SAMRUK-KAZYNA, ONE OF KAZAKHSTAN'S SOVEREIGN WEALTH FUNDS AND OUR CONTROLLING SHAREHOLDER

Samruk-Kazyna's shareholding

As at the date of this Document, the entire issued share capital of the Company is legally and beneficially owned by Samruk-Kazyna. Immediately following the completion of the **[REDACTED]** (assuming no exercise of the **[REDACTED]**), Samruk-Kazyna will hold approximately **[REDACTED]**% of the total issued share capital of the Company.

The Law on Railway Transport prohibits the disposal of shares in the Company (which currently performs its function as the National Operator of Infrastructure (as defined in the Law on Railway Transport)) by Samruk-Kazyna to below the 75% shareholding threshold. Accordingly, unless the Parliament of Kazakhstan enacts legislation to the contrary, Samruk-Kazyna will remain the largest shareholder of the Company and will continue to hold the legal and beneficial interest in not less than 75% of the ordinary share capital of the Company. This reflects the Government's commitment to the continuous development of the railway system and its determination to support the Company, through Samruk-Kazyna, in its ongoing provision of quality railway services and expansion of transport infrastructure in Kazakhstan.

Background to Samruk-Kazyna

Samruk-Kazyna was established as a joint stock company on 3 November 2008 in accordance with a decree of the President of Kazakhstan dated 13 October 2008 and a resolution of the Government dated 17 October 2008. The formation was enacted by the merger of Sustainable Development Fund "Kazyna" JSC and Kazakhstan Holding Company for State Assets Management "Samruk" JSC and the additional transfer to Samruk-Kazyna of interests in certain entities owned by the Government. As of the Latest Practicable Date, its entire shareholding was held by the Ministry of Finance's Committee of State Property and Privatisation on behalf of the Republic of Kazakhstan.

As stated in article 4(2) of the Sovereign Wealth Fund Law, Samruk-Kazyna's objectives are:

(a) enhancing the competitiveness, market value, and profitability of its portfolio companies[(1)];

(b) introduction of best practices of corporate governance within Samruk-Kazyna and its subsidiaries[(2)];

(c) stimulating the development and introduction of innovative processes and technologies within Samruk-Kazyna and its subsidiaries[(3)];

(d) participation in attracting investments to the Republic of Kazakhstan, creating conditions for investment activity of the portfolio companies, as well as improving the investment climate in the Republic of Kazakhstan taking into account the main directions of state policy[(4)];

(e) development and implementation of investment strategic projects of national, cross-sectoral, and regional scale, participation in the development and implementation of programmes for modernisation and diversification of the Kazakhstani economy[(5)]; and

(f) participation in the implementation of socially significant and industrial-innovative projects contributing to the sustainable development of the economy of the Republic of Kazakhstan, taking into account the specifics of their implementation by the fund as established by the Sovereign Wealth Fund Law[(6)].

As Kazakhstan's sovereign wealth fund, Samruk-Kazyna operates as an investment holding company and accordingly does not itself engage in any commercial business or operate any commercial entity. The Samruk-Kazyna group's portfolio encompasses some of Kazakhstan's largest and most prominent companies in sectors that the Government considers strategic for national development and growth, including oil and gas, mining, transportation, communications, energy and industrials. The results of these portfolio companies contribute to Samruk-Kazyna's financial statements.

(1) Article 4(2)(1) of the Sovereign Wealth Fund Law

(2) Article 4(2)(2) of the Sovereign Wealth Fund Law

(3) Article 4(2)(3) of the Sovereign Wealth Fund Law

(4) Article 4(2)(4) of the Sovereign Wealth Fund Law

(5) Article 4(2)(5) of the Sovereign Wealth Fund Law

(6) Article 4(2)(7) of the Sovereign Wealth Fund Law

The sole shareholder of Samruk-Kazyna is the Government. The relationship between Samruk-Kazyna and the Government is regulated by the JSC Law, the Sovereign Wealth Fund Law and the Agreement on Interaction between the Government and Samruk-Kazyna, dated 14 December 2012 (the "**Agreement on Interaction**"), which establish the basic principles of interaction and the requirements of the Government in respect of Samruk-Kazyna's activities. Samruk-Kazyna's shares are the exclusive property of the Government and are not subject to alienation. The law explicitly provides that the Government governs Samruk-Kazyna exclusively through the exercise of the powers of the sole shareholder provided for by law and/or Samruk-Kazