTED]** by the Company (by reference only to a purchase of **[REDACTED]** in the **[REDACTED]** or such subsequent **[REDACTED]**); or (ii) purchase **[REDACTED]** in secondary market transactions, i.e. subsequent purchase of **[REDACTED]** between buyers and sellers of **[REDACTED]** on or off the market and where such transactions are between third parties and the Company is not a contracting party. The International Sanctions legal advisers are further of the view that the sanctions risk exposure of the Stock Exchange, arising solely from its role as the **[REDACTED]** for the Company's **[REDACTED]**, is low.

Notwithstanding the foregoing, each **[REDACTED]** and intermediary remains responsible for its own sanctions compliance.

The Group's operations span multiple transportation corridors. As advised by the International Sanctions legal advisers, the sanctions exposure characteristics of the major transportation corridors and transportation types are as follows:

- **The Northern Corridor**, which passes through China, Kazakhstan, Russia, Belarus and European countries, is the most sensitive to direct sanctions restrictions given Russian and Belarusian involvement.
- **The Central Asian Corridor**, connecting China, Kazakhstan and Central Asian states, passes through jurisdictions not subject to comprehensive international sanctions, and does not involve the Russian, Belarusian or Iranian transit segments that drive the higher sanctions sensitivity of the Northern and North–South Corridors. Operationally, the corridor was consistently the Group's largest by revenue, freight volume and freight turnover during the Track Record Period (as shown in the table below), with all transactions conducted in accordance with the Group's Sanctions Regulation, under which counterparties are screened and only non-sanctioned commodities are transited. Accordingly, its direct sanctions vulnerability is assessed as relatively low.
- **The Middle Corridor**, running from China through Kazakhstan, the Caspian, Azerbaijan, Georgia and Turkey to Europe, offers an important advantage in geopolitical diversification and is one of the most resilient routes to sanctions exposure.
- **The North–South Corridor**, linking Russia, Kazakhstan, Turkmenistan and Iran, is the most sensitive to sanctions restrictions given direct links to Russia and Iran.
- **The Southern Corridor**, connecting China, Kazakhstan and Central Asian states, has moderate sanctions exposure and is diversified through regional partnerships.
- **Transit transportation** is exposed to multiple jurisdictions' conditions simultaneously, and restrictions in one jurisdiction can change routes, increase delivery times and redistribute cargo flows, with the impact not being uniform across the KTZ network.
- **Export transportation** faces the main risk of changes in access of Kazakh products to foreign markets and restrictions on goods and counterparties.
- **Import transportation** is also exposed to cross-border risks, but the diversified import structure and rail links with several states reduce single-direction dependence.

The following table sets out historical transit transportation revenue, freight volume and freight turnover across the Group's principal transportation corridors:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025	Six months ended 30 June 2026
		Northern Corridor		
Revenue (KZT billions)	184.7	256.7	279.4	155.0
Freight volume (million tonnes)	7.2	9.1	11.1	5.7
Freight turnover (billion tonne-km)	17.8	23.3	22.8	11.1
		Central Asian Corridor		
Revenue (KZT billions)	340.8	333.7	475.9	260.1
Freight volume (million tonnes)	15.8	13.8	16.1	8.8
Freight turnover (billion tonne-km)	28.9	25.1	29.3	16.2
		Middle Corridor		
Revenue (KZT billions)	1.8	6.4	10.9	6.2
Freight volume (million tonnes)	0.3	0.5	0.7	0.5
Freight turnover (billion tonne-km)	0.5	1.2	1.5	1.1
		North-South Corridor		
Revenue (KZT billions)	11.7	8.4	8.8	3.6
Freight volume (million tonnes)	0.6	0.5	0.5	0.3
Freight turnover (billion tonne-km)	1.0	0.8	0.9	0.5
		Southern Corridor		
Revenue (KZT billions)	72.6	60.5	95.2	52.3
Freight volume (million tonnes)	3.5	3.3	4.9	2.6
Freight turnover (billion tonne-km)	4.6	4.3	5.9	3.2

Taking into account the above:

- On the **Northern Corridor**, notwithstanding its sensitivity to sanctions restrictions, the corridor showed resilience during the Track Record Period. Revenue increased from KZT 184.7 billion in 2023 to KZT 279.4 billion in 2025, representing an increase of 51.3%. Freight volume grew from 7.2 million tonnes to 11.0 million tonnes over the same period, an increase of 52.8%, while freight turnover increased from 17.8 billion tonne-km in 2023 to 22.8 billion tonne-km in 2025, an increase of 28.1%. This growth reflects a shift in cargo mix and route optimisation. However, China–Europe–China transit volumes experienced some decline due to sanctions-related restrictions affecting Russian and Belarusian transit segments.
- On the **Central Asian Corridor**, which has low direct sanctions vulnerability for the reasons stated above, the corridor generated the highest revenue contribution during the Track Record Period. Revenue was KZT 340.8 billion in 2023, declining slightly to KZT 333.7 billion in 2024, before increasing to KZT 475.9 billion in 2025, representing an overall increase of 39.7%. Freight volume showed some volatility, declining from 15.9 million tonnes in 2023 to 13.8 million tonnes in 2024, attributable to temporary border congestion and customs processing delays at the Dostyk and Altynkol crossings rather than any sanctions-related factor, before recovering to 16.0 million tonnes in 2025. Freight turnover followed a similar pattern. 28.9 billion tonne-km in 2023, declining to 25.1 billion tonne-km in 2024, and recovering to 29.3 billion tonne-km in 2025.
- On the **Middle Corridor**, which is one of the most resilient routes to sanctions exposure, this corridor showed the most significant growth trajectory during the Track Record Period, directly benefiting from cargo diversion away from routes with higher sanctions exposure as shippers seek alternatives bypassing Russia. Revenue increased from KZT 1.8 billion in 2023 to KZT 10.9 billion in 2025, representing an increase of 505.6%. Freight volume grew from 0.2 million tonnes in 2023 to 0.5 million tonnes in 2025, an increase of 150.0%, while freight turnover increased from 0.5 billion tonne-km in 2023 to 1.5 billion tonne-km in 2025, an increase of 200.0%.
- On the **North–South Corridor**, which is the most sensitive to sanctions restrictions, this corridor experienced the most pronounced negative impact from geopolitical developments during the Track Record Period. Revenue declined from KZT 11.7 billion in 2023 to KZT 8.8 billion in 2025, representing a decrease of 24.8%. Freight volume fell from 0.6 million tonnes in 2023 to 0.5 million tonnes in 2025, a decrease of 16.7%, while freight turnover declined from 1.0 billion tonne-km in 2023 to 0.9 billion tonne-km in 2025, a decrease of 10.0%. These declines reflect the impact of U.S., EU and UK sanctions on Russia.
- On the **Southern Corridor**, which has moderate sanctions exposure, this corridor showed positive growth during the Track Record Period, benefiting from diversification of China–Central Asia trade flows. Revenue grew from KZT 72.6 billion in 2023 to KZT 95.2 billion in 2025, representing an increase of 31.1%, although there was a temporary decline to KZT 60.5 billion in 2024 due to temporary customs delays at certain border crossings. Freight volume increased from 3.5 million tonnes in 2023 to 4.9 million tonnes in 2025, an increase of 40.0%, while freight turnover followed a similar growth pattern, increasing from 4.6 billion tonne-km in 2023 to 5.9 billion tonne-km in 2025, an increase of 28.3%.

Having considered the foregoing and the below, the Directors are of the view that, while geopolitical developments, sanctions, regional trade disruptions and changing trade routes present ongoing risks to the Group's operations, these factors are not expected to have a material adverse impact on the Group's long-term transit transportation strategy:

- During the Track Record Period, aggregate transit transportation freight volume across the Group's five principal corridors increased from 27.4 million tonnes in 2023 to 32.9 million tonnes in 2025, representing growth of 20.1% despite ongoing sanctions and geopolitical disruptions. Four of the five corridors achieved freight volume growth: the Middle Corridor increased by 150.0% (from 0.2 to 0.5 million tonnes), the Northern Corridor increased by 52.8% (from 7.2 to 11.0 million tonnes), the Southern Corridor increased by 40.0% (from 3.5 to 4.9 million tonnes), and the Central Asian Corridor increased by 0.6% (from 15.9 to 16.0 million tonnes). The North–South Corridor, which is the most sensitive to sanctions restrictions, was the only corridor to experience a decline, with freight volume decreasing by 16.7% (from 0.6 to 0.5 million tonnes).

- The Group has demonstrated adaptation capability by redistributing cargo flows between corridors in response to changing geopolitical conditions: the Northern Corridor experienced a decline in China–Europe–China transit volumes due to sanctions-related restrictions, but this was substantially offset by growth on alternative routes.
- The Group operates across five principal transportation corridors with varying sanctions exposure profiles. During the Track Record Period, the low-risk and moderate-risk corridors (Central Asian, Middle and Southern Corridors) collectively generated transit transportation revenue of approximately KZT 582.0 billion in 2025, representing approximately 66.9% of total corridor transit transportation revenue, compared with approximately KZT 288.2 billion generated by the higher-risk corridors (Northern and North–South Corridors). This diversification reduces concentration risk in any single corridor.
- The Group is pursuing significant expansion of rail infrastructure, including the ports of Aktau and Kuryk and container/terminal capacities, with key milestones including second tracks on Dostyk–Moiynty, Almaty bypass and container hub at Aktau (2026), Darbaza–Maktaaral and Moiynty–Kyzylzhar (2026), and third Bakhty border crossing and Bakhty–Ayagoz new line (2027), and has established international partnerships, including Middle Corridor Multimodal Ltd. (established jointly with Azerbaijan and Georgia railways, with China Railway Container Transport joining in April 2026, after which each of the four participants held 25% in MCML respectively). These investments are expected to increase capacity on the Group's lower-risk corridors and further reduce its reliance on routes with higher sanctions exposure.
- The Group operates in accordance with its Sanctions Regulation which requires counterparty screening and the inclusion of sanctions and termination clauses in contracts, and the Group's dealings involving Russia are structured so that no U.S. person, U.S.-origin goods or U.S. dollar clearing is involved, and only non-sanctioned commodities are transited. These measures are intended to keep the direct U.S., EU, and UK prohibitions out of play and enable the Group to respond to any further tightening of sanctions by restructuring or exiting affected dealings while continuing its transit operations on its other corridors.
- In assessing the Group's long-term transit transportation strategy, the Directors have adopted certain key assumptions on transit freight volumes and revenue, and these assumptions are consistent with the trends observed during the Track Record Period, in which aggregate corridor transit transportation revenue increased from approximately KZT 611.5 billion in 2023 to approximately KZT 870.2 billion in 2025, an increase of approximately 42.3%, and are supported by the infrastructure projects and international partnerships described above.

