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

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

OVERVIEW

The Group is Kazakhstan's national transport and logistics operator. It provides a principal overland transport link connecting Kazakhstan's production centres with China, Central Asia, Russia, the Caspian Sea region and Europe. It is wholly-owned by the Government through Samruk-Kazyna, Kazakhstan's sovereign wealth fund. It operates Kazakhstan's mainline railway network and, according to the KPMG Report, owns the country's largest fleet of locomotives and rolling stock. The Group operates an integrated rail and logistics network including mainline railway infrastructure, freight transportation, logistics, ports, dry ports, terminals, transport and logistics centres and passenger transportation. The Group is the dominant provider of freight transportation and passenger transportation in Kazakhstan and derives the substantial majority of its revenue from freight transportation, with additional revenue from passenger transportation, Government grants and other services. Further information on the Group's business, ownership and regulatory position is set out in the section headed "Business Overview" in this Document.

For 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group reported freight turnover of 262.4 billion tonne-kilometres, 261.7 billion tonne-kilometres, 288.8 billion tonne-kilometres, 136.7 billion tonne-kilometres and 146.5 billion tonne-kilometres, and revenue from freight transportation of KZT 1,682,550 million, KZT 1,875,558 million, KZT 2,463,197 million, KZT 1,130,511 million and KZT 1,322,173 million, representing 87.0%, 86.7%, 89.3%, 88.8% and 90.2% of total consolidated revenue and other income, respectively. Over the same period, passenger turnover was 11.8 billion passenger-kilometres, 11.7 billion passenger-kilometres, 11.4 billion passenger-kilometres, 5.4 billion passenger-kilometres and 5.5 billion passenger-kilometres, and revenue from passenger transportation was KZT 101,682 million, KZT 110,523 million, KZT 129,250 million, KZT 60,161 million and KZT 66,814 million, respectively. The detailed analysis of these movements is set out under "Discussion of Results of Operations" in this section.

BASIS OF PRESENTATION

The Group's consolidated financial statements as at and for the years ended 31 December 2023, 2024 and 2025 and as at and for the six months ended 30 June 2026 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Group's consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies in Note 3 to the Consolidated Financial Statements set out in Appendix I to this Document. The consolidated financial statements are presented in Tenge.

SEGMENT REPORTING

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

- Freight transportation, mainly consisting of:
  - o provision of freight transportation services primarily through the Group's integrated railway network, including the provision of mainline railway network access, locomotive traction, rolling stock, freight forwarding, terminal, warehousing and related logistics services
  - o provision of transportation and logistics services which combine rail, road, sea, terminal, warehousing, cargo handling and freight forwarding capabilities and are designed to support domestic, export, import and transit freight flows
- Passenger transportation, operating socially significant passenger transportation.

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

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

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

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

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

Macroeconomic Environment in Kazakhstan

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

The table below sets out key macroeconomic data for the periods indicated, as Kazakhstan's economy has continued to grow since 2023.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
Real GDP growth *(%)* (period-on-period percentage change in gross domestic product at constant prices, adjusted for inflation)	5.1	5.0	6.5	6.3	4.1
Nominal GDP growth *(%)* (period-on-period percentage change in gross domestic product at current prices, without adjustment for inflation)	15.1	14.4	16.8	17.2	16.0
Inflation *(%)* (average change in consumer prices)	9.8	8.6	12.3	11.8	10.3
Unemployment rate *(%)* (percentage of unemployed persons in the labour force)	4.7	4.7	4.6	4.6	4.5

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

Growth of Kazakhstan's economy has been supported by higher oil output and robust activity in non-oil sectors. Any moderation in economic growth, industrial activity or commodity production may affect freight volumes on the Group's network. The slowdown of real GDP growth from 6.3% for the six months ended 30 June 2025 to 4.1% for the six months ended 30 June 2026 was widely attributed to lower oil production, although non-oil sectors such as manufacturing, construction, trade and transport continued to grow strongly.

Inflation and labour market conditions affect the Group principally through operating costs, including staff costs, fuel, electricity, maintenance and other input costs. Inflation moderated from 9.8% in 2023 to 8.6% in 2024, but rose to 12.3% in 2025 before moderating to 10.3% in the six months ended 30 June 2026. The effect of inflation and labour costs is discussed further under "Staff, Fuel and Energy Costs".

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

Geopolitical Developments and Sanctions

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

The Group has exposure to Russia and Belarus-related freight and passenger flows, including through operational interactions with Russian Railways and Belarusian Railways and participation in Eurasian transit arrangements, including UTLC ERA. The proportion of total passenger transportation revenue related to Russia was 6.2%, 5.7%, 6.5%, 6.0% and 6.8% in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

The Group also received KZT 71.9 billion, KZT 110.2 billion, KZT 100.5 billion, KZT 41.8 billion and KZT 60.3 billion in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, in income related to the transportation of goods by UTLC ERA. Any deterioration in the operating environment affecting these flows, including route disruption, payment constraints, expanded sanctions, changes in sanctions interpretation or increased compliance requirements, could affect the Group's freight volumes, freight revenue, cash generation and operating performance. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" and "Business Overview – Freight Transportation – JSC UTLC Eurasian Railway Alliance" in this Document for further details. The Group is involved in projects with Russian-controlled and Belarusian-controlled entities, including through UTLC ERA, a joint venture with Russian Railways and Belarusian Railways. See "Business Overview – Freight Transportation – JSC UTLC Eurasian Railway Alliance" in this Document for further details.

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

Foreign Exchange Exposure

The Group's results of operations and financial condition are affected by foreign exchange movements. In particular, the Group has revenue and expense items denominated in foreign currencies, including Swiss Franc-denominated transit revenue and expenditures for goods and services priced in foreign currencies, and the Group has foreign currency-denominated monetary items, including borrowings and debt securities, which are translated into Tenge for reporting purposes and may give rise to foreign exchange gains or losses. The Group is exposed principally to movements in the U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. As a result, depreciation of the Tenge against those currencies may increase finance costs, debt service obligations and the Tenge cost of imported inputs and may lead to foreign exchange losses in the consolidated statement of profit or loss when monetary amounts are converted into Tenge at the relevant balance sheet date. During the six months ended 30 June 2026, the Tenge strengthened against major foreign currencies, which led to foreign exchange gains.

Exchange-rate movements affect both cash costs and reported results. Depreciation of the Tenge against currencies in which the Group has borrowings (including debt securities) increases the Tenge equivalent of principal and interest obligations and may increase the Group's debt service requirements in Tenge terms. Separately, it may increase the carrying amount of foreign currency-denominated monetary liabilities when translated into Tenge, which may be reflected as foreign exchange losses. As at 30 June 2026, the Group's borrowings and debt securities were denominated in the U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. See "Indebtedness and Financial Guarantee Agreement Liabilities – Borrowings" in this section.

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

The Group generates Swiss Franc-denominated revenue from international freight transit under the CIS Tariff Agreement, which provides a degree of natural economic matching against certain Swiss

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

The effect of exchange-rate movements on the Group's reported results can be significant. The Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million, KZT 19,990 million and KZT 77,009 million for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025, respectively, and a foreign exchange gain of KZT 99,715 million for the six months ended 30 June 2026. These amounts principally reflect the translation effect on foreign currency-denominated monetary liabilities, mainly loans and bonds.

Demand for Freight Transportation

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

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
			(KZT millions)		
Coal	107,695	119,961	180,173	81,086	89,994
Ore	48,518	48,018	74,767	31,248	42,515
Crude oil	20,477	19,648	26,627	14,599	17,027
Refined oil products	280,069	307,092	447,529	203,696	245,883
Construction materials	45,195	53,191	78,214	33,215	35,111
Grain and grain products	52,662	56,288	90,623	36,398	58,537
Ferrous scrap	5,543	5,016	6,097	2,950	2,909
Chemicals and sodium carbonate	66,436	81,371	118,928	58,571	59,254
Chemical and mineral fertilisers	33,533	44,481	58,440	31,431	28,701
Coloured ore	35,543	42,690	58,650	27,680	25,806
Nonferrous metals	19,054	18,278	23,846	12,519	11,342
Ferrous metals	110,091	121,878	187,317	87,576	103,722
Other	857,734	957,646	1,111,986	509,543	601,372
Total	**1,682,550**	**1,875,558**	**2,463,197**	**1,130,511**	**1,322,173**

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

in particular, if oil production continues to increase and as volumes of oil to be transported exceed the capacity of the pipeline system.

While the Group faces significant competition from pipelines in the transport of crude oil, there is less competition in the transportation of refined oil products. Oil products can be transported only by certain dedicated pipelines, which are limited in number. In addition, the destinations to which oil products are shipped may vary based on market needs and railways are more readily able to accommodate shifts in demand. Transportation of oil products accounted for 93.6%, 92.6%, 94.1%, 93.1% and 93.2% of the Group's total volume of transported oil and oil products for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Domestic coal transportation is directed primarily to industrial customers and public utility companies for heating and electricity generation. Industrial demand is generally linked to broader industrial activity, while demand from public utility companies may be seasonal. Export transportation of coal accounted for 3%, 3%, 4%, 4% and 4% of the Group's revenue from total freight transportation for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Of the Group's export coal shipments, the majority were destined for customers in the Ural and Siberian regions of Russia, with the remaining export coal shipments directed to other destination markets.

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

Tariff Regulation and Government Support

The majority of the Group's revenue, approximately 58.3% in 2023, 59.5% in 2024, 64.0% in 2025, 62.8% in the six months ended 30 June 2025 and 61.3% in the six months ended 30 June 2026, is derived from freight and passenger transportation services that are subject to regulated tariffs in Kazakhstan. The tariffs applicable to the Group's operations are based on detailed price lists approved by the Natural Monopoly Committee, and apply to all services except transit freight tariffs for freight passing through Kazakhstan to destinations outside of Kazakhstan. These specify prices for freight transportation by reference to factors such as weight, freight class or class of travel, direction, distance and destination, and are subject to annual adjustment through the Natural Monopoly Committee's supplemental indexation process. Passenger transportation tariffs are set by the Kazakh Ministry of Transport.

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

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Group's freight transportation revenue attributable to international transit routes *(KZT millions)*	655,888	698,797	827,178	391,290	490,102
International transit revenue as a percentage of the Group's freight transportation revenue *(%)*	39.0	37.3	33.6	34.6	37.1

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

adjustments. In November 2025, the Natural Monopoly Committee approved tariffs for mainline railway services for 2026 to 2030. See "Business Overview – Government Regulation and Tariffs" and "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document.

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

In addition, passenger transportation tariffs are maintained at levels that may be low or unprofitable, and the Group receives Government grants as compensation for a portion of that shortfall. The grants regulate operational parameters and tariff adjustment mechanisms. These grants are recognised in the Group's consolidated statements of profit or loss and other comprehensive income under the line item "Government grants". For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, income from Government grants as compensation for passenger transportation costs was KZT 38,912 million, KZT 41,124 million, KZT 46,142 million, KZT 21,277 million and KZT 24,206 million, respectively. In real terms, the overall level of Government support remained broadly comparable to prior periods after taking inflation into account. The framework provides greater medium-term visibility over the Group's passenger segment economics, but the timing and level of Government grants affect the Group's reported revenue, passenger segment performance and overall profitability, and any changes in the framework may affect the level of passenger losses borne by the Group, the extent of cross-subsidisation from freight operations and the Group's reported profitability.

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

Staff, Fuel and Energy Costs

Staff costs, including taxes, contributions, provisions for unused vacations, as well as employee benefit expenses and other long-term employee benefits, represent a significant portion of the Group's cost base. These employee costs and benefits accounted for 41.6%, 44.2%, 43.6%, 46.9% and 46.9% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Wage indexation, including Government-directed wage indexation where applicable, and broader labour market pressures have increased, and may continue to increase, payroll and other employee expenses. Wage increases may affect profitability where they are not offset by tariff adjustments, productivity improvements, revenue growth or other cost-saving measures. For example, the Group's staff costs within its cost of sales increased in 2025, reflecting wage increases, one-time payments based on length of service and higher labour participation rate bonuses, among other factors.

Fuel and electricity costs also represent a significant proportion of the Group's operating cost base and are closely linked to the scale of transport work performed. Fuel, consisting largely of diesel fuel for locomotives, and lubricants accounted for 14.7%, 12.1%, 13.8%, 12.2% and 13.9% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. Electrical power accounted for 4.3%, 5.6%, 7.2%, 6.7% and 8.4% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. These costs are sensitive to changes in market prices, transportation activity, procurement timing and broader inflationary conditions. As a result, changes in fuel and electricity prices may affect cost of sales and margins, particularly where tariff adjustments or productivity improvements do not fully offset those changes.

To manage price risk, the Group usually conducts procurement tenders at the beginning of each calendar year on fixed-price terms, with flexibility to decrease the initially fixed price if market prices for

the relevant commodity or service decline. See "Quantitative and Qualitative Disclosures about Market Risk" in this section and "Business Overview – Customers and Suppliers – Suppliers" in this Document.

Investment Programme and Funding Requirements

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

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

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

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

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

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

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

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company has adopted certain accounting policies that are significant to the preparation of its consolidated financial statements. Some of the Group's accounting policies require it to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions the Group uses and the judgments it makes in applying its accounting policies have a significant impact on its financial position and operational results. Management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and

expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from the management's estimates or assumptions and actual results, and the Group has not made any material changes to these estimates or assumptions during the Track Record Period. The Group does not expect any material changes in these estimates and assumptions in the foreseeable future. See Notes 3 and 4 to the Consolidated Financial Statements set out in Appendix I to this Document for a detailed description of the Group's material accounting policies, estimates, assumptions and judgments, which are important for understanding its financial condition and results of operations.

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
			(KZT millions)	*(unaudited)*	
Revenue and other income					
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
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)	(902,522)	(1,036,553)
Gross profit	435,512	543,925	833,032	370,555	429,138
General and administrative expenses	(106,494)	(128,390)	(145,837)	(63,776)	(79,680)
Finance income	32,221	52,955	88,618	17,755	22,585
Finance costs	(208,365)	(184,984)	(245,844)	(119,383)	(164,930)
Foreign exchange (loss)/gain	(14,124)	(69,620)	(19,990)	(77,009)	99,715
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–	–	–
Share of profit/(loss) of associates and joint ventures	8,144	10,772	1,634	1,094	(2,345)
Reversal of impairment/(impairment) of financial assets and contract assets	2,662	1,601	(3,893)	(3,106)	(638)
Reversal of impairment/(impairment) of non-financial assets	1,149	(7,336)	(11,480)	(6,685)	(3,315)
Other profit and losses	4,395	4,606	2,781	3,511	(1,141)
Profit before tax	161,383	223,529	499,021	122,956	299,389
Income tax expenses	(24,599)	(62,724)	(155,375)	(36,906)	(108,388)
Profit for the year/period	**136,784**	**160,805**	**343,646**	**86,050**	**191,001**

NON-IFRS MEASURES

To supplement the Company's consolidated financial statements presented in accordance with IFRS Accounting Standards, the Company uses EBITDA (non-IFRS measure) and EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards.

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

The Company defines EBITDA (non-IFRS measure) as profit for the year/period excluding income tax expenses, finance costs, finance income and depreciation and amortisation. The Company defines EBITDA margin (non-IFRS measure) as the ratio of EBITDA (non-IFRS measure) divided by total revenue and other income.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
			(KZT millions)		
Profit for the year/period	**136,784**	**160,805**	**343,646**	**86,050**	**191,001**
Income tax expenses	24,599	62,724	155,375	36,906	108,388
Finance costs	208,365	184,984	245,844	119,383	164,930
Finance income	(32,221)	(52,955)	(88,618)	(17,755)	(22,585)
Depreciation and amortisation	156,441	170,516	196,219	95,768	112,500
EBITDA (non-IFRS measure) (A)	**493,968**	**526,074**	**852,466**	**320,352**	**554,234**
Total revenue and other income (B)	1,934,095	2,163,942	2,757,083	1,273,077	1,465,691
EBITDA margin (non-IFRS measure) ((A)/(B))(%)	**25.5**	**24.3**	**30.9**	**25.2**	**37.8**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue and other income

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

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

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
							(unaudited)			
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Revenue from freight transportation	1,682,550	87.0	1,875,558	86.7	2,463,197	89.3	1,130,511	88.8	1,322,173	90.2
Revenue from passenger transportation	101,682	5.3	110,523	5.1	129,250	4.7	60,161	4.7	66,814	4.6
Government grants	38,912	2.0	41,124	1.9	43,275	1.6	21,277	1.7	27,327	1.9
Other revenue	110,951	5.7	136,737	6.3	121,361	4.4	61,128	4.8	49,377	3.3
Total	**1,934,095**	**100.0**	**2,163,942**	**100.0**	**2,757,083**	**100.0**	**1,273,077**	**100.0**	**1,465,691**	**100.0**

Revenue from freight transportation

Revenue from freight transportation represents revenue from the Group's provision of freight transportation services primarily through its integrated railway network, including the provision of mainline railway network access, locomotive traction, rolling stock, freight forwarding, terminal, warehousing and related logistics services. Freight transportation is the Group's largest business segment and primarily includes (i) domestic transportation routes for local transportation within Kazakhstan, (ii) international (export) transportation routes for export transportation from Kazakhstan to destinations outside the country, (iii) international (import) transportation routes for import transportation into Kazakhstan, and (iv) international (transit) transportation routes for transit transportation between foreign countries through Kazakhstan. The Group's revenue from freight transportation also includes additional charges related to the transportation process, primarily consisting of charges for cargo storage, charges for supply, cleaning and preparation of wagons for transportation, fees for the use of wagons and containers, and charges for wagon and container downtime and delays on mainline and station tracks, and other revenue from freight transportation. The following table sets forth a breakdown of the Group's revenue from freight transportation, by type of transportation activity, for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
							(unaudited)			
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
International (transit) routes	655,888	39.0	698,797	37.3	827,178	33.6	391,290	34.6	490,102	37.1
Domestic routes	439,857	26.1	507,501	27.1	687,325	27.9	299,676	26.5	335,529	25.4
International (export) routes	274,069	16.3	322,631	17.2	489,375	19.9	229,794	20.3	260,902	19.7
International (import) routes	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 revenue from freight transportation[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 income from cargo 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.

Revenue from passenger transportation

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

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

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
							(unaudited)			
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Passenger transportation	89,866	88.4	94,003	85.1	110,746	85.7	51,988	86.4	55,041	82.4
Other revenue from passenger transportation[1]	11,816	11.6	16,520	14.9	18,504	14.3	8,173	13.6	11,773	17.6
Total	**101,682**	**100.0**	**110,523**	**100.0**	**129,250**	**100.0**	**60,161**	**100.0**	**66,814**	**100.0**

Note:

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

Government grants

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

Government grants also include interest rate subsidies on financial liabilities for the year ended 31 December 2025 and the six months ended 30 June 2026.

Other revenue

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

Cost of Sales

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

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

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
							(unaudited)			
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee costs and benefits	622,859	41.6	716,650	44.2	838,976	43.6	423,457	46.9	486,627	46.9
Fuel and lubricants	219,739	14.7	195,945	12.1	265,916	13.8	110,188	12.2	143,604	13.9
Repairs and maintenance	229,398	15.3	234,961	14.5	242,842	12.6	105,084	11.6	100,417	9.7
Depreciation and amortisation	151,593	10.1	165,925	10.2	192,897	10.0	94,393	10.5	111,216	10.7
Electrical power	64,980	4.3	90,967	5.6	139,014	7.2	60,664	6.7	86,658	8.4
Materials and supplies	58,190	3.9	62,300	3.8	78,083	4.1	31,228	3.5	26,318	2.5
Work and services of a production nature	77,113	5.1	71,246	4.4	76,540	4.0	35,541	3.9	36,912	3.6
Others	74,711	5.0	82,023	5.2	89,783	4.7	41,967	4.7	44,801	4.3
Total	**1,498,583**	**100.0**	**1,620,017**	**100.0**	**1,924,051**	**100.0**	**902,522**	**100.0**	**1,036,553**	**100.0**

Gross Profit and Gross Profit Margin

The Group's gross profit was KZT 435,512 million, KZT 543,925 million, KZT 833,032 million, KZT 370,555 million and KZT 429,138 million in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively. The Group's gross profit margin was 22.5%, 25.1%, 30.2%, 29.1% and 29.3% in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

The following table sets forth the gross profit or loss and gross margin of the Group's freight transportation segment and passenger transportation segment, after inter-segment elimination, for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	Gross Profit/ (Loss)	*Gross Margin*	*Gross Profit/ (Loss)*	*Gross Margin*	*Gross Profit/ (Loss)*	*Gross Margin*	*Gross Profit/ (Loss)*	*Gross Margin*	*Gross Profit/ (Loss)*	*Gross Margin*
							(unaudited)			
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Freight transportation	456,354	25.8	581,070	29.2	867,359	33.9	389,218	33.0	450,400	33.1
Passenger transportation	(18,067)	(12.4)	(28,641)	(18.2)	(27,037)	(14.9)	(17,795)	(21.1)	(18,453)	(19.4)

General and Administrative Expenses

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

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

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
							(unaudited)			
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee expenses and benefits	67,761	63.6	78,985	61.5	94,735	65.0	45,048	70.6	51,061	64.1
Property tax and other taxes, excluding social tax and social contributions	7,853	7.4	17,942	14.0	15,458	10.6	4,919	7.7	10,536	13.2
Administrative and office expenses	8,648	8.1	12,253	9.5	12,354	8.5	5,178	8.1	6,290	7.9
Professional and other third-party service fees	5,860	5.5	6,682	5.2	11,275	7.7	3,409	5.3	7,050	8.9
Depreciation and amortisation	4,698	4.4	4,446	3.5	3,189	2.2	1,308	2.1	1,220	1.5
Others	11,674	11.0	8,082	6.3	8,826	6.0	3,914	6.2	3,523	4.4
Total	**106,494**	**100.0**	**128,390**	**100.0**	**145,837**	**100.0**	**63,776**	**100.0**	**79,680**	**100.0**

Finance Income

During the Track Record Period, the Group's finance income primarily consisted of (i) effect of the modification of debt liabilities that does not result in derecognition primarily relating to the extension of the maturity date of the eurobonds with the nominal amount of US$882,978,000 in favour of Samruk-Kazyna (the "**SK Bonds**") from 2025 to 2028 and to change coupon rate from 2% to 3%; (ii) interest income on cash and cash equivalents; (iii) interest income on derivative financial instruments recognised at fair value through profit or loss; (iv) change in fair value of derivative financial instruments recognised at fair value through profit or loss; (v) interest rate subsidies on financial liabilities relating to bonds issued by the Group under the State budget program; and (vi) other finance income, primarily including income from guarantees issued. The Group recorded finance income of KZT 32,221 million, KZT 52,955 million, KZT 88,618 million, KZT 17,755 million and KZT 22,585 million in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Finance Costs

During the Track Record Period, the Group's finance costs primarily consisted of (i) interest expenses on borrowings, including the amortisation of discounts on loans recognised upon the initial recognition of loans at below market interest rates; (ii) lease interest expenses relating to lease liabilities; (iii) interest expense on employee benefit obligations; (iv) change in fair value of derivative financial instruments recognised at fair value through profit or loss; and (v) loss from the ineffective part of hedging instruments. The Group recorded finance costs of KZT 208,365 million, KZT 184,984 million, KZT 245,844 million, KZT 119,383 million and KZT 164,930 million in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

Foreign Exchange Loss/Gain

Foreign exchange loss primarily arises from the translation of the Group's foreign currency-denominated borrowings, which are principally denominated in U.S. dollar, Swiss Franc, Euro,

Chinese Yuan and Russian Rouble. The Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million, KZT 19,990 million and KZT 77,009 million in 2023, 2024 and 2025 and the six months ended 30 June 2025, and a foreign exchange gain of KZT 99,715 million for the six months ended 30 June 2026.

Share of Profit/Loss of Associates and Joint Ventures

Share of profit or losses of associates and joint ventures represents the Group's proportionate share of the net profits or losses of its associates and joint ventures, which is accounted for using the equity method. The Group recorded share of profit of associates and joint ventures of KZT 8,144 million, KZT 10,772 million, KZT 1,634 million and KZT 1,094 million in 2023, 2024 and 2025 and the six months ended 30 June 2025, respectively, and a share of loss of KZT 2,345 million for the six months ended 30 June 2026.

Reversal of Impairment/Impairment of Non-Financial Assets

During the Track Record Period, the Group's reversal of impairment of non-financial assets primarily related to investments in associates, and its impairment losses of non-financial assets primarily related to VAT, property, plant and equipment and corporate income tax withheld. The Group recorded impairment reversal of non-financial assets of KZT 1,149 million in 2023, and impairment of non-financial assets of KZT 7,336 million, KZT 11,480 million, KZT 6,685 million and KZT 3,315 million in 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively.

Income Tax Expense

The Group's income tax expense was KZT 24,599 million, KZT 62,724 million, KZT 155,375 million, KZT 36,906 million and KZT 108,388 million in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

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

DISCUSSION OF RESULTS OF OPERATIONS

Six Months Ended 30 June 2026 Compared to Six Months Ended 30 June 2025

Revenue and other income

For the six months ended 30 June 2026, total revenue and other income was KZT 1,465,691 million, as compared to KZT 1,273,077 million in the six months ended 30 June 2025, reflecting an increase of 15.1%.

Revenue from freight transportation

For the six months ended 30 June 2026, revenue from freight transportation was KZT 1,322,173 million, as compared to KZT 1,130,511 million in the six months ended 30 June 2025, reflecting an increase of 17.0%. This increase was primarily due to (i) higher average tariff levels (contributing KZT 98.2 billion), (ii) increased transportation volumes (freight turnover) (contributing KZT 93.9 billion), and (iii) higher income resulting from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 23.5 billion), partially offset by other factors. In 2025, the overall regulated tariffs applicable to domestic, export and import freight transportation increased by approximately 28%, comprising (i) increases in MRN services tariffs of 2.6% effective from 1 January 2025 and a further 35% effective from 1 May 2025, and (ii) an increase in locomotive traction tariffs of 14.2% in 2025, in each case as approved by the Natural Monopoly Committee. Although no further increases in regulated tariffs for MRN services or locomotive traction services were implemented in the six months ended 30 June 2026, domestic, export and import freight transportation revenue benefited from the carry-over effect of the 2025 tariff increases, whereas the corresponding period in 2025 captured only a partial benefit given that the principal MRN tariff increase took effect on 1 May 2025.

International transit freight transportation revenue was KZT 490,102 million for the six months ended 30 June 2026, as compared to KZT 391,290 million for the six months ended 30 June 2025, reflecting an increase of 25.3%. This increase was primarily attributable to increased transportation volumes and freight turnover (contributing KZT 45.9 billion), together with higher income arising from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 23.5 billion). International transit freight turnover amounted to 34.8 billion tonne-kilometres in the six months ended 30 June 2026, as compared to 31.8 billion tonne-kilometres in

the six months ended 30 June 2025, reflecting an increase of 9.4%, mainly resulting from a 12.7% increase in transportation volumes to 17.7 million tonnes in the six months ended 30 June 2026 from 15.7 million tonnes in the six months ended 30 June 2025. Volume growth was primarily driven by increased transportation of petroleum products, iron ore, grain, ferrous metals, timber and sugar. The higher income arising from exchange rate movements was attributable to an increase in the average exchange rate from KZT 594.87 per Swiss Francs for the six months ended 30 June 2025 to KZT 618.45 per Swiss Francs for the six months ended 30 June 2026.

Domestic freight transportation revenue was KZT 335,529 million for the six months ended 30 June 2026, as compared to KZT 299,676 million for the six months ended 30 June 2025, reflecting an increase of 12.0%. The increase was primarily attributable to higher average tariff levels, resulting from the carry-over effect of the 2025 regulated tariff increases (contributing KZT 47.1 billion), partially offset by other factors.

International export freight transportation revenue was KZT 260,902 million for the six months ended 30 June 2026, as compared to KZT 229,794 million for the six months ended 30 June 2025, reflecting an increase of 13.5%. This increase was primarily attributable to higher average tariff levels, resulting from the carry-over effect of the 2025 regulated tariff increases (contributing KZT 31.1 billion), and higher transportation volumes and freight turnover (contributing KZT 20.9 billion), partially offset by other factors. International export freight turnover amounted to 55.7 billion tonne-kilometres in the six months ended 30 June 2026, as compared to 48.6 billion tonne-kilometres in the six months ended 30 June 2025, reflecting an increase of 14.6%, mainly resulting from a 6.9% increase in transportation volumes to 45.6 million tonnes in the six months ended 30 June 2026 from 42.7 million tonnes in the six months ended 30 June 2025. Volume growth was primarily driven by increased transportation of coal, iron ore, grain, fertilisers, ferrous metals and compound feed.