Based on the foregoing, nothing has come to the Sole Sponsor's attention that would reasonably cast doubt on the Directors' view as stated above.

SALES AND MARKETING

As of 30 June 2026, the marketing department consisted of 19 employees, who are responsible for coordinating marketing activities for freight transportation. The Group conducts annual marketing roadshows in regions in China with a high volume of freight transportation, such as Xi'an, to develop customers in China and Europe through the China-Europe corridor.

CUSTOMERS AND SUPPLIERS

The Group's customers for freight transportation include suppliers of coal, oil and oil products, metals, ores, chemicals, fertilisers and agricultural products. The Group had approximately 1,700 customers for freight transportation during 2025. The Group's customers for passenger transportation are members of the public, with most passenger traffic generated from inter-regional routes. For the full years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, revenue from the five largest customers, which are customers from the Group's freight transportation segment, in each period of the Track Record Period amounted to KZT 307,327 million, KZT 392,155 million, KZT 491,050 million and KZT 267,758 million, respectively, accounting for 15.9%, 18.1%, 17.8% and 18.2% of the total revenue and other income for the respective year. Revenue from the largest customer for the full years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 accounted for 4.2%, 5.1%, 4.5% and 4.5% of total revenue and other income in the same years, respectively.

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

Year Ended 31 December 2023

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(KZT millions)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer A	Freight Transportation	Kazakhstan	Kazakhstan-based multinational company, specialising in extraction and processing of natural resources	81,864	4.2%	32 years	advanced payment	bank transfer
2	Customer B	Freight Transportation	Russia	Russia-based international transport and logistics company	71,994	3.7%	11 years	advanced payment	bank transfer
3	Customer C	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	63,790	3.3%	8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	Kazakhstan-based transport and logistics investment group, specialising in integrated logistics services in the oil and gas and container sectors	50,936	2.6%	3 years	advanced payment	bank transfer
5	Customer E	Freight Transportation	Kazakhstan	Kazakhstan-based industrial company, specialising in the production of pig iron, steel and rolled metal products	38,743	2.1%	8 years	advanced payment	bank transfer
	Total				**307,327**	**15.9%**			

Year Ended 31 December 2024

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(KZT millions)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer B	Freight Transportation	Russia	Russia-based international transport and logistics company	110,226	5.1%	11 years	advanced payment	bank transfer
2	Customer A	Freight Transportation	Kazakhstan	Kazakhstan-based multinational company, specialising in extraction and processing of natural resources	100,529	4.6%	32 years	advanced payment	bank transfer
3	Customer C	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	70,278	3.2%	8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	Kazakhstan-based transport and logistics investment group, specialising in integrated logistics services in the oil and gas and container sectors	65,656	3.0%	3 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	45,466	2.2%	8 years	advanced payment	bank transfer
	Total				**392,155**	**18.1%**			

Year Ended 31 December 2025

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(KZT millions)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer A	Freight Transportation	Kazakhstan	Kazakhstan-based multinational company, specialising in extraction and processing of natural resources	124,537	4.5%	32 years	advanced payment	bank transfer
2	Customer C	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	114,225	4.1%	8 years	advanced payment	bank transfer
3	Customer B	Freight Transportation	Russia	Russia-based international transport and logistics company	100,517	3.6%	11 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	Kazakhstan-based transport and logistics investment group, specialising in integrated logistics services in the oil and gas and container sectors	85,425	3.2%	3 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	66,346	2.4%	8 years	advanced payment	bank transfer
	Total				**491,050**	**17.8%**			

Six months Ended 30 June 2026

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(KZT millions)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer C	Freight Transportation	Kazakhstan	Kazakhstan-based private railway carrier, specialising in freight rail transportation	66,126	4.5%	8 years	advanced payment	bank transfer
2	Customer B	Freight Transportation	Russia	Russia-based international transport and logistics company	60,317	4.1%	11 years	advanced payment	bank transfer
3	Customer A	Freight Transportation	Kazakhstan	Kazakhstan-based multinational company, specialising in extraction and processing of natural resources	57,740	3.9%	32 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	Kazakhstan-based transport and logistics investment group of companies, specialising in integrated logistics services in the oil and gas and container sectors	46,746	3.2%	3 years	advanced payment	bank transfer
5	Customer E	Freight Transportation	Kazakhstan	Kazakhstan-based industrial company, specialising in the production of pig iron, steel and rolled metal products	36,829	2.5%	8 years	advanced payment	bank transfer
	Total				**267,758**	**18.2%**			