International import freight transportation revenue was KZT 147,377 million for the six months ended 30 June 2026, as compared to KZT 122,842 million for the six months ended 30 June 2025, reflecting an increase of 20.0%. This increase was primarily attributable to higher transportation volumes and freight turnover (contributing KZT 25.1 billion) and higher average tariff levels, resulting from the carry-over effect of the 2025 regulated tariff increases (contributing KZT 20.0 billion), partially offset by other factors. International import freight turnover amounted to 13.7 billion tonne-kilometres in the six months ended 30 June 2026, as compared to 11.8 billion tonne-kilometres in the six months ended 30 June 2025, reflecting an increase of 16.1%, mainly resulting from a 16.4% increase in transportation volumes to 11.6 million tonnes in the six months ended 30 June 2026 from 10.0 million tonnes in the six months ended 30 June 2025. Volume growth was primarily driven by increased transportation of coal, iron ore, petroleum products, grain and non-ferrous ore.

Additional charges related to the freight transportation process were KZT 33,765 million for the six months ended 30 June 2026, as compared to KZT 31,853 million for the six months ended 30 June 2025, reflecting an increase of 6.0%. This increase was primarily attributable to an average 15.0% increase in the rates for certain ancillary charges in June 2026.

Other freight transportation revenue was KZT 54,498 million for the six months ended 30 June 2026, as compared to KZT 55,056 million for the six months ended 30 June 2025, reflecting a decrease of 1.0%. This decrease was primarily due to lower freight forwarding services revenue, partly offset by increases in cargo transhipment, settlements between railway departments, locomotive traction services provided to third parties and penalty income related to freight transportation.

Revenue from passenger transportation

For the six months ended 30 June 2026, revenue from passenger transportation was KZT 66,814 million, as compared to KZT 60,161 million for the six months ended 30 June 2025, reflecting an increase of 11.1%.

Passenger transportation revenue was KZT 55,041 million for the six months ended 30 June 2026, as compared to KZT 51,988 million for the six months ended 30 June 2025, reflecting an increase of 5.9%. This increase was primarily driven by (i) a tariff increase of 7% implemented with effect from 1 April 2026 (contributing KZT 2.5 billion), and (ii) higher passenger volumes, reflecting a 2.3% increase in overall traffic volume, an 11% increase in international passenger traffic, for which higher fares are charged than for domestic routes, and a 1.6% increase in train occupancy (contributing KZT 0.6 billion).

Other revenue from passenger transportation was KZT 11,773 million for the six months ended 30 June 2026, as compared to KZT 8,173 million for the six months ended 30 June 2025, representing an increase of 44.0%. This increase was primarily driven by an increase in revenue from the organisation of

transit transportation of baggage cars owned by third-party operators, as well as an increase in sales of bedding sets with higher service fees and an increase in passenger volumes.

Government grants

For the six months ended 30 June 2026, revenue from Government grants was KZT 27,327 million, as compared to KZT 21,277 million for the six months ended 30 June 2025, reflecting an increase of 28.4%. This increase was due to the recognition of grant income associated with wagon deliveries, the cumulative effect of grant amortisation, growth in passenger turnover on new rolling stock and an expanded portfolio of subsidised wagon financing.

Other revenue

For the six months ended 30 June 2026, other revenue was KZT 49,377 million, as compared to KZT 61,128 million for the six months ended 30 June 2025, reflecting a decrease of 19.2%. This decrease was primarily attributable to the recognition of KZT 3 billion of revenue from the sale of freight wagons in 2025 and lower wagon rental revenue resulting from a reduction of 316,087 wagon-days in the volume of wagons leased and lower market rental rates. No revenue has been recorded for the six months ended 30 June 2026 in respect of the sale of freight wagons.

Cost of sales

For the six months ended 30 June 2026, cost of sales was KZT 1,036,553 million, as compared to KZT 902,522 million for the six months ended 30 June 2025, reflecting an increase of 14.9%. The increase was due to increases in employee costs and benefits, fuel and lubricant costs, electrical power costs and depreciation and amortisation.

Employee costs and benefits were KZT 486,627 million for the six months ended 30 June 2026, as compared to KZT 423,457 million for the six months ended 30 June 2025, reflecting an increase of 14.9%. The increase was due to salary increases, headcount growth and related payroll measures.

Fuel and lubricant costs were KZT 143,604 million for the six months ended 30 June 2026, as compared to KZT 110,188 million for the six months ended 30 June 2025, reflecting an increase of 30.3%. The increase was driven by increased freight transportation activity and a higher weighted-average fuel price.

Depreciation and amortisation was KZT 111,216 million for the six months ended 30 June 2026, as compared to KZT 94,393 million for the six months ended 30 June 2025, reflecting an increase of 17.8%. This increase was primarily driven by the renewal of the locomotive and rolling stock fleet, as well as the implementation of railway line construction and modernisation projects.

Electrical power costs were KZT 86,658 million for the six months ended 30 June 2026, as compared to KZT 60,664 million for the six months ended 30 June 2025, reflecting an increase of 42.8%. The increase was due to increased freight transportation activity and a 32.2% increase in the electricity prices for freight train traction.

Gross profit and gross profit margin

As a result of the foregoing, for the six months ended 30 June 2026, the Group's gross profit was KZT 429,138 million, as compared to KZT 370,555 million in the six months ended 30 June 2025, reflecting an increase of 15.8%. The Group's gross profit margin increased from 29.1% in the six months ended 30 June 2025 to 29.3% in the six months ended 30 June 2026, primarily due to a 15% increase in revenue due to a 7% increase in freight turnover and the carry-over effect of the 2025 regulated tariff increases.

Freight transportation

For the six months ended 30 June 2026, the gross profit for the Group's freight transportation segment (after inter-segment elimination) was KZT 450,400 million, as compared to KZT 389,218 million in the six months ended 30 June 2025, reflecting an increase of 15.7%. The gross profit margin for this segment (after inter-segment elimination) slightly increased from 33.0% in the six months ended 30 June 2025 to 33.1% in the six months ended 30 June 2026. Such increases were primarily due to the carry-over effect of the 2025 regulated tariff increases, as well as an increase in transit traffic.

Passenger transportation

For the six months ended 30 June 2026, the gross loss for the Group's passenger transportation segment (after inter-segment elimination) was KZT 18,453 million, as compared to KZT 17,795 million in the six months ended 30 June 2025, reflecting an increase of 3.7%. The increase in gross loss was primarily due to cost of sales for this segment increasing by a larger absolute amount than its revenue and

other income. The gross loss margin for this segment (after inter-segment elimination) decreased from 21.1% in the six months ended 30 June 2025 to 19.4% in the six months ended 30 June 2026. The improvement in gross loss margin was primarily driven by the higher passenger turnover, increased regulated passenger tariffs and higher Government subsidies in the six months ended 30 June 2026, with revenue and other income for this segment growing at a faster rate than cost of sales.

General and administrative expenses

For the six months ended 30 June 2026, general and administrative expenses were KZT 79,680 million, as compared to KZT 63,776 million for the six months ended 30 June 2025, reflecting an increase of 24.9%. This increase was primarily due to increases in employee expenses and benefits, property tax and other taxes and professional and other third-party service fees.

Employee expenses and benefits were KZT 51,061 million for the six months ended 30 June 2026, compared to KZT 45,048 million for the six months ended 30 June 2025, representing an increase of 13.3%. This increase was primarily due to a 5% increase in employee wages and a one-off additional payment equal to 40% of monthly base salary paid to administrative staff in January 2026, together with related taxes and social contributions.

Property tax and other taxes, excluding social tax and social contributions, were KZT 10,536 million for the six months ended 30 June 2026, as compared to KZT 4,919 million for the six months ended 30 June 2025, reflecting an increase of 114.2%. This increase was primarily due to the recognition as an expense of a VAT adjustment previously claimed as input VAT in respect of property contributed to the charter capital of Port Kuryk LLP, being a one-off adjustment that amounted to KZT 4,428 million.

Professional and other third-party service fees were KZT 7,050 million for the six months ended 30 June 2026, as compared to KZT 3,409 million for the six months ended 30 June 2025, reflecting an increase of 106.8%. This increase was primarily due to expenses incurred in connection with the **[REDACTED]** and **[REDACTED]** preparations and an increase in utility and other operating costs in an inflationary environment.

Finance income

For the six months ended 30 June 2026, finance income was KZT 22,585 million, as compared to KZT 17,755 million for the six months ended 30 June 2025, reflecting an increase of 27.2%. This increase was due to higher interest income on cash and cash equivalents.

Finance costs

For the six months ended 30 June 2026, finance costs were KZT 164,930 million, as compared to KZT 119,383 million for the six months ended 30 June 2025, reflecting an increase of 38.2%. This increase was primarily due to interest expenses on borrowings, including the amortisation of discounts on loans, increasing by 60.7%, from KZT 70,177 million to KZT 112,770 million, while lease interest expenses increased by 62.1%, from KZT 16,044 million to KZT 26,014 million. The scale of this increase in finance costs was reduced by a decrease in the loss from the ineffective part of hedging instruments from KZT 31,142 million to KZT 571 million in the six months ended 30 June 2025 and 2026, respectively. The increase in finance costs also reflected new or separately presented items in the six months ended 30 June 2026, including changes in the fair value of derivative financial instruments recognised at fair value through profit or loss, interest expense on employee benefit obligations and changes in the fair value of debt securities recognised at fair value through profit or loss. Capitalised borrowing costs decreased significantly because certain advances for locomotives no longer met the criteria for qualifying assets under IAS 23 following confirmation that supplier production periods had been reduced to less than 12 months.

Foreign exchange gain/loss

For the six months ended 30 June 2026, the Group recorded a foreign exchange gain of KZT 99,715 million, as compared to a foreign exchange loss of KZT 77,009 million for the six months ended 30 June 2025. The gain was primarily attributable to the appreciation of the Tenge against major foreign currencies and the resulting decrease in the Tenge equivalent of foreign-currency-denominated liabilities including loans and bonds and the resulting impact of hedging operations.

Share of profit/loss of associates and joint ventures

For the six months ended 30 June 2026, the Group recorded a share of loss of associates and joint ventures of KZT 2,345 million, as compared to a share of profit of associates and joint ventures of KZT

1,094 million for the six months ended 30 June 2025, reflecting a decrease of 314.4%. This decrease was primarily due to the Group's share of results of UTLC ERA, which changed from a share of profit of KZT 2,172 million for the six months ended 30 June 2025 to a share of loss of KZT 63 million for the six months ended 30 June 2026.

Impairment of non-financial assets

For the six months ended 30 June 2026, impairment of non-financial assets amounted to KZT 3,315 million, as compared to KZT 6,685 million for the six months ended 30 June 2025, reflecting a decrease of 50.4%. This decrease was primarily due to a decrease in impairment loss recognised on recoverable VAT.

Profit before tax

As a result of the foregoing, for the six months ended 30 June 2026, profit before tax was KZT 299,389 million, as compared to KZT 122,956 million for the six months ended 30 June 2025, reflecting an increase of 143.5%. This increase was substantially driven by the shift in foreign exchange results from a KZT 77,009 million loss for the six months ended 30 June 2025 to a KZT 99,715 million gain for the six months ended 30 June 2026.

Income tax expense

For the six months ended 30 June 2026, income tax expense was KZT 108,388 million, as compared to KZT 36,906 million for the six months ended 30 June 2025, reflecting an increase of 193.7%. This increase was primarily due to an increase in profit before tax from KZT 122,956 million for the six months ended 30 June 2025 to KZT 299,389 million for the six months ended 30 June 2026, and the rules governing the carry-forward of corporate income tax withheld at source changing with effect from 1 January 2026. As a result, the Group recognised a one-off impairment of corporate income tax withheld at source in the amount of KZT 29,895 million.

Profit for the period

As a result of all of the foregoing, for the six months ended 30 June 2026, profit for the period was KZT 191,001 million, as compared to a profit of KZT 86,050 million in the six months ended 30 June 2025, reflecting an increase of 122.0%.

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

Revenue and other income

For 2025, total revenue and other income was KZT 2,757,083 million, as compared to KZT 2,163,942 million in 2024, reflecting an increase of 27.4%. This increase was primarily due to a KZT 587,639 million, or 31.3%, increase in revenue from freight transportation and a KZT 18,727 million, or 16.9%, increase in revenue from passenger transportation. The Group targets to continue such revenue growth with an approximately 13% to 15% CAGR in the medium term.

Revenue from freight transportation

For 2025, revenue from freight transportation was KZT 2,463,197 million, as compared to KZT 1,875,558 million in 2024, reflecting an increase of 31.3%. This increase was primarily attributable to (i) higher average tariff levels (contributing KZT 364.3 billion), (ii) increased transportation volumes (freight turnover) (contributing KZT 138.9 billion), and (iii) higher income arising from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 105.0 billion), partially offset by other factors. In 2025, the overall regulated tariffs applicable to domestic, export and import freight transportation increased by approximately 28%, comprising (i) increases in MRN services tariffs of 2.6% effective from 1 January 2025 and a further 35% effective from 1 May 2025, and (ii) an increase in locomotive traction tariffs of 14.2% in 2025, in each case as approved by the Natural Monopoly Committee.

International transit freight transportation revenue was KZT 827,178 million for 2025, as compared to KZT 698,797 million for 2024, reflecting an increase of 18.4%. This increase was primarily attributable to higher income arising from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 105.0 billion), together with increased transportation volumes and freight turnover (contributing KZT 78.1 billion), partially offset by other factors. The higher income arising from exchange rate movements was attributable to a change in the average exchange rate from KZT 533.96 per Swiss Francs for 2024 to KZT 630.43 per Swiss Francs for 2025. International transit freight turnover amounted to 65.5 billion tonne-kilometres in 2025, as compared to 54.8 billion tonne-kilometres in 2024, reflecting an increase of 19.5%, mainly resulting from a 20.0% increase in transportation volumes to 33.0 million tonnes in 2025 from 27.5 million tonnes in 2024. Volume growth was recorded across all cargo categories, with the exception of coal, crude oil and fertilisers.

Domestic freight transportation revenue was KZT 687,325 million for 2025, as compared to KZT 507,501 million for 2024, reflecting an increase of 35.4%. This increase was primarily attributable to higher average tariff levels, resulting from increased regulated tariffs (contributing KZT 175.6 billion), and higher transportation volumes and freight turnover (contributing KZT 16.9 billion), partially offset by other factors. Domestic freight turnover amounted to 93.6 billion tonne-kilometres in 2025, as compared to 90.8 billion tonne-kilometres in 2024, reflecting an increase of 3.1%, mainly resulting from a 2.7% increase in transportation volumes to 176.9 million tonnes in 2025 from 172.2 million tonnes in 2024. Volume growth was recorded across all cargo categories, with the exception of ferrous metals.

International export freight transportation revenue was KZT 489,375 million for 2025, as compared to KZT 322,631 million for 2024, reflecting an increase of 51.7%. This increase was primarily attributable to higher average tariff levels, resulting from increased regulated tariffs (contributing KZT 118.4 billion), and higher transportation volumes and freight turnover (contributing KZT 37.9 billion). International export freight turnover amounted to 104.5 billion tonne-kilometres in 2025, as compared to 92.3 billion tonne-kilometres in 2024, reflecting an increase of 13.2%, mainly resulting from a 7.1% increase in transportation volumes to 89.2 million tonnes in 2025 from 83.3 million tonnes in 2024. Volume growth was primarily driven by increased transportation of coal, iron ore, construction materials, grain, fertilisers and other cargo.

International import freight transportation revenue was KZT 276,243 million for 2025, as compared to KZT 194,279 million for 2024, reflecting an increase of 42.2%. This increase was primarily attributable to higher average tariff levels, resulting from increased regulated tariffs (contributing KZT 70.2 billion), and higher transportation volumes and freight turnover (contributing KZT 5.9 billion). International import freight turnover amounted to 25.2 billion tonne-kilometres in 2025, as compared to 23.8 billion tonne-kilometres in 2024, reflecting an increase of 5.9%, mainly resulting from a 3.0% increase in transportation volumes to 20.8 million tonnes in 2025 from 20.2 million tonnes in 2024. Volume growth was primarily driven by increased transportation of iron ore, petroleum products, construction materials, scrap, chemicals, fertilisers, ferrous metals and other cargo.

Additional charges related to the freight transportation process were KZT 65,194 million for 2025, as compared to KZT 67,769 million for 2024, reflecting a decrease of 3.8%. This decrease was primarily due to faster service delivery and improved compliance by shippers and recipients with cargo clearance and collection requirements at destination stations, resulting in lower fees and penalties for additional services.

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

Revenue from passenger transportation

For 2025, revenue from passenger transportation was KZT 129,250 million, as compared to KZT 110,523 million for 2024, reflecting an increase of 16.9%. This increase was primarily driven by the indexation of regulated tariffs (contributing KZT 19.4 billion), partially offset by other factors. Regulated passenger tariffs increased by 7.0% effective from 1 March 2025 and 19.9% effective from 1 October 2024.

Government grants

For 2025, revenue from Government grants was KZT 43,275 million, as compared to KZT 41,124 million for 2024, reflecting an increase of 5.2%. This increase was primarily attributable to higher subsidies to compensate for increased operating costs, including subsidies under the Kazakh Ministry of Transport's programme for socially significant inter-oblast (inter-regional) routes, which increased by 17.9% to KZT 32,003 million, and subsidies from local authorities for suburban and regional routes, which increased by 8.4% to KZT 2,788 million. In real terms, the overall level of government support remained broadly comparable to prior periods after taking inflation into account.

Other revenue

For 2025, other revenue was KZT 121,361 million, as compared to KZT 136,737 million for 2024, reflecting a decrease of 11.2%. This decrease was primarily attributable to lower prevailing market rates and a reduction in the volume of freight car rentals to third-party organisations. Daily rental rates for certain destinations decreased in 2025 due to wagon surplus, while more than 3,800 open wagons were withdrawn from lease operations following the expiration of the relevant lease agreements.

Cost of sales

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

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

Fuel and lubricant costs were KZT 265,916 million for 2025, as compared to KZT 195,945 million for 2024, reflecting an increase of 35.7%. This increase was primarily due to an increase in the volume of transport work, which is directly linked to fuel costs, and an increase in the actual weighted average price of 27.3%, which was significantly influenced by the increased share of imported diesel fuel purchases. The increased share of imported fuel was driven by a diesel fuel deficit in the domestic market of Kazakhstan, whereas no imported diesel fuel was purchased in 2024.

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

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

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

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

Gross profit and gross profit margin

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

Freight transportation

For 2025, the gross profit for the Group's freight transportation segment (after inter-segment elimination) was KZT 867,359 million, as compared to KZT 581,070 million in 2024, reflecting an increase of 49.3%. The gross profit margin for the Group's freight transportation segment (after inter-segment elimination) increased from 29.2% in 2024 to 33.9% in 2025. Such increases were primarily due to an increase in regulated tariffs, as well as an increase in transit traffic, fluctuations in the Swiss Franc exchange rate, as well as the Group's efforts on cost control.

Passenger transportation

For 2025, the gross loss for the Group's passenger transportation segment (after inter-segment elimination) was KZT 27,037 million, as compared to KZT 28,641 million in 2024, reflecting a decrease of 5.6%. The gross loss margin for this segment (after inter-segment elimination) decreased from 18.2% in 2024 to 14.9% in 2025. Such improvements were primarily driven by increased regulated passenger tariffs and higher Government subsidies in 2025, with revenue and other income for this segment growing at a faster rate than cost of sales.

General and administrative expenses

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

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

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

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

Finance income

For 2025, finance income was KZT 88,618 million, as compared to KZT 52,955 million for 2024, reflecting an increase of 67.3%. This increase was primarily due to (i) the effect of modification of financial liabilities, being the extension of the maturity date of the SK Bonds from 2025 to 2028 and to change coupon rate from 2% to 3%, that does not result in derecognition, (ii) an increase in the fair value of derivative financial instruments recognised at fair value through profit or loss, primarily driven by the volatility of exchange rates (in particular, Tenge to U.S. dollars) and fluctuations in market interest rates, and (iii) an increase in interest income on cash and cash equivalents and guarantees issued, attributable to the National Bank of the Republic of Kazakhstan maintaining a high base rate combined with higher global interest rates, which enabled the Group to place free liquidity into short-term deposits at higher KZT interest rates.

Finance costs

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

Foreign exchange loss

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

Share of profit of associates and joint ventures

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

Impairment of non-financial assets

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

Profit before tax

As a result of the foregoing, for 2025, profit before tax was KZT 499,021 million, as compared to KZT 223,529 million for 2024, reflecting an increase of 123.2%.

Income tax expense

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

Profit for the year

As a result of all of the foregoing, for 2025, profit for the year was KZT 343,646 million, as compared to a profit of KZT 160,805 million in 2024, reflecting an increase of 113.7%.

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

Revenue and other income

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

Revenue from freight transportation

For 2024, revenue from freight transportation was KZT 1,875,558 million, as compared to KZT 1,682,550 million in 2023, reflecting an increase of 11.5%. This increase was primarily due to higher average tariff levels (contributing KZT 121.9 billion) and higher income resulting from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 44.6 billion). In 2024, the overall regulated tariffs applicable to domestic, export and import freight transportation increased by approximately 24%, comprising (i) increases in MRN services tariffs of 4% effective from 1 January 2024, with further increases of 8.8% effective from 4 June 2024 and 7.8% effective from 6 December 2024, and (ii) increases in locomotive traction tariffs of 13.3% effective from 20 September 2024 and a further 15.8% effective from 12 December 2024, in each case as approved by the Natural Monopoly Committee.

International transit freight transportation revenue was KZT 698,797 million for 2024, as compared to KZT 655,888 million for 2023, reflecting an increase of 6.5%. This increase was primarily attributable to higher income arising from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues (contributing KZT 44.6 billion), together with increased freight turnover (contributing KZT 9.3 billion), partially offset by other factors. The higher income arising from exchange rate movements was attributable to a change in the average exchange rate from KZT 508.16 per Swiss Francs for 2023 to KZT 533.96 per Swiss Francs for 2024. International transit freight turnover amounted to 54.8 billion tonne-kilometres in 2024, as compared to 52.6 billion tonne-kilometres in 2023, reflecting an increase of 4.2%, mainly resulting from a 3.7% increase in average freight transportation distance to 1,996 kilometres in 2024 from 1,924 kilometres in 2023 due to an increase in the average range of container shipments of chemicals and other goods (such as paper, cardboard and pulp) from Russia to China via long transit routes.

Domestic freight transportation revenue was KZT 507,501 million for 2024, as compared to KZT 439,857 million for 2023, reflecting an increase of 15.4%. This increase was primarily attributable to higher average tariff levels, resulting from increased regulated tariffs (contributing KZT 65.1 billion), and higher transportation volumes and freight turnover (contributing KZT 4.1 billion), partially offset by other factors. Domestic freight turnover amounted to 90.8 billion tonne-kilometres in 2024, as compared to 89.1 billion tonne-kilometres in 2023, reflecting an increase of 1.9%, mainly resulting from a 4.9% increase in transportation volumes to 172.2 million tonnes in 2024 from 164.2 million tonnes in 2023. Volume growth was mainly driven by an increase in volumes of iron ore, construction cargo, grain, ferrous scrap, chemicals, ferrous metals and other cargo.

International export freight transportation revenue was KZT 322,631 million for 2024, as compared to KZT 274,069 million for 2023, reflecting an increase of 17.7%. This increase was primarily due to higher average tariff levels, resulting from increased regulated tariffs (contributing KZT 34.3 billion).

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

average tariff levels, resulting from increased regulated tariffs (contributing KZT 22.5 billion), partially offset by other factors.

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

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

Revenue from passenger transportation

For 2024, revenue from passenger transportation was KZT 110,523 million, as compared to KZT 101,682 million in 2023, reflecting an increase of 8.7%, as a result of increases in both passenger transportation revenue and other revenue from passenger transportation.

Passenger transportation revenue was KZT 94,003 million for 2024, as compared to KZT 89,866 million for 2023, reflecting an increase of 4.6%. This increase was primarily driven by the indexation of regulated tariffs (contributing KZT 5.8 billion), partially offset by other factors. Regulated passenger tariffs increased by 7.0% effective from 1 January 2024 and 19.9% effective from 1 October 2024.

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

Government grants

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

Other revenue

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

Cost of sales

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

Employee costs and benefits were KZT 716,650 million for 2024, as compared to KZT 622,859 million for 2023, reflecting an increase of 15.1%. This increase was primarily due to an increase in wages and the extension of current bonuses based on the labour participation coefficient to all production personnel, which were due to changes in the macroeconomics in Kazakhstan, including the increase in minimum wage, increase in minimum salary and inflation.

Electrical power costs were KZT 90,967 million for 2024, as compared to KZT 64,980 million for 2023, reflecting an increase of 40.0%. This increase was primarily attributable to a 45.8% increase in the weighted average electricity price.

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

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

Gross profit and gross profit margin

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

Freight transportation

For 2024, the gross profit for the Group's freight transportation segment (after inter-segment elimination) was KZT 581,070 million, as compared to KZT 456,354 million in 2023, reflecting an increase of 27.3%. The gross margin for the Group's freight transportation segment (after inter-segment elimination) increased from 25.8% in 2023 to 29.2% in 2024. Such increases were primarily due to an increase in regulated tariffs, as well as an increase in transit traffic, fluctuations in the Swiss Franc exchange rate and the Group's cost control efforts.

Passenger transportation

For 2024, the gross loss for the Group's passenger transportation segment (after inter-segment elimination) was KZT 28,641 million, as compared to KZT 18,067 million in 2023, reflecting an increase of 58.5%. The gross loss margin for this segment (after inter-segment elimination) increased from 12.4% in 2023 to 18.2% in 2024. Such increases were primarily due to cost of sales for this segment growing at a faster rate than its revenue and other income, which more than offset the effect of increased regulated passenger tariffs and higher Government subsidies in 2024.

General and administrative expenses

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

Employee expenses and benefits were KZT 78,985 million for 2024, as compared to KZT 67,761 million for 2023, reflecting an increase of 16.6%. This increase was primarily due to an increase in wages, as well as the extension of current bonuses based on the labour participation coefficient to all production personnel.

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

Other expenses were KZT 8,082 million for 2024, as compared to KZT 11,674 million for 2023, reflecting a decrease of 30.8%. This decrease was primarily due to the recognition in 2023 of costs relating to the downtime of the second-tier subsidiary Kazakhstan Carriage Building Company LLC, which suspended production from October 2021 to August 2023 due to an absence of orders.

Finance income

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

Finance costs

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

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

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

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

Foreign exchange loss

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

Share of profit of associates and joint ventures

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

Reversal of impairment / (impairment) of non-financial assets

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

Profit before tax

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

Income tax expense

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

Profit for the year

As a result of the foregoing, for 2024, profit for the year was KZT 160,805 million, as compared to a profit of KZT 136,784 million in 2023, reflecting an increase of 17.6%.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Assets				
Non-current assets				
Goodwill	15,520	15,520	15,520	15,520
Intangible assets	13,824	11,250	11,022	10,682
Property, plant and equipment	3,794,479	4,782,227	5,875,447	6,718,125
Investments in joint ventures	1,579	1,396	11,637	12,175
Investments in associates	38,989	48,678	56,464	50,806
Derivative financial instruments	–	–	–	3,944
Other non-current assets	690,159	647,483	1,136,788	1,280,119
Deferred tax assets	60	21	312	578
Total non-current assets	**4,554,610**	**5,506,575**	**7,107,190**	**8,091,949**
Current assets				
Inventories	64,362	57,820	86,422	96,285
Other current assets	45,988	45,407	95,839	138,762
Corporate income tax prepaid	3,535	7,899	8,219	5,363
VAT recoverable	49,618	120,475	48,789	23,326
Contract assets	1,153	336	1,071	1,771
Trade accounts receivables	16,326	21,666	18,009	23,786
Cash and cash equivalents	204,614	198,578	232,973	367,695
Total current assets	**385,596**	**452,181**	**491,322**	**656,988**
Total assets	**4,940,206**	**5,958,756**	**7,598,512**	**8,748,937**
Equity and Liabilities				
Equity				
Share capital	1,110,634	1,123,907	1,152,698	1,152,698
Hedging reserve	–	(38,570)	(52,012)	(20,755)
Foreign currency translation reserve	7,220	8,994	13,589	11,998
Retained earnings	623,698	856,709	1,255,462	1,436,947
Equity attributable to the Shareholder	1,741,552	1,951,040	2,369,737	2,580,888
Non-controlling interests	17,504	18,277	18,493	17,462
Total equity	**1,759,056**	**1,969,317**	**2,388,230**	**2,598,350**
Non-current liabilities				
Borrowings	1,763,432	1,840,423	2,697,359	3,339,074
Other non-current liabilities	69,778	118,770	177,442	204,355
Lease liabilities	54,555	139,465	224,936	282,098
Derivative financial instruments	35,719	–	–	–
Deferred tax liabilities	411,888	468,057	615,181	691,386
Employee benefit obligations	37,396	41,105	41,027	53,518
Total non-current liabilities	**2,372,768**	**2,607,820**	**3,755,945**	**4,570,431**