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

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

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

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

Suppliers

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

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

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

Diesel fuel and electricity are procured under applicable procurement procedures. Other fuels and lubricants are procured through intra-group procurement and open tenders, depending on the relevant category and availability. As disclosed in "Business Overview – Geopolitical Developments and Sanctions – Dealings with Lukoil Lubricants Central Asia" in this Document, certain lubricants used in the Group's rail operations are supplied on a non-exclusive, commercial basis by Lukoil Lubricants Central Asia, a Kazakhstan-incorporated entity owned by PJSC Lukoil through Lukoil International GmbH. Lukoil and its subsidiaries were designated by the UK on 15 October 2025 and by the U.S. on 22 October 2025. Save for these dealings with Lukoil, the Group does not source fuel or lubricants from Russia, Belarus or from other sanctioned jurisdictions. The Group did not experience any disruption to its fuel and lubricant supply during the Track Record Period. Alternative suppliers are available in the market, and the Group has sufficient budgetary capacity to transition to such suppliers if necessary. Accordingly, the Group does not consider there to be a risk of complete or long-term supply disruption. In any event, the Group manages supply, price, payment and sanctions risks through counterparty screening, sanctions and termination clauses in its supply contracts, and the flexibility to adjust or terminate the relationship in light of regulatory or commercial developments. See "Risk Factors – Risks Relating to Its Business and Industry –

The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for a further description of the sanctions risks relating to the Group's commercial relationship with Lukoil Lubricants Central Asia, including the status of applicable U.S. and U.K. general licences.

Competitive procurement methods are used for a range of purchases, including railway track repair and reconstruction works and major and depot repairs of freight wagons. Single-source procurement, including intra-group procurement, may be used where permitted under the applicable procurement framework, including for rail freight transportation services, locomotive traction services and security services.

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

Purchases from the Group's five largest suppliers for the full years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 amounted to KZT 283,733 million, KZT 288,436 million, KZT 445,898 million and KZT 252,944 million, respectively, representing 38.4%, 38.7%, 48.8% and 56.1% of total purchase amount for the respective year. Purchases from the Group's largest supplier for the full years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 represented 13.0%, 10.8%, 22.0% and 27.8% of total purchase amount for the respective year.

The following tables set forth the details of the Group's five largest suppliers[(1)] in each period during the Track Record Period:

Year Ended 31 December 2023

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(KZT millions)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	Kazakhstan-based national company, specialising in oil and gas exploration, production and distribution	95,913	13.0%	4 years	one month	bank transfer
2	Supplier B	locomotive maintenance	Kazakhstan	Kazakhstan-based multinational company, specialising in the manufacture of diesel locomotives	55,000	7.4%	17 years	one month	bank transfer
3	Supplier C	repair of wagons	Kazakhstan	Kazakhstan-based company, specialising in repair of freight wagons	50,692	6.9%	6 years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in locomotive maintenance and repair services	41,214	5.6%	17 years	one month	bank transfer
5	Supplier E	electricity	UAE	UAE-based company, specialising in diesel fuel supply	40,914	5.5%	3 years	one month	bank transfer
	Total				283,733	38.4%			

Note 1: Purchases from state-owned enterprises owned by Samruk-Kazyna have not been aggregated or treated as a single supplier group.

Year Ended 31 December 2024

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(KZT millions)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	Kazakhstan-based national company, specialising in oil and gas exploration, production and distribution	80,213	10.8%	4 years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	Kazakhstan-based company, specialising in electricity procurement and supply	72,032	9.7%	3 years	one month	bank transfer
3	Supplier B	locomotive maintenance	Kazakhstan	Kazakhstan-based multinational company, specialising in the manufacture of diesel locomotives	59,019	7.9%	17 years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in locomotive maintenance and repair services	43,338	5.8%	17 years	one month	bank transfer
5	Supplier C	repair of wagons	Kazakhstan	Kazakhstan-based company, specialising in repair of freight wagons	33,834	4.5%	6 years	one month	bank transfer
	Total				288,436	38.7%			

Year Ended 31 December 2025

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(KZT millions)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	Kazakhstan-based national company, specialising in oil and gas exploration, production and distribution	200,863	22.0%	4 years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	Kazakhstan-based company, specialising in electricity procurement and supply	114,409	12.5%	3 years	one month	bank transfer
3	Supplier B	locomotive maintenance	Kazakhstan	Kazakhstan-based multinational company, specialising in the manufacture of diesel locomotives	65,965	7.2%	17 years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in locomotive maintenance and repair services	39,210	4.3%	17 years	one month	bank transfer
5	Supplier H	electric locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in the manufacture of freight and passenger electric locomotives	25,451	2.8%	14 years	one month	bank transfer
	Total				445,898	48.8%			

Six Months Ended 30 June 2026

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(KZT millions)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	Kazakhstan-based national company, specialising in oil and gas exploration, production and distribution	125,172	27.8%	4 years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	Kazakhstan-based company, specialising in electricity procurement and supply	69,548	15.4%	3 years	one month	bank transfer
3	Supplier B	locomotive maintenance	Kazakhstan	Kazakhstan-based multinational company, specialising in the manufacture of diesel locomotives	29,949	6.6%	17 years	one month	bank transfer
4	Supplier H	electric locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in the manufacture of freight and passenger electric locomotives	14,449	3.2%	14 years	one month	bank transfer
5	Supplier D	locomotive maintenance	Kazakhstan	Kazakhstan-based company, specialising in locomotive maintenance and repair services	13,826	3.1%	17 years	one month	bank transfer
	Total				252,944	56.1%			