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Current liabilities				
Trade accounts payable	200,969	231,351	525,770	491,357
Other taxes payable	13,961	15,694	16,083	26,800
Other current liabilities	98,910	112,627	129,821	231,744
Contract liabilities	115,868	133,170	149,196	107,559
Borrowings	354,115	812,965	488,658	561,975
Lease liabilities	16,951	35,517	45,146	52,916
Derivative financial instruments	–	32,697	91,496	99,133
Employee benefit obligations	7,608	7,598	8,167	8,672
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**	**1,580,156**
Net current liabilities	**(422,786)**	**(929,438)**	**(963,015)**	**(923,168)**
Total liabilities	**3,181,150**	**3,989,439**	**5,210,282**	**6,150,587**
Total equity and liabilities	**4,940,206**	**5,958,756**	**7,598,512**	**8,748,937**

Property, Plant and Equipment

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Vehicles	1,607,550	2,124,128	2,630,846	2,960,449
Rail track infrastructure	1,415,744	1,536,109	2,047,392	2,036,944
Buildings and constructions	313,465	350,284	378,652	373,889
Machinery and equipment	247,974	277,382	432,036	445,750
Construction-in-progress	195,375	479,344	364,973	880,204
Land	3,871	3,892	2,807	2,805
Other	10,500	11,088	18,741	18,084
Total	**3,794,479**	**4,782,227**	**5,875,447**	**6,718,125**

The Group's property, plant and equipment increased by 26.0% from KZT 3,794,479 million as at 31 December 2023 to KZT 4,782,227 million as at 31 December 2024, primarily due to (i) acquisitions of vehicles (including diesel locomotives, electric locomotives and passenger and freight wagons); and (ii) additions of construction-in-progress and rail track infrastructure primarily for the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, and a bypass railway line bypassing Almaty station. The Group's property, plant and equipment increased by 22.9% from KZT 4,782,227 million as at 31 December 2024 to KZT 5,875,447 million as at 31 December 2025, primarily due to (i) acquisitions of vehicles (including diesel locomotives, electric locomotives and passenger and freight wagons); and (ii) additions of rail track infrastructure attributable to the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral and Dostyk-Alashankou railway lines, and a bypass railway line bypassing the Almaty station. The Group's property, plant and equipment increased by 14.3% from KZT 5,875,447 million as at 31 December 2025 to KZT 6,718,125 million as at 30 June 2026, primarily due to:

- construction of the Moiynty–Kyzylzhar railway line, amounting to KZT 76,326 million, which has an implementation period of 2025–2027;
- installation of an automatic block signalling system on the Kyzylzhar–Saksaulskaya section, amounting to KZT 52,509 million, which has an implementation period of 2025–2026;

- installation of an automatic block signalling system on the Aksu-1–Degelen–Zhana-Semey section, amounting to KZT 27,330 million, which has an implementation period of 2025–2026;
- construction of the Bakhty–Ayagoz railway line, amounting to KZT 23,868 million, which has an implementation period of 2025–2027;
- modernisation of the Altynkol–Zhetygen railway section, amounting to KZT 22,293 million, which has an implementation period of 2025–2026;
- installation of an automatic block signalling system on the Kandyagash–Tobol section, amounting to KZT 11,678 million, which has an implementation period of 2025–2026.

In addition, the Group classified advances paid for passenger carriages and electric locomotives, amounting to KZT 243,339 million, as construction-in-progress.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's property, plant and equipment, mainly with a carrying amount of KZT 10,881 million, KZT 95,258 million, KZT 82,275 million and KZT 81,123 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2024 and 2025 and 30 June 2026, relevant collateral was mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Company has no property, plant and equipment used as collateral for loans.

Investments in Associates and Joint Ventures

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

The Group's investments in associates increased by 24.9% from KZT 38,989 million as at 31 December 2023 to KZT 48,678 million as at 31 December 2024, primarily due to (i) an increase in equity income from Transtelecom JSC and UTLC ERA and (ii) a cash contribution to the authorised capital of Aktau International Container Hub LLP. The Group's investments in associates further increased by 16.0% to KZT 56,464 million as at 31 December 2025, primarily due to a cash contribution to the authorised capital of Aktau International Container Hub LLP. The Group's investments in associates decreased by 10.0% from KZT 56,464 million as at 31 December 2025 to KZT 50,806 million as at 30 June 2026, primarily attributable to the negative financial results of associates, in particular Transtelecom JSC and UTLC ERA. The Group recognised a loss in respect of Transtelecom JSC for the six months ended 30 June 2026. The deterioration in UTLC ERA's financial results was attributable to the recognition of a foreign exchange loss of RUB 152 million, compared to a foreign exchange gain of RUB 1,456 million recognised by UTLC ERA for the six months ended 30 June 2025.

The Group's investments in joint ventures decreased from KZT 1,579 million as at 31 December 2023 to KZT 1,396 million as at 31 December 2024, mainly due to the impairment of investments in the joint venture KIF Warehouses LLP. The Group's investments in joint ventures increased significantly from KZT 1,396 million as at 31 December 2024 to KZT 11,637 million as at 31 December 2025, primarily due to contributions of assets and cash to the authorised capital of Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. The Group's investments in joint ventures increased by 4.6% from KZT 11,637 million as at 31 December 2025 to KZT 12,175 million as at 30 June 2026, primarily due to an additional contribution to the share capital of Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.

Other Non-Current Assets

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

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

The Group's other non-current assets increased by 12.6% from KZT 1,136,788 million as at 31 December 2025 to KZT 1,280,119 million as at 30 June 2026, primarily due to (i) an increase in advances

paid for property, plant and equipment, mainly for construction of railways, construction of a unified LTE-R digital railway radio communication network, modernisation of railway station infrastructure and electric locomotive supplies; and (ii) an increase in VAT recoverable.

Inventories

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Fuel and lubricants	20,028	13,553	30,827	37,226
Track structure materials	18,786	15,648	26,862	28,883
Raw and other materials	13,452	15,454	13,825	14,003
Spare parts	8,421	8,743	11,015	11,538
Construction materials	1,559	1,453	1,128	1,350
Others	4,135	4,409	3,745	4,202
Less: allowance for inventory	(2,019)	(1,440)	(980)	(917)
Total	**64,362**	**57,820**	**86,422**	**96,285**

The Group's inventories decreased by 10.2% from KZT 64,362 million as at 31 December 2023 to KZT 57,820 million as at 31 December 2024, primarily due to decreases in fuel and lubricants and track structure materials attributable to the Group's inventory optimisation measures and the consumption of inventories in the ordinary course of business. The Group's inventories increased by 49.5% from KZT 57,820 million as at 31 December 2024 to KZT 86,422 million as at 31 December 2025, primarily due to increased procurement of fuel and lubricants, track structure materials and spare parts to support higher operating activity, infrastructure maintenance and rolling stock operations, as well as inflationary effects on inventory values. The Group's inventories increased by 11.4% from KZT 86,422 million as at 31 December 2025 to KZT 96,285 million as at 30 June 2026, primarily due to the Group's operating requirements and preparations for track repair works, including increased procurement of fuel and lubricants and track superstructure materials.

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
Inventory turnover days	13.3	13.8	13.7	15.9

Note:

(1) Inventory turnover days for a period equal the average of opening and closing balance of inventories for the relevant period divided by cost of sales for the relevant period and multiplied by 365 days for 2023, 2024 and 2025 and 180 days for the six months ended 30 June 2026.

In accordance with the Group's accounting policies, inventories are valued at the lower of cost and net realisable value. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group recognised allowances for inventories of KZT 2,019 million, KZT 1,440 million, KZT 980 million and KZT 917 million, respectively, based on assessments of net realisable value.

The Group's inventories primarily comprise fuel and lubricants, track structure materials, spare parts and construction materials, which are held for the operation, maintenance and expansion of the railway network rather than for resale. These inventories are strategic and operational in nature, maintained to support long-term operational reliability, maintenance requirements, safety standards and future infrastructure projects. Accordingly, the Group assesses inventory impairment based on factors relevant to the characteristics of such inventories, including whether they remain suitable for their intended operational use, the occurrence of technological or operational obsolescence, physical condition, expected future consumption requirements and the results of management's ongoing inventory reviews. Based on the foregoing and the management's periodic reviews of inventory balances and current allowance

for inventory, the Group believes that there are no material concerns regarding inventory impairment and that adequate provisions had been made during the Track Record Period.

Trade Accounts Receivables

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
		(KZT millions)		
Trade accounts receivable	20,316	25,173	22,865	27,825
Less: allowance for credit losses	(3,964)	(3,507)	(4,856)	(4,039)
Total	**16,352**	**21,666**	**18,009**	**23,786**

The Group's trade accounts receivables increased by 32.5% from KZT 16,352 million as at 31 December 2023 to KZT 21,666 million as at 31 December 2024, and then decreased by 16.9% from KZT 21,666 million as at 31 December 2024 to KZT 18,009 million as at 31 December 2025, primarily reflecting the timing of billing and collections in the ordinary course of business. The Group's trade accounts receivables then increased by 32.1% from KZT 18,009 million as at 31 December 2025 to KZT 23,786 million as at 30 June 2026, primarily due to growth in current receivables for freight forwarding services. The Group generally receives prepayment for transportation services, resulting in relatively low trade receivable balances.

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
		(KZT millions)		
Within 1 month	9,991	18,683	8,418	17,775
1–3 months	4,078	1,441	6,819	2,104
3–6 months	1,262	1,049	2,288	3,564
6 months to 1 year	952	426	442	272
Over 1 year	69	67	42	71
Total	**16,352**	**21,666**	**18,009**	**23,786**

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
Trade accounts receivables turnover days	4.0	3.8	3.2	3.1

Note:

(1) Trade accounts receivables turnover days for a period equal the average of opening and closing balance of gross trade accounts receivables for the relevant period divided by revenue and other income for the relevant period and multiplied by 365 days for 2023, 2024 and 2025 and 180 days for the six months ended 30 June 2026.

In accordance with the Group's accounting policies, loss allowances for trade accounts receivables are measured at an amount equal to lifetime expected credit losses. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group recognised allowances for expected credit losses on trade accounts receivables of KZT 3,964 million, KZT 3,507 million, KZT 4,856 million and KZT 4,039 million, respectively.

As at 30 September 2026, KZT 22,761 million, or 95.7%, of the Group's trade accounts receivables as at 30 June 2026 had been settled.

Trade Accounts Payable

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Accounts payable for the supply of property, plant and equipment	46,789	86,906	246,955	215,841
Accounts payable for inventories received	56,961	52,106	173,200	161,576
Accounts payable for services provided	92,628	84,619	96,837	104,487
Other accounts payable	4,591	7,720	8,778	9,453
Total	**200,969**	**231,351**	**525,770**	**491,357**

The Group's trade accounts payable increased by 15.1% from KZT 200,969 million as at 31 December 2023 to KZT 231,351 million as at 31 December 2024, and further increased by 127.3% to KZT 525,770 million as at 31 December 2025, primarily due to increased purchases of property, plant and equipment and inventories, resulting in increased payables to suppliers. The Group's trade accounts payable then decreased by 6.5% from KZT 525,770 million as at 31 December 2025 to KZT 491,357 million as at 30 June 2026, primarily due to the repayment of payables for the supply of rails.

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Within 1 month	157,159	209,240	376,893	423,884
1 to 3 months	30,562	13,669	128,990	35,127
3 to 6 months	5,973	4,546	1,180	16,406
6 months to 1 year	5,759	1,958	15,059	13,048
Over 1 year	1,516	1,938	3,648	2,892
Total	**200,969**	**231,351**	**525,770**	**491,357**

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
Trade accounts payable turnover days	38.7	48.7	71.8	88.3

Note:

(1) Trade accounts payable turnover days for a period equal the average of opening and closing balance of trade accounts payable for the relevant period divided by cost of sales for the relevant period and multiplied by 365 days for 2023, 2024 and 2025 and 180 days for the six months ended 30 June 2026.

As at 30 September 2026, KZT 391,297 million, or 79.6%, of the Group's trade accounts payable as at 30 June 2026 had been settled.

Contract Liabilities

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

The Group's contract liabilities increased by 14.9% from KZT 115,868 million as at 31 December 2023 to KZT 133,170 million as at 31 December 2024, and further increased by 12.0% to KZT 149,196 million as at 31 December 2025, primarily driven by increased cargo turnover, traffic volumes and tariffs. The Group's contract liabilities then decreased by 27.9% from KZT 149,196 million as at 31 December 2025 to KZT 107,559 million as at 30 June 2026, primarily due to a decrease in customer advances for freight transportation. This decrease in customer advances was attributable to the seasonal nature of transportation activities and reflects the ordinary course of settlements with customers and is not related to the premature recognition of revenue. An additional factor was the decrease in single-wagon shipments due to changes in the geopolitical situation, which resulted in a reduction in wagon transit from the Russian Federation. These factors affected transportation volumes and, consequently, led to a reduction in the amount of customer advances for freight transportation.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group recognised revenue of KZT 100,494 million, KZT 95,811 million, KZT 122,072 million and KZT 135,701 million, respectively, that was included in contract liabilities at the beginning of each respective period, representing 84.2%, 82.7%, 91.7% and 91.0%, respectively, of the opening balance of contract liabilities for each period.

As at 30 September 2026, KZT 91,367 million, or 85.0%, of the Group's contract liabilities as at 30 June 2026 had been recognised as revenue.

Other Current Assets

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

The Group's other current assets remained relatively stable at KZT 45,988 million and KZT 45,407 million as at 31 December 2023 and 2024, respectively, and increased by 111.1% to KZT 95,839 million as at 31 December 2025, primarily due to the reclassification of withholding corporate income tax from non-current to current assets in 2025. The Group's other current assets increased by 44.8% from KZT 95,839 million as at 31 December 2025 to KZT 138,762 million as at 30 June 2026. This increase was primarily driven by an increase in other current financial assets, mainly comprising debt securities at fair value through profit or loss, partially offset by the recognition of an impairment allowance for withholding corporate income tax of KZT 29,895 million resulting from amendments to the tax legislation of the Republic of Kazakhstan relating to the statute of limitations, which became effective on 1 January 2026.

VAT Recoverable (Current Portion)

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

The Group's VAT recoverable (current portion) increased by 142.8% from KZT 49,618 million as at 31 December 2023 to KZT 120,475 million as at 31 December 2024, primarily due to an increase in the amounts of VAT declared for reimbursement and confirmed by the tax authorities, which the Group expected to recover within 12 months. The Group's VAT recoverable (current portion) decreased by 59.5% from KZT 120,475 million as at 31 December 2024 to KZT 48,789 million as at 31 December 2025, primarily due to delays in VAT refunds from the tax authorities, and thus the Group reclassified a portion of VAT recoverable from current to non-current assets, as recovery was expected after more than 12 months. The Group's VAT recoverable (current portion) decreased by 52.2% from KZT 48,789 million as at 31 December 2025 to KZT 23,326 million as at 30 June 2026, primarily due to the use of VAT overpayments to settle VAT payable for the first quarter of 2026.

Other Liabilities

The Group's other liabilities primarily comprised (i) other non-financial liabilities, including deferred income (government grants), obligatory pension contributions, social insurance and obligatory medical

insurance contributions, unused vacation and other employee benefits, and salary payables, and (ii) other financial liabilities, including financial guarantee agreement liabilities and other payables.

The Group's other liabilities increased by 37.2% from KZT 168,688 million as at 31 December 2023 to KZT 231,397 million as at 31 December 2024, primarily due to an increase in deferred income (government grants) due to the execution of new lease agreements with Industrial Development Fund JSC, under which a portion of the interest rate is subsidised by the Government. The Group's other liabilities increased by 32.8% from KZT 231,397 million as at 31 December 2024 to KZT 307,263 million as at 31 December 2025, primarily due to (i) an increase in deferred income (government grants) due to the execution of new lease agreements with Industrial Development Fund JSC, under which a portion of the interest rate is subsidised by the Government; and (ii) an increase in unused vacation and other employee benefits. The Group's other liabilities increased by 41.9% from KZT 307,263 million as at 31 December 2025 to KZT 436,099 million as at 30 June 2026, primarily due to (i) an increase in deferred income (government grants) relating to subsidies for the acquisition of passenger coaches and flat wagons under lease agreements; (ii) the recognition of payables under certain repurchase transactions; and (iii) an increase in unused vacation and other employee benefits.

Deferred Tax Liabilities

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

The Group had deferred tax liabilities of KZT 411,888 million, KZT 468,057 million, KZT 615,181 million and KZT 691,386 million as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

Derivative Financial Instruments

Derivative financial instruments represent cross-currency swap transactions entered into with major international banks to manage the exposure to foreign exchange risk of U.S. dollar-denominated borrowings.

The Group's derivative financial instrument liabilities remained relatively stable at KZT 35,719 million and KZT 32,697 million as at 31 December 2023 and 31 December 2024, respectively, and increased by 179.8% to KZT 91,496 million as at 31 December 2025, primarily reflecting changes in the fair value of such derivative financial instruments depending on market conditions and other relevant valuation factors. The Group's derivative financial instrument liabilities increased by 8.3% to KZT 99,133 million as at 30 June 2026 due to changes in their fair value as at the reporting date.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

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

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

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

See "Risk Factors – Risks Relating to Its Business and Industry – The Group may not have sufficient reliable operational capacity to meet business demand" and "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position".

Cash Flows

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
			(KZT millions)		
Net cash from operating activities	306,318	336,597	746,797	337,966	257,683
Net cash used in investing activities	(802,702)	(734,061)	(932,267)	(366,010)	(759,822)
Net cash flows from financing activities	434,271	393,367	228,039	70,522	627,689
Net (decrease)/increase in cash and cash equivalents	(62,113)	(4,097)	42,569	42,478	125,550
Cash and cash equivalents at the beginning of the year/period	267,032	204,614	198,578	198,578	232,973
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency	(322)	(1,945)	(8,166)	(3,255)	9,230
Effect of change in the allowance for expected credit losses	17	6	(8)	(3)	(58)
Cash and cash equivalents at the end of the year/period	204,614	198,578	232,973	237,798	367,695

Net cash from operating activities

For the six months ended 30 June 2026, the Group had net cash flows from operating activities of KZT 257,683 million, which represented its profit for the period of KZT 191,001 million, as adjusted by (i) non-cash and non-operating items and other adjustments, primarily comprising finance costs of KZT 164,930 million, depreciation and amortisation of KZT 112,500 million, income tax expense recognised in profit or loss of KZT 108,388 million and accrual of unused vacation reserve and other employee benefits of KZT 36,061 million, partially offset by foreign exchange gain of KZT 99,715 million and finance income of KZT 22,585 million; (ii) movements in working capital, primarily comprising an increase in other current and non-current assets (including long-term VAT recoverable) of KZT 120,316 million, a decrease in other liabilities and contract liabilities of KZT 30,275 million, an increase in trade accounts receivable of KZT 28,765 million and an increase in inventories of KZT 9,002 million, partially offset by an increase in trade accounts payable of KZT 11,278 million and an increase in other taxes payable of KZT 10,764 million; and (iii) interest and commissions paid of KZT 88,444 million and corporate income tax paid of KZT 7,574 million, partially offset by interest received of KZT 17,919 million. The Group's net cash flows from operating activities for the six months ended 30 June 2026 decreased by 23.8% compared with the six months ended 30 June 2025, primarily driven by higher outflows in respect of other current and non-current assets (including increased VAT recoverable) and trade accounts receivable.

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

profit for the year and favourable working capital movements, particularly a significant increase in trade accounts payable.

In 2024, the Group had net cash flows from operating activities of KZT 336,597 million, which represented its profit for the year of KZT 160,805 million, as adjusted by (i) non-cash and non-operating items and other adjustments, primarily comprising finance costs of KZT 184,984 million, depreciation and amortisation of KZT 170,516 million, foreign exchange loss of KZT 69,620 million and income tax expense recognised in profit or loss of KZT 62,724 million, partially offset by finance income of KZT 52,955 million; (ii) movements in working capital, primarily comprising an increase in other current and non-current assets (including long-term VAT recoverable) of KZT 89,717 million and an increase in trade accounts receivable of KZT 31,033 million, partially offset by an increase in other liabilities and contract liabilities of KZT 15,543 million and a decrease in inventories of KZT 9,617 million; and (iii) interest paid of KZT 188,409 million and corporate income tax paid of KZT 18,015 million, partially offset by interest received of KZT 21,001 million.

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

Net cash used in investing activities

For the six months ended 30 June 2026, the Group had net cash used in investing activities of KZT 759,822 million, which was primarily attributable to purchases of property, plant and equipment (including advances paid therefor) of KZT 700,722 million and the acquisition of debt securities measured at fair value through profit or loss ("**FVTPL**") of KZT 59,686 million, partially offset by repayment of loans issued of KZT 426 million and dividends received from associates of KZT 291 million. The Group's net cash used in investing activities for the six months ended 30 June 2026 increased by 107.6% compared with the six months ended 30 June 2025, primarily due to purchases of property, plant and equipment and the acquisition of debt securities. The acquisition of debt securities measured at FVTPL was a treasury-management measure, rather than a strategic long-term investment. During May and June 2026, the Group temporarily invested available cash in debt securities issued by the Ministry of Finance of Kazakhstan, NC KazMunayGas, NMH Baiterek and the Eurasian Development Bank, for a total of US$125 million (KZT 59,686 million). Although such debt securities have contractual maturities between June 2029 and October 2048, the Group expects to sell the portfolio within 12 months after the reporting date to fund future capital investments. Such debt securities were classified as current assets and measured at FVTPL in accordance with the Group's business model and the contractual cash-flow characteristics of the assets.

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

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

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

Net cash from financing activities

For the six months ended 30 June 2026, the Group had net cash generated from financing activities of KZT 627,689 million, which was primarily attributable to proceeds from borrowings of KZT 1,087,801 million and proceeds from reverse repurchase agreements of KZT 37,871 million, partially offset by

repayments of borrowings of KZT 495,231 million, transfers to restricted cash of KZT 3,313 million and repayment of lease liabilities of KZT 3,025 million. The Group's net cash generated from financing activities for the six months ended 30 June 2026 increased by 790.1% compared with the six months ended 30 June 2025, primarily due to significantly higher proceeds from borrowings to support the Group's capital expenditure programme.

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

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

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

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

Current Assets and Current Liabilities

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

	As at 31 December			As at 30 June	As at 30 September
	2023	2024	2025	2026	2026
			(KZT millions)		*(unaudited)*
Current assets					
Cash and cash equivalents	204,614	198,578	232,973	367,695	297,635
Inventories	64,362	57,820	86,422	96,285	87,813
VAT recoverable	49,618	120,475	48,789	23,326	21,926
Trade accounts receivables	16,326	21,666	18,009	23,786	17,184
Corporate income tax prepaid	3,535	7,899	8,219	5,363	4,815
Contract assets	1,153	336	1,071	1,771	1,096
Other current assets	45,988	45,407	95,839	138,762	118,843
Total current assets	**385,596**	**452,181**	**491,322**	**656,988**	**549,312**
Current liabilities					
Borrowings	354,115	812,965	488,658	561,975	666,935
Trade accounts payable	200,969	231,351	525,770	491,357	505,810
Contract liabilities	115,868	133,170	149,196	107,559	113,174
Lease liabilities	16,951	35,517	45,146	52,916	51,809
Derivative financial instruments	–	32,697	91,496	99,133	71,171
Other taxes payable	13,961	15,694	16,083	26,800	55,419
Employee benefit obligations	7,608	7,598	8,167	8,672	8,770
Other current liabilities	98,910	112,627	129,821	231,744	179,158
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**	**1,580,156**	**1,652,246**
Net current liabilities	**(422,786)**	**(929,438)**	**(963,015)**	**(923,168)**	**(1,102,934)**

The Group's net current liabilities increased by 19.5% from KZT 923,168 million as at 30 June 2026 to KZT 1,102,934 million as at 30 September 2026, primarily due to (i) a decrease in cash and cash equivalents of KZT 70,060 million, mainly attributable to the scheduled settlement of trade accounts payable and other current liabilities and the payment of advances to contractors under the Group's ongoing large-scale investment projects; and (ii) an increase in borrowings of KZT 104,960 million, partially offset

by (i) a decrease in other current liabilities of KZT 52,586 million; and (ii) a decrease in derivative financial instruments of KZT 27,962 million.

The Group's net current liabilities decreased by 4.1% from KZT 963,015 million as at 31 December 2025 to KZT 923,168 million as at 30 June 2026, primarily due to an increase in cash and cash equivalents of KZT 134,722 million, mainly attributable to the receipt of proceeds from the issuances of Notes in April 2026.

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

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

The Group's consolidated financial statements have been prepared on a going concern basis. Going concern assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future covering at least 12 months after the reporting date. As at 31 December 2023, 2024 and 2025 and 30 June 2026, current liabilities of the Group exceeded its current assets by KZT 422,786 million, KZT 929,438 million, KZT 963,015 million and KZT 923,168 million, respectively.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's current liabilities included borrowings of KZT 354,115 million, KZT 812,965 million, KZT 488,658 million and KZT 561,975 million, respectively, that are payable within 12 months after the reporting date. Profit for the year/period ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 amounted to KZT 136,784 million, KZT 160,805 million, KZT 343,646 million and KZT 191,001 million, respectively, and cash inflows from operating activities amounted to KZT 306,318 million, KZT 336,597 million, KZT 746,797 million and KZT 257,683 million, respectively.

Group management has assessed the Group's need for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the Government and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Furthermore, Samruk-Kazyna has confirmed that it is willing and able, if necessary, to provide financial support to the Group.

As at 30 June 2026, the Group had available credit lines with an undrawn balance in a total amount of KZT 387,610 million. As at 30 June 2026, part of the Group's liabilities are represented by loans from Samruk-Kazyna in the amount of KZT 1,213,746 million, including a current portion in the amount of KZT 285,724 million. Based on past experience, the Group's management believes that it will be able to negotiate changes in payment terms on its payables with Samruk-Kazyna, if necessary. After completing the relevant analysis and the available mitigating actions (whereby management can carry out certain actions to improve the going concern and liquidity position of the Group), the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis is appropriate in preparing the 2025 Financial Statements and the 2026 Interim Financial Statements.

On 28 August 2026, Samruk-Kazyna confirmed that it is willing and able, if necessary, to provide support to the Group to enable the Group to meet its obligations and continue as a going concern for at least 12 months from 30 June 2026. Such support measures include the conversion of a portion of intragroup indebtedness into equity and the provision of perpetual financing in an amount of up to KZT

2,000 billion. See "Risk Factors – Risks Relating to Its Business and Industry – The Group is dependent on financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued" and "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position" in this Document.

The Directors are of the view that the Group will be able to improve its net current liabilities and liquidity position going forward, based on the following measures implemented or to be implemented by the Group and other factors:

- The Group is currently executing a portfolio of major investment projects which are in the active construction phase, with completion scheduled for late 2026 and throughout 2027. Upon the completion of these major projects and the resulting substantial reduction in capital expenditures, the Group's net current liabilities position is expected to improve.
- As part of liquidity risk management, as at the Latest Practicable Date, the Group had available revolving bank facilities (i) in the amount of KZT 150 billion from Halyk Bank of Kazakhstan JSC, maturing on 26 February 2030; (ii) in the amount of KZT 100 billion from ForteBank JSC, maturing on 13 June 2028; and (iii) in the amount of CHF 250 million from Citibank, perpetual. The Group intends to obtain further long-term bank facilities and discuss with banks to refinance its short-term facilities into long-term facilities upon expiry of the short-term facilities.
- The Group continuously undertakes measures to improve its trade accounts receivable levels, including debt netting and collection efforts.