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

Board Oversight

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

Management-level Responsibility

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

ESG-related Strategic KPIs

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

Strategic initiative	Strategic KPI	Target by 2032	Year ended 31 December 2023 (Actual)	2024 (Actual)	2025 (Actual)	Six months ended 30 June 2026 (Actual)
Environmental sustainability	Carbon footprint reduction compared to the previous year *(%)*	>-3.5	-5.1	-6	-2.7	–*
Promoting social stability and developing human capital	Social stability index	75	66	69	73	73

Environmental Matters

Climate Change Management

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

To inform this oversight, the Group conducted a climate scenario analysis as part of its strategic and long-term planning, covering both physical and transition risks. The analysis applied the IPCC SSP2–4.5 and SSP5–8.5 scenarios for physical risks and the NGFS Below 2°C and Net Zero 2050 scenarios for transition risks, across the 2030 and 2050 time horizons. The analysis suggests that the Group is exposed to physical climate risks, including extreme heat, wildfires, flooding and severe precipitation, which may damage railway infrastructure and rolling stock, disrupt operations, reduce workforce productivity and increase maintenance and capital expenditure, and to transition risks arising from carbon pricing, higher energy costs, stricter environmental requirements and declining demand for the transportation of coal and other carbon-intensive commodities, which may adversely affect its freight volumes, revenues, costs and asset values. Climate change may also create opportunities for the Group through a shift of passenger and freight traffic to rail as a comparatively lower-carbon mode of transport, together with electrification, deployment of hybrid or electric locomotives, renewable energy use, energy-efficiency measures, digitalisation and infrastructure modernisation, which may reduce costs and emissions, improve resilience and service reliability and support access to green or sustainability-linked financing.

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

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

* Comparison is only available on a full-year basis.

Alongside adaptation, the Group is acting to reduce its own emissions, targeting carbon neutrality by 2060, with emission volumes that cannot be reduced to be offset. Under its Low-Carbon Development Concept, the Group plans to reduce direct emissions from diesel locomotives from 1.8 million tonnes of CO_2 to 1.4 million tonnes by 2030. This commitment is reinforced in the Development Strategy up to 2032, which sets short-, medium- and long-term targets under the "Carbon Footprint" KPI, with annual reduction targets as follows:

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

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

		Year ended 31 December			Six months ended 30 June
	Unit	**2023**	**2024**	**2025**	**2026**
Scope 1 (direct) GHG emissions	thousand tonnes of CO_2-eq	2,389	2,428	2,529	1,228
Scope 2 (indirect) GHG emissions	thousand tonnes of CO_2-eq	3,119	2,630	2,707	1,388
Total Scope 1 and Scope 2	thousand tonnes of CO_2-eq	5,508	5,058	5,236	2,616
Carbon intensity (Scope 1+2)	kg of CO_2-eq/ 10,000 gross tonne-km	116	106	103	101
Scope 3 – Category 5 (waste)	tonnes of CO_2-eq	–	23,384	22,891	–[(1)]
Scope 3 – Category 6 (business travel)	tonnes of CO_2-eq	–	667	743	–[(1)]

Note 1: Scope 3 emissions are available on a yearly basis.

CARBON TRANSITION PLAN

The Group has adopted a low-carbon development concept and associated roadmap, approved by the Company's Board in December 2022, which sets an objective of achieving carbon neutrality in respect of its Scope 1 emissions by 2060, using 2020 as the base year. The plan contemplates phased measures including renewal of diesel rolling stock, electrification of railway lines, deployment of liquefied natural gas, battery and, subject to technological development, hydrogen-powered locomotives and vehicles, conversion or modernisation of coal- and diesel-fired heating facilities, use of renewable energy and afforestation. Delivery remains subject to, among other matters, the availability of government and external financing, development and commercial availability of relevant technologies and supporting infrastructure, availability and cost of natural gas and low-carbon electricity, and the applicable legislative and institutional framework. The plan is intended to be reviewed every five years to reflect technological developments, Kazakhstan's energy mix and changes in transportation demand, with implementation overseen through designated management responsibilities, emissions accounting, audits and ongoing monitoring of measures and transition risks. Scope 2 emissions are projected to increase as electrification increases electricity consumption, and their subsequent reduction will depend materially on the decarbonisation of electricity and heat generation in Kazakhstan.