INDEBTEDNESS AND FINANCIAL GUARANTEE AGREEMENT LIABILITIES

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

	As at 31 December			As at 30 June	As at 30 September
	2023	2024	2025	2026	2026
			(KZT millions)		*(unaudited)*
Borrowings	2,117,547	2,653,388	3,186,017	3,901,049	3,783,297
Lease liabilities	71,506	174,982	270,082	335,014	345,374
Total indebtedness	**2,189,053**	**2,828,370**	**3,456,099**	**4,236,063**	**4,128,671**
Financial guarantee agreement liabilities	28,536	27,449	24,545	22,806	21,422
Total indebtedness and financial guarantee agreement liabilities	**2,217,589**	**2,855,819**	**3,480,644**	**4,258,869**	**4,150,093**

Borrowings

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

	As at 31 December			As at 30 June	As at 30 September
	2023	2024	2025	2026	2026
					(unaudited)
			(KZT millions)		
Non-current portion					
Long-term bank borrowings	646,557	908,653	1,419,829	1,594,754	1,458,450
Loan from shareholders	83,396	111,430	100,413	102,427	108,973
Debt securities	390,000	390,000	340,000	816,297	776,979
Debt securities from shareholders	643,479	430,340	837,117	825,596	771,960
Subtotal	**1,763,432**	**1,840,423**	**2,697,359**	**3,339,074**	**3,116,362**
Current portion					
Short-term bank borrowings	89,937	338,257	387,329	262,314	276,033
Loan from shareholders	32,100	3,156	2,214	2,110	1,822
Debt securities	222,438	13,903	63,699	13,937	26,650
Debt securities from shareholders	9,640	457,649	35,416	283,614	362,430
Subtotal	**354,115**	**812,965**	**488,658**	**561,975**	**666,935**
Total	**2,117,547**	**2,653,388**	**3,186,017**	**3,901,049**	**3,783,297**

As at 31 December 2023, 2024 and 2025, 30 June 2026 and 30 September 2026, the Group's short-term borrowings were KZT 354,115 million, KZT 812,965 million, KZT 488,658 million, KZT 561,975 million and KZT 666,935 million, respectively.

The KZT 666,935 million reported as at 30 September 2026 represents the current portion of borrowings. It comprised KZT 276,033 million of short-term bank borrowings, KZT 362,430 million of debt securities from Samruk-Kazyna, KZT 26,650 million of other debt securities and KZT 1,822 million of loans from Samruk-Kazyna. Between 30 June and 30 September 2026, total current borrowings increased by KZT 104,960 million, while short-term bank borrowings increased by KZT 13,719 million. The Group uses short-term loans to finance its daily working capital. The Group also had available revolving facilities as at the Latest Practicable Date and intends to obtain further long-term bank facilities and refinance short-term facilities into long-term facilities upon expiry.

The Group's borrowing increased by 25.3% from KZT 2,117,547 million as at 31 December 2023 to KZT 2,653,388 million as at 31 December 2024, and further increased by 20.1% to KZT 3,186,017 million as at 31 December 2025, primarily due to new loans received to finance the Group's investment programme, including infrastructure development projects and rolling stock acquisition. The Group's borrowing increased by 22.4% from KZT 3,186,017 million as at 31 December 2025 to KZT 3,901,049 million as at 30 June 2026, primarily due to Notes issued to finance the Group's investment programme, including infrastructure development projects and rolling stock acquisition, and then decreased slightly by 3.0% to KZT 3,783,297 million as at 30 September 2026. The Group targets to reduce its net leverage to less than 3 to 3.5 times over the medium term.

As at 30 September 2026, the Group had guaranteed borrowings of KZT 1,410,370 million and unguaranteed borrowings of KZT 2,372,927 million. Of the Group's borrowings as at 30 September 2026, borrowings amounting to KZT 73,521 million were secured by locomotives of the Group. In addition, certain of the Group's borrowings were secured by the Group's pledged deposit accounts with a balance of KZT 30,347 million as at 30 September 2026.

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

	As at 31 December						As at 30 June		As at 30 September	
	2023		2024		2025		2026		2026	
	Amount	Weighted average effective interest rate	Amount	Weighted average effective interest rate	Amount	Weighted average effective interest rate	Amount	Weighted average effective interest rate	Amount	Weighted average effective interest rate
									(unaudited)	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Borrowings with a fixed interest rate										
Loans received	333,852		475,243		378,916		342,626		316,526	
– *in Tenge*	223,035	8.69	285,231	10.88	245,854	11.58	226,932	10.79	213,623	10.11
– *in Russian Roubles*	51,206	5.94	79,276	9.02	92,153	8.04	83,995	7.98	73,521	7.91
– *in Euros*	59,611	5.31	51,253	5.85	40,909	6.75	30,990	7.83	28,724	6.93
– *in Swiss Francs*	–	–	59,483	3.40	–	–	–	–	–	–
– *in Chinese Yuan*	–	–	–	–	–	–	709	3.00	658	3.00
Debt securities issued	1,079,764		1,207,802		1,192,346		1,780,137		1,791,725	
– *in Tenge*	707,590	11.41	759,017	11.78	783,334	12.16	799,163	12.23	804,572	12.19
– *in U.S. dollars*	372,174	6.43	448,785	6.42	409,012	6.52	896,861	5.70	908,262	5.70
– *in Chinese Yuan*	–	–	–	–	–	–	84,113	4.14	78,891	4.14
Floating interest rate borrowings										
Loans received	518,138		886,253		1,530,869		1,618,980		1,528,752	
– *in Tenge*	122,925	18.83	40,232	19.24	–	–	–	–	50,024	18.38
– *in Swiss Francs*	256,070	3.55	628,339	3.04	1,126,780	2.37	1,113,411	2.02	978,060	2.03
– *in Euro*	139,143	5.32	217,682	7.34	371,351	5.90	371,956	5.22	377,039	5.14
– *in Chinese Yuan*	–	–	–	–	32,738	5.61	133,613	3.28	123,629	4.15
Debt securities issued	185,793		84,090		83,886		159,306		146,294	
– *in Tenge*	185,793	19.02	84,090	14.78	83,886	13.63	–	–	–	–
– *in Chinese Yuan*	–	–	–	–	–	–	159,306	4.20	146,294	4.20
Current portion of borrowings	354,115		812,965		488,658		561,975		666,935	
Non-current portion of borrowings	1,763,432		1,840,423		2,697,359		3,339,074		3,116,362	
Total	**2,117,547**		**2,653,388**		**3,186,017**		**3,901,049**		**3,783,297**	

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

	Repayment date	Exchanges	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026	As at 30 September 2026 *(unaudited)*
					(KZT millions)		
Debt securities, by price[1]							
2%/3% Eurobonds (100%) in U.S. dollars[2]	28 October 2025/2028	KASE	372,174	448,785	409,012	395,131	368,205
11.5% Bonds (100%) in Tenge	3 October 2034	KASE	308,433	308,433	308,433	308,433	317,058
4.875% Notes (99.453%) in U.S. dollars	29 April 2031	London Stock Exchange, AIX, KASE	–	–	–	240,637	223,469
5.25% Notes (99.043%) in U.S. dollars	29 April 2036	London Stock Exchange, AIX, KASE	–	–	–	239,783	222,872
LPR 1Y+1.20% (4.20%) Eurobonds (100%) in Chinese Yuan	15 December 2028	AIX	–	–	–	159,306	146,294
8.74% Bonds (100%) in Tenge	12 June 2043	KASE	136,146	136,717	137,356	137,704	141,648

	Repayment date	Exchanges	As at 31 December 2023	2024	2025	As at 30 June 2026	As at 30 September 2026 (unaudited)
					(KZT millions)		
9.25% Bonds (100%) in Tenge	24 June 2044	KASE	–	114,750	115,316	123,211	119,529
7.37% Bonds (100%) in Tenge	30 December 2042	KASE	100,855	101,717	96,698	103,241	100,476
Inflation rate + 2.52% (12.03%) Bonds (100%) in Tenge	25 April 2026	KASE	56,302	54,090	53,886	–	–
4.20% Eurobonds in Chinese Yuan	10 April 2029	AIX	–	–	–	84,113	78,891
11.5% Bonds (100%) in Tenge	12 September 2034	KASE	41,380	41,380	41,380	41,380	40,230
NBRK Base rate+0.75% (2024: 16%; 2025: 16%–17.25%; 2026: 18.75%) Bonds (100%) in Tenge	30 January 2026	AIX	–	30,000	30,000	–	–
9.37% Bonds (100%) in Tenge	11 December 2045	KASE	–	–	26,329	26,395	27,410
11% Bonds (100%) in Tenge	23 July 2027	KASE	26,184	26,184	26,184	26,184	25,497
5.5% Eurobonds (100%) in U.S. dollars	15 December 2028	AIX	–	–	–	21,310	93,716
2% Bonds (100%) in Tenge	20 August 2034	KASE	17,761	18,947	20,271	20,988	21,162
1.8% Bonds (100%) in Tenge	10 July 2044	AIX	–	10,889	11,367	11,627	11,562
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in Tenge	22 July 2024	KASE	129,491	–	–	–	–
9.25% Bonds (100%) in Tenge	15 November 2024	KASE	76,831	–	–	–	–
Total debt securities issued			**1,265,557**	**1,291,892**	**1,276,232**	**1,939,443**	**1,938,019**
Current portion of debt securities issued			232,078	471,552	99,115	297,551	389,080
Non-current portion of debt securities issued			1,033,479	820,340	1,177,117	1,641,892	1,548,939
Total			**1,265,557**	**1,291,892**	**1,276,232**	**1,939,443**	**1,938,019**

Notes:

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

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

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

As at 30 September 2026, the Group's unutilised banking facilities amounted to KZT 315 billion.

Lease liabilities

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

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

	As at 31 December 2023	2024	2025	As at 30 June 2026	As at 30 September 2026 (unaudited)
			(KZT millions)		
Non-current portion	54,555	139,465	224,936	282,098	293,565
Current portion	16,951	35,517	45,146	52,916	51,809
Total	**71,506**	**174,982**	**270,082**	**335,014**	**345,374**

The Group's lease liabilities increased by 144.7% from KZT 71,506 million as at 31 December 2023 to KZT 174,982 million as at 31 December 2024, and further increased by 54.3% to KZT 270,082 million as at 31 December 2025, primarily because the Group entered into additional lease agreements with JSC Industrial Development Fund for rolling stock, including flat carriages, passenger carriages and freight open wagons. The Group's lease liabilities increased by 24.0% from KZT 270,082 million as at 31 December 2025 to KZT 335,014 million as at 30 June 2026, primarily due to the Group's entering into of new lease agreements with JSC Industrial Development Fund, and then increased slightly by 3.1% to KZT 345,374 million as at 30 September 2026.

Financial guarantee agreement liabilities

The Group has provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC, Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. The Group's liabilities under financial guarantees amounted to KZT 28,536 million, KZT 27,449 million, KZT 24,545 million, KZT 22,806 million and KZT 21,422 million as at 31 December 2023, 2024 and 2025, 30 June 2026 and 30 September 2026, respectively.

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

Save as disclosed above, as at 30 September 2026, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. The Directors confirm that there had been no material change in the Group's indebtedness since 30 September 2026 and up to the Latest Practicable Date.

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

CONTINGENT LIABILITIES

Save as disclosed above and in Note 27 to the Consolidated Financial Statements set out in Appendix I to this Document, as at 31 December 2023, 2024 and 2025, 30 June 2026 and up to the Latest Practicable Date, the Group did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

Capital Expenditure

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
			(KZT millions)		
Freight transportation	628,238	1,006,018	1,239,973	377,434	689,950
Passenger transportation	76,151	110,003	37,323	21,689	233,524
Other	540	54,217	2,355	664	33,052
Total capital expenditures	**704,929**	**1,170,238**	**1,279,651**	**399,787**	**956,526**

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

For the six months ended 30 June 2026, the Group's most significant capital expenditures included: the modernisation of the Altynkol-Zhetygen railway section, the continued construction of the Moiynty-Kyzylzhar and Bakhty-Ayagoz railway lines, the construction of the second track on the Dostyk-Alashankou section, the implementation of automated train traffic control systems, major railway track repairs, and the acquisition of equipment, freight and passenger electric locomotives, freight diesel locomotives, fitting platforms and passenger coaches. In addition, the Group classified advances paid for passenger carriages and electric locomotives, amounting to KZT 243,339 million, as construction-in-progress, as the Board considers that control over these assets transfers to the Group as they are manufactured by the supplier.

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

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

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

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

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 up to approximately KZT 1.1 trillion per annum from 2027 to 2030.

Capital Commitments

The Group had substantial investment commitments relating principally to infrastructure development projects and rolling stock renewal. These commitments included the modernisation of the Dostyk-Moiynty railway transport corridor and the Altynkol-Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty-Ayagoz railway lines; the construction of a second track on the Dostyk-Alashankou railway section; and the construction of a bypass railway line bypassing Almaty station. The Group's investment commitments also included the construction of automatic train control systems, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, and the acquisition of equipment, long rails, freight and passenger electric locomotives, flat wagons, freight and passenger diesel locomotives and passenger carriages. The aggregate amount of these investment commitments was KZT 1,867,649 million, KZT 2,427,217 million, KZT 4,681,921 million and KZT 4,530,748 million (excluding tax) as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

CONTRACTUAL OBLIGATIONS

Certain Provisions, Terms and Covenant Waivers

The loan and guarantee agreements related to the Group's borrowings, as well as existing debt securities issued by entities within the Group and the related guarantees, require that the Company, its guarantors and other Group subsidiaries comply with certain covenants in the operation of their respective businesses. While the specific provisions of each of the loan and guarantee agreements vary, these generally require that the Group members subject to the agreements take or refrain from taking certain actions specified in the loan or guarantee agreements. These provisions require the Group members subject to the agreements to obtain the prior written consent of the relevant lender prior to implementing any material change to the scope or nature of their respective businesses. In addition, lender consent generally is required prior to any merger, consolidation or reorganisation of the affected members of the Group, prior to encumbering assets and prior to certain sales, transfers and dispositions of properties in excess of

a specified value or which are essential to the conduct of the relevant Group entity's business, although certain agreements contain exceptions for reorganisations or transfers of assets pursuant to the Development Strategy. Any disposition of the core railway network, freight carriages or locomotives would generally require the consent of certain lenders. Other transactions that are limited by one or more of the agreements or guarantees include incurring capital expenditures greater than amounts specified in the relevant loan agreement or guarantee and incurring additional indebtedness or guaranteeing the indebtedness of third parties without the prior approval of the lender. The majority of the Group's loan and guarantee arrangements also include cross default clauses.

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

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

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

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

The Group has in place the Regulations for Monitoring Financial and Non-Financial Covenants, under which the Company's corporate finance department continuously monitors compliance with financial and non-financial covenants stipulated in financing agreements for loans raised in the domestic and international capital markets, as well as outstanding debt securities, while concurrently monitoring the overall financial sustainability of the Company. In the ordinary course of managing its financing arrangements, the Group may, where necessary, approach its lenders to obtain waivers in respect of any potential non-compliance with applicable covenants, including financial covenants, or to obtain consents or prior approvals for actions that are subject to restrictions under the relevant loan agreements or other financing documents. For example, the Group requested and was granted consents from certain of its lenders to the issuance of the Notes under covenants limiting the incurrence of new indebtedness.