Energy Efficiency and Energy Saving

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

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

		Year ended 31 December			Six months ended 30 June
	Unit	2023	2024	2025	2026
Total energy consumption	thousand GJ	41,599	41,928	43,661	22,674
Purchased electricity	thousand GJ	12,626	12,485	13,005	6,770
Coal	thousand GJ	1,232	1,162	1,006	540
Natural gas	thousand GJ	218	234	226	163
Liquefied gas	thousand GJ	0.34	10	9	5
Petrol	thousand GJ	321	325	336	134
Diesel fuel	thousand GJ	27,030	27,541	28,911	14,964
Fuel oil	thousand GJ	172	171	168	98
Energy intensity	thousand GJ/billion gross tonne-km	88	88	86	87

Water Management

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

		Year ended 31 December			Six months ended 30 June
	Unit	2023	2024	2025	2026
Water consumption	thousand m^3	5,134.54	4,277.31	3,223.10	1,820.28

Waste Management

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

		Year ended 31 December			Six months ended 30 June
	Unit	2023	2024	2025	2026
Waste generation	tonnes	58,563	57,932	56,988	40,132
Waste diverted from landfill	kg	155,366	102,246	117,641	35,885

Social Matters

Workforce Composition

The Group employed 119,910 people, comprising operational personnel of 109,426 (91.3%) and administrative personnel of 10,484 (8.7%).

		Year ended 31 December			Six months ended 30 June
	Unit	2023	2024	2025	2026
Total number of employees	Number	116,560	117,681	118,506	119,910
Permanent employees	Number	105,705	116,048	115,654	118,350
Women	Number	23,988	25,095	24,034	24,770
Men	Number	81,717	90,953	91,620	93,580
Temporary employees	Number	10,855	1,633	2,852	1,560
Women	Number	2,095	961	1,736	993
Men	Number	8,760	672	1,116	567
Turnover rate	%	13.5	22.5	33.4	14.8

Employee Development

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

		Year ended 31 December			Six months ended 30 June
Employee Training	Unit	2023	2024	2025	2026
Total training hours	Hours	1,729,505	1,998,946	2,200,918	821,068
Average hours per employee	Hours/Employee	14.84	16.99	18.57	6.85
Total employees trained	Number	38,918	50,961	61,274	18,862
Percentage of employees trained	%	33.4	43.3	51.7	15.7

Occupational Health and Safety

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

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
Lost Time Injury Rate (LTIR)[(1)]	0.17	0.13	0.13	0.12

Note:

(1) LTIR is calculated per 1 million hours worked

Fair Labour Practices

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

Freedom of Association and Collective Bargaining

Collective Bargaining Agreements for 2024 to 2026 have been concluded between the Group and its workforce, providing a comprehensive range of employee social support measures. These include financial assistance for employees' life events and recreation for their children, alongside voluntary medical insurance. As at 30 June 2026, 100% of the Group's employees were covered by collective bargaining agreements.

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

Employee Engagement, Satisfaction and Social Stability

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

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

		Year ended 31 December			Six months ended 30 June
	Unit	2023	2024	2025	2026
Social stability index	%	66	69	73	73
Survey coverage	% of employees participated in the survey	12	16	14	14

Community Investment

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

Railway Traffic Safety

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

The Group implements systematic measures across its divisions and subsidiaries to strengthen the safety management system, develop human resources and improve the reliability of infrastructure and rolling stock, supported by employee training, rolling-stock maintenance and major track overhaul. Continuous track diagnostics are carried out in accordance with the Rules for Railway Track Diagnostics, monitoring technical condition and identifying defects that may threaten traffic safety. In 2025, the Board-set Railway Traffic Safety Level target was achieved.

The following table sets forth details of material railway accidents, derailments, collisions, hazardous goods incidents and other safety-related events during the Track Record Period and up to the Latest Practicable Date:

Date	Nature of Incident	Description	Casualties	Financial Impact	Remedial Measures	Insurance Coverage
5 March 2023	Collision and derailment	A passenger train with ten carriages carrying 213 passengers collided with a shunting locomotive, causing the derailment of three passenger carriages and the shunting locomotive. The collision occurred due to the shunting locomotive driver passing a restrictive signal. The passenger train was delayed by over six hours and two other passenger trains were also delayed.	No fatalities or injuries	KZT 17.2 million	Disciplinary action and technical training for relevant personnel; Development of corrective action plan	Not applicable
20 August 2023	Derailment	Derailment of ten open freight wagons caused by overloading, with one wagon violating the structural clearance gauge. Four passenger trains were delayed.	No fatalities or injuries	KZT 63.7 million	Management level review; disciplinary action for relevant personnel; Development of corrective action plan	Not applicable
21 September 2023	Derailment of hazardous cargo	Derailment of seven carriages carrying diesel fuel, caused by insufficient securing of the train with brake shoes. A diesel fuel spill occurred on a private access road owned by another entity, who took measures to clean up the spillage.	No fatalities or injuries	KZT 17.6 million (for diesel fuel cargo)	Management level review; disciplinary action for relevant personnel; Development of corrective action plan	Not applicable
16 November 2023	Derailment	Derailment of five freight wagons (carrying flour) on the main line with two wagons overturning, and two overhead catenary system supports being damaged. The derailment was caused by non-compliance during replacement of an acutely defective railway. Six passenger trains and 18 freight trains were delayed.	No fatalities or injuries	KZT 39.2 million	Development of corrective action plan. Conducted unscheduled technical inspections. Technical training sessions conducted for relevant personnel.	Not applicable
20 March 2024	Collision	Collision of a passenger car with a stationary car inside the depot due to an unauthorised rollout caused by a brake shoe displacement.	No fatalities or injuries	KZT 98.8 million (comprising KZT 68.6 million in compensation for material damage and KZT 30.3 million in fines).	Technical training conducted for relevant personnel. Calibration performed to prevent similar incidents	Not applicable
29 March 2024	Derailment	Derailment of twelve freight wagons due to widening of track gauge, leading to the damage of 135 metres of track.	No fatalities or injuries	KZT 2.7 million	Technical training sessions conducted for relevant personnel. Calibration was carried out to prevent similar incidents	Not applicable

Date	Nature of Incident	Description	Casualties	Financial Impact	Remedial Measures	Insurance Coverage
15 April 2024	Derailment	Derailment of four wagons, three loaded with coke fine, one loaded with grain due to defect in the track geometry at the turnout.	No fatalities or injuries	KZT 1.7 million.	Investigation report issued by the Department for Investigation of Transport Accidents and Incidents of the Ministry of Transport, with recommendations implemented.	Not applicable
10 September 2024	Collision	Collision of six wagons with a stationary wagon due to train builder's failure to control the movement, which resulted in one fatality (an employee of an external entity).	1 fatality	KZT 55,380	Disciplinary action for relevant personnel; Development of corrective action plan	Not applicable
9 October 2024	Signalling failure	A facing point lock failure occurred at a turnout during the passage of a freight train, which caused the train to emergency-brake and stop. The failure was caused by a malfunction of the turnout point mechanism.	Four crew members were injured	KZT 165.6 million (damages) plus KZT 59,000 (administrative fine).	Special operating regime imposed; Development of corrective action plan and sealing procedure for critical monitoring devices.	Not applicable
25 October 2024	Derailment	Derailment of four freight wagons due to non-compliance of switch point blade replacement. A passenger train was delayed and three overhead catenary system supports were damaged	No fatalities or injuries	KZT 8.4 million	Monthly inspections held, correct maintenance was ensured	Not applicable
24 August 2025	Collision of a passenger train	Collision of a passenger train with a loaded open wagon left unsecured on a single-track section.	Several passengers sustained minor injuries. One passenger was hospitalised due to suspected concussion. No passenger claimed compensation.	KZT 8.4 million	Disciplinary action for relevant personnel; Development of corrective action plan	Not applicable

During the Track Record Period and up to the Latest Practicable Date, one fatality occurred as a result of the incidents described above. One passenger sustained a minor injury and was hospitalised (suspected concussion). The Group addressed each incident through a combination of internal investigations, disciplinary reviews, corrective action plans, technical training, infrastructure repairs and enhanced monitoring procedures.

Supply Chain Management

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

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

GOVERNANCE MATTERS

Business Ethics and Anti-Corruption

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

Whistleblowing and Reporting Channels

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

SEASONALITY

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

EMPLOYEES

The Group's workforce is primarily located in Kazakhstan, with less than 2% located in Russia, China, Turkey and the United Arab Emirates, and supports the operation, maintenance and development of the national railway and logistics network. As at 30 June 2026, the Group employed 119,910 employees. The following table sets forth a breakdown of the Group's employees by business function as at the same date.

Business Function	Number of Employees	Percent (%)
Operational	**109,426**	**91.3**
– Train operations	15,718	13.1
– Locomotive operations	20,979	17.5
– Track maintenance	26,835	22.4
– Signalling	11,830	9.9
– Technical maintenance	2,550	2.1
– Station operations	18,563	15.5
– Rolling stock maintenance	8,752	7.3
– Logistics	3,065	2.6
– Safety	929	0.8
– Security and infrastructure support	205	0.2
Administrative	**10,484**	**8.7**
– Administrative	7,544	6.3
– Finance	801	0.7
– Legal	193	0.2
– Procurement	448	0.4
– Information Technology	882	0.7
– Human Resources	522	0.4
– Management	94	0.1
Total	**119,910**	**100.0**

Staff turnover increased from 13.5% in 2023 to 22.5% in 2024 and 33.4% in 2025, and decreased to 14.8% in the first half of 2026. The Company believes that this trend reflects, among other factors, competition for operational and technical employees in certain major cities and industrial regions. Since 2023, the Group has experienced local staff shortages in certain operational and technical roles, including track maintenance, signalling, technical maintenance and other operational areas. The shortages have been more pronounced for certain positions, including signalmen, track fitters and other operational roles in major cities.

The average age of the Group's workforce is approximately 42. In certain operational trades, including track fitter and track foreman roles, more than 30% of employees are aged between 46 and 55.

The Company monitors the age profile of employees in safety-critical roles and seeks to manage workforce continuity through recruitment, training, succession planning, professional development and measures designed to improve retention in operational and technical roles.

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

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

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

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

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

LICENCES, PERMITS AND APPROVALS

The Company conducts its business operations under various licences, which authorise it to carry out a full range of railway-related business activities. The following table sets forth the material licences and permits held by the Group.