The Group is party to certain financing arrangements relating to COFACE-backed locomotive financing pursuant to which the Company acts as guarantor. As at 30 June 2026, the Group did not satisfy a gearing ratio covenant contained in the documentation governing Facility 2 and Facility 3. Under the terms of the relevant finance documentation, non-compliance with that covenant constituted an event of default. Following discussions with the facility agent, HSBC Continental Europe, the Group requested a waiver in relation to the breach of the gearing ratio covenant. By correspondence dated 29 June 2026, subsequently confirmed on 20 August 2026, the facility agent confirmed that the relevant finance parties had agreed to waive the consequences of the breach until and including 30 November 2026, subject to payment of a waiver fee. The Company has confirmed that the required waiver fee of EUR 15,000 in aggregate has been paid. The facility agent further confirmed that, up to 30 November 2026 for which the waiver remains effective, the relevant finance parties would not exercise acceleration, early repayment or enforcement rights solely as a consequence of the breach of the gearing ratio covenant as at 30 June 2026. The Group has been advised that the waiver is effective under French law and the relevant finance documentation and that, subject to satisfaction of the applicable conditions, the waiver precludes enforcement action based solely on the gearing ratio breach until 30 November 2026.

In respect of two BpiFAE-backed facility agreements, the management anticipated a risk that the relevant covenant obligation would be breached, with the gearing ratio being exceeded as at 30 June 2026 (the "**Relevant Default**"). Following the discussion with the facility agent, Société Générale, on 30 June 2026, the Group obtained two waiver letters from the facility agent. Subsequently, on 11 September 2026, the facility agent confirmed that (i) the covenant would not be tested as at 30 June 2026, and (ii) the rights under the agreements in respect of the Relevant Default are waived for the period from the effective date (being no later than 29 June 2026) to 1 December 2026 should there be any potential default. No waiver fee was required to be paid by the Company to the relevant finance parties or facility agent in respect of such waiver letters.

Taking into account the waivers, consents and prior approvals obtained by the Group, there were no instances where the Group breached any payment obligations and/or financial and non-financial covenants under its loan and guarantee agreements and debt securities during the Track Record Period and as at the Latest Practicable Date.

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

See "Risk Factors – Risks Relating to Its Business and Industry – The Group faces liquidity constraints and has a significant net current liability position" and "Risk Factors – Risks Relating to Its Business and Industry – The Group's operations are restricted by its loan covenants and failure to comply with such covenants could result in a material adverse effect on the Group"

Group Financial Policy

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

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

In addition to this approach, the Group, where appropriate and when the criteria established by IFRS are met, applies hedge accounting in the consolidated financial statements for certain hedging relationships. In particular, to reduce currency risk arising from changes in the Swiss Franc–to–Tenge exchange rate, the Group has employed three hedging strategies. Under Strategy 1 (effective from 1 October 2024), the Group used debt obligations denominated in U.S. dollar together with cross-currency swaps that economically transformed the U.S. dollar obligations into obligations denominated in Swiss Francs. This allowed the currency of the forecast cash inflows from transit revenue to be matched with the currency of the liabilities. Under Strategy 2 (effective from 21 November 2024), the Group used borrowings denominated in Swiss Francs as a tool to reduce foreign currency risk related to highly probable forecast revenue in Swiss Francs. This approach represents a natural hedging strategy, in which the currency of future operating cash inflows is aligned with the currency of future cash outflows under financial liabilities. Under Strategy 3 (effective from 18 May 2026), the Group entered into cross-currency swap transactions that, together with USD-denominated bonds issued in April 2026, economically convert U.S. dollar cash outflows into Swiss Franc cash outflows, hedging highly probable revenue from freight transit transportation services. In August 2025, due to the signing of a memorandum extending the maturity of the SK Bonds from 2025 to 2028, hedge accounting under Strategy 1 was discontinued.

There is an economic relationship between the hedged items and the hedging instruments because the terms of the foreign-currency loans and bonds match the terms of the expected highly probable forecast cash flows from revenue denominated in Swiss Francs (nominal amount and expected payment date). The Group established a hedge ratio of 1:1 for these hedging relationships, as the underlying currency risk of the borrowings fully corresponds to the currency risk of the revenue and liabilities denominated in Swiss Francs. To assess hedge effectiveness, the Group applies the hypothetical derivative method, comparing changes in the fair value of the hedging instruments with changes in the fair value of the hedged items attributable to foreign currency risk. Sources of hedge ineffectiveness may include mismatches in the timing of cash flows between the hedged items and the hedging instruments, changes in the forecast amount of cash flows related to the hedged item, and changes in the fair value of the cross-currency swap due to movements in market interest rates for the Swiss Franc and the U.S. dollar.

The hedging arrangements were largely effective in managing the Group's exposure to foreign exchange risk since implementation in 2024. For the year ended 31 December 2024, the effective portion of changes in fair value of KZT 48,625 million was recognised in the cash flow hedge reserve in other

comprehensive income. For the year ended 31 December 2025, the effective portion of changes in fair value of KZT 97,584 million was recognised in the cash flow hedge reserve. For the six months ended 30 June 2025, the effective portion of changes in fair value of KZT 98,748 million was recognised in the cash flow hedge reserve in other comprehensive income. For the six months ended 30 June 2026, the effective portion of changes in fair value of KZT 34,969 million (net gain) was recognised in the cash flow hedge reserve in other comprehensive income. The hedge ineffectiveness recognised in finance costs was KZT 3,609 million for 2024, KZT 44,857 million for 2025, KZT 31,142 million for the six months ended 30 June 2025 and KZT 571 million for the six months ended 30 June 2026. As at 31 December 2025 and 30 June 2026, the Group assessed the likelihood of significant hedge ineffectiveness under Strategy 2 as remote, given the high probability of receiving cash flows from revenue denominated in Swiss Francs during the forecast period.

During 2024, 2025 and the six months ended 30 June 2025 and 2026, the Group received international (transit) freight transportation revenue which constituted the cash flow hedged item. Accordingly, the accumulated loss in the amount of KZT 412 million, KZT 80,781 million, KZT 32,137 million and KZT 4,102 million, respectively, attributable to the hedging instruments was reclassified from other comprehensive income to freight transportation revenue. This reclassification reflects the accounting treatment prescribed by IFRS 9 Financial Instruments, whereby amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line item as the recognised hedged item. The deferred income tax effect of the reclassification amounted to KZT 82 million for 2024, KZT 16,156 million for 2025, KZT 6,428 million for the six months ended 30 June 2025 and KZT 820 million for the six months ended 30 June 2026. The reclassification reduced the Group's reported revenue from international (transit) freight transportation, reflecting the effect of movements in the Tenge/Swiss Franc exchange rate on the hedging instruments over the period since hedge designation.

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

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

As a portfolio company of Samruk-Kazyna, the Company is subject to Samruk-Kazyna's dividend policy ("**Samruk Dividend Policy**"), which governs dividend payments from its portfolio companies. Under this policy, dividends are calculated on a Free Cash Flow ("**FCFF**") basis, with the proportion of FCFF payable as dividends determined by reference to the financial performance of the Company. FCFF for these purposes is the consolidated operating cash flow available for distribution in the form of dividends, calculated as net cash flow from operating activities plus dividends received from joint ventures and associates, less maintenance capital expenditures for property, plant and equipment and intangible assets in the reporting period.

The amount of FCFF payable as dividends by the Company is determined based on the Company's compliance with certain financial stability indicators for the year prior to that in which a dividend is proposed which are established by an assessment on the following indicators: Debt/EBITDA (non-IFRS measure), EBITDA (non-IFRS measure)/interest expense and Debt/Equity. The extent to which the established target and threshold values of these indicators are achieved determines the applicable range of dividend distributions from FCFF. If the Company complies with financial stability ratios, it is required to pay from 50% to 100% of its FCFF as dividends. If the Company complies with the threshold values of financial stability ratios, but violates the target values, it is required to pay 50% of FCFF. In case of violation of the threshold values of financial stability ratios, dividend payments range from 20% to 50% of FCFF, with part of the remaining FCFF used to repay the company's liabilities in order to bring financial stability indicators to the target values.

Notwithstanding the above, pursuant to the Samruk Dividend Policy, Samruk-Kazyna may, at its discretion, determine in any particular year, and from time to time, that no dividend may be paid by the Company.

The Samruk Dividend Policy is designed to balance the interests of Samruk-Kazyna and its portfolio companies, promote predictability and transparency in dividend determination, maintain the financial stability of both Samruk-Kazyna and its portfolio companies, and preserve the capacity of portfolio companies to fund their development and investment activities.

See "Risk Factors – Risks Relating to the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** – The Company may elect not to pay dividends in the future" in this Document.

KEY FINANCIAL RATIOS

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

	Year ended/As at 31 December			Six months ended/As at 30 June
	2023	2024	2025	2026
Gross profit margin[(1)]	22.5%	25.1%	30.2%	29.3%
Net profit margin[(2)]	7.1%	7.4%	12.5%	13.0%
Current ratio[(3)]	0.5	0.3	0.3	0.4
Debt-to-asset ratio[(4)]	64.4%	67.0%	68.6%	70.3%
Coverage ratio[(5)]	1.77	2.21	3.03	2.82

Notes:

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

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

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

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

(5) Coverage ratio is calculated by dividing profit before tax and finance costs by finance costs.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group entered into transactions with related parties. For details of the Group's related party transactions and related party loans, advances and guarantees to/from the Company during the Track Record Period, see Note 29 to the Consolidated Financial Statements set out in Appendix I to this Document. The guarantees provided to related parties and the non-trade balances with related parties will not be released or settled prior to the **[REDACTED]**, other than in accordance with their respective contractual terms. Notwithstanding the foregoing, the Directors are of the view that the Group's business would remain sustainable if it had to secure alternative arrangements, and that such existing arrangements do not affect the Group's ability to be financially independent after the **[REDACTED]**, for the following reasons:

- ***Nature of, and parties to, the guarantee***. The guarantee provided by the Group to related parties is a financial guarantee issued to Development Bank of Kazakhstan JSC in respect of bank borrowings of Nursultan Nazarbayev International Airport JSC. Such guarantee is a legacy arrangement entered into in March 2018 to support the financing of the modernisation of the airport in Astana, at which time the airport was under the Group's management, and Nursultan Nazarbayev International Airport JSC is currently wholly owned by the State. Such guarantee remains in effect until 2033 and will not be released prior to the **[REDACTED]**. Nursultan Nazarbayev International Airport JSC has serviced its obligations under the underlying loan independently, and such guarantee had not been called as at the Latest Practicable Date. As at 30 June 2026, the Group's financial guarantee agreement liabilities in respect of guarantees provided to related parties amounted to KZT 12,647 million, representing 0.5% of the Group's net assets of KZT 2,598,350 million as at the same date.
- ***Nature of, and parties to, the non-trade balances***. The non-trade balances with related parties do not represent general-purpose financing or financial assistance provided by or to related parties. They primarily represent advances paid to or by related parties which, unlike trade receivables and trade payables, are not settled in cash but are utilised against the performance of the relevant obligations (such as infrastructure construction works) under the underlying contracts. As at 30 June 2026, the non-trade amounts due from related parties were principally due from the Group's associates, and to a lesser extent from the Samruk-Kazyna Related Parties and other state-owned enterprises, and the non-trade amounts due to related parties were

principally due to other state-owned enterprises and the Group's associates, and to a lesser extent to the Samruk-Kazyna Related Parties. As at 30 June 2026, the non-trade amounts due from related parties amounted to KZT 94,949 million and the non-trade amounts due to related parties amounted to KZT 17,181 million, representing 3.7% and 0.7%, respectively, of the Group's net assets of KZT 2,598,350 million as at the same date. Of the non-trade amounts due from related parties, KZT 83,815 million represented advances paid by the Group to Transtelecom JSC, an associate of the Group, primarily for the design and construction of a unified LTE-R digital railway radio communication network forming part of the Group's railway infrastructure. The advance for such network was recognised as an advance paid for property, plant and equipment, and is expected to be utilised against the relevant design and construction works by December 2029. Other than such advances, the non-trade balances with related parties were relatively small in amount, with the remaining non-trade amounts due from related parties amounting to KZT 11,134 million, representing 0.4% of the Group's net assets as at 30 June 2026. The non-trade balances with related parties are to be utilised or settled in accordance with the terms of the underlying contracts, and therefore the Group does not intend to settle such balances ahead of their contractual terms by reason of the **[REDACTED]**.

- ***The Group's business would remain sustainable if it had to secure alternative arrangements with third parties***. The Directors are of the view that the Group's business would remain sustainable if it had to secure alternative arrangements, and that the Group's financial position would not be materially and adversely affected even if the non-trade amounts due from related parties were not recovered or the Group was required to settle the non-trade amounts due to related parties. The obligations under the abovementioned guarantee are not material to the Group, and the borrower has serviced the underlying loan independently. The non-trade balances with related parties do not represent general-purpose financing or financial assistance provided by or to related parties, nor do they constitute a source of funding for the Group. In addition, the Group has sufficient liquid assets and financial resources available to meet its financial needs, including its cash and cash equivalents, its net cash inflows from operating activities in each period during the Track Record Period and its undrawn committed credit facilities with Halyk Bank of Kazakhstan JSC, ForteBank JSC, Citibank Kazakhstan JSC and Citibank.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

DIVIDENDS

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

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

WORKING CAPITAL CONFIRMATION

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

DISTRIBUTABLE RESERVES

As at 30 June 2026, the Group had retained earnings of KZT 1,436,947 million, which may be available for distribution to Shareholders subject to the satisfaction of conditions and procedures in accordance with applicable laws and regulations.

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Significant events after 30 June 2026, being the end date of the periods reported in Appendix IB to this Document, are disclosed in Note 34 of Appendix I to this Document. Such events relate to further loans, bonds or debt securities issued by the Group.

Save as disclosed above, after performing sufficient due diligence work which the Directors consider appropriate and after due and careful consideration, the Directors confirm that, there had been no material adverse change in the Group's financial or trading position or prospects since 30 June 2026, being the end date of the periods reported in Appendix IB to this Document, and there had been no event since 30 June 2026 that would materially affect the information as set out in Appendix IB to this Document.

DISCLOSURE UNDER LISTING RULES

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

[REDACTED]