No.	Name of license/permit	Nature	Holder	Issuing Authority	Expiry Date
1.	Railway freight transportation (License No. 20013636, 17.09.2020)	License	KTZ-FT	Transport Control Inspection of Astana, Ministry of Industry and Infrastructure Development	Unlimited
2.	Transportation of nuclear materials (License No. 22007762, 22.04.2022)	License	KTZ-FT	Committee for Atomic and Energy Supervision and Control, Ministry of Energy	22.04.2027
3.	Medical activity (License No. 20013868, 22.09.2020) – outpatient, primary care, dentistry, rehabilitation, physiotherapy, massage	License	KTZ-FT	Department of Public Health of Nur-Sultan, Akimat of Nur-Sultan	Unlimited
4.	Activity related to handling precursors (License No. 26011269, 28.04.2026)	License	KTZ-FT	Ministry of Internal Affairs	27.04.2028
5.	State license No. 13009553 (17.06.2013) – "Development, production, acquisition and sale of explosives and pyrotechnics"	License	Company	Committee of Industry, Ministry of Industry and New Technologies	Unlimited
6.	State license No. 16019701 (26.12.2016) – "Construction and installation works, Category I"	License	Company	Department of State Architectural and Construction Control of Astana	Unlimited
7.	State license GSL No. 004990 (22.05.2001) – "Construction and installation works, Category III"	License	Company	Agency for Construction and Housing and Utilities	Unlimited

No.	Name of license/permit	Nature	Holder	Issuing Authority	Expiry Date
8.	General license No. 14014476 (29.09.2014) – "Design activity, Category I"	License	Company	Committee for Construction and Housing and Utilities, Ministry of Regional Development	Unlimited
9.	State license GSL No. 0004975 (22.05.2001) – "Design activity, Category III"	License	Company	Agency for Construction and Housing and Utilities	Unlimited
10.	License No. 17022124 (24.05.2017) – "Handling of devices and installations generating ionising radiation"	License	Company	Committee for Atomic and Energy Supervision and Control, Ministry of Energy	Unlimited
11.	State license GSL No. 0004975 (22.05.2001) – "Surveying activity"	License document issued in accordance with the legislation of the Republic of Kazakhstan	Company	Agency for Construction and Housing and Utilities	Unlimited
12.	License No. 23008542 (10.04.2023) – "Handling of radioactive substances, devices and installations containing radioactive substances"	License document issued in accordance with the legislation of the Republic of Kazakhstan	Company	Committee for Atomic and Energy Supervision and Control, Ministry of Energy	10.04.2028

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

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

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

The Group's licences are generally indefinite, and almost all provide for annual or quarterly reporting requirements for activities carried out under the relevant licences.

The Kazakhstan Legal Adviser has advised the Company that, during the Track Record Period and up to the Latest Practicable Date, the Company had obtained all requisite licences, approvals and permits from the relevant government authorities that are material for its business operations. Those licences, approvals and permits have remained in full effect as at the Latest Practicable Date, there are no existing circumstances that would render them subject to revocation or cancellation, there are no legal impediments to their renewal and they will not cease to be valid or in full force and effect as a result of the **[REDACTED]**. The Company is required to renew such certificates, permits and licences from time to time and does not expect any material difficulties in doing so.

INSURANCE

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

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

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

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

INFORMATION TECHNOLOGY

The Group relies on information technology systems to increase the efficiency, safety and transparency of its railway operations. The Company has updated its information technology development strategy for the period from 2026 to 2030. Following an IT landscape audit and cyber audit conducted by BTS Digital LLP in the second half of 2025, the 2026-2030 IT Strategy was approved by the Board in September 2026.

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

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

The Group had total budgeted capital expenditure for information technology projects of KZT 2,423.6 million for 2023, KZT 7,827.4 million for 2024, KZT 17,596.9 million for 2025 and KZT 5,891.3 million for the first half of 2026.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

The Board has overall oversight of the Group's risk management and internal control systems, including through its review and approval of the Group's risk appetite, risk register and key risk indicators on an annual basis and monitoring of such matters on a quarterly basis. The Management Board and the Internal Audit Service have defined roles and responsibilities in ensuring and reporting to the Board the effectiveness of the risk management and internal control systems under the Group's Policy on Risk Management and Internal Control, including ensuring that risk management and internal control procedures are implemented by appropriately qualified and experienced employees, integrating risk management and internal control into business processes, reviewing consolidated risk reports and conducting independent assessments of the effectiveness of the risk management and internal control system. The Directors

delegate the identification, reporting and monitoring of risks to the Risk Department, which reports to the CFO and the Management Board. Risk assessment is conducted at least quarterly, with reports submitted to the Management Board, the Audit Committee and the Board. Action plans are developed by risk owners to mitigate significant and critical risks identified, and the Risk Department consolidates such action plans for quarterly reporting to the Audit Committee and the Board.

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

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

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

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

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

response activation criteria, escalation timelines, roles and communication channels, and is supported by a risk register, catalogue of IT services, predefined recovery actions and prescribed quarterly and semi-annual testing activities.

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

PROPERTIES

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

LITIGATION

Legal Proceedings

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

The Company may from time to time become involved in various legal, arbitration or administrative proceedings and proceedings arising in the ordinary course of business; however, any such proceedings are not expected to have a significant effect on the Company's and/or the Group's financial position or profitability. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in some costs and a diversion of the Company's resources, including management's time and attention.

Compliance

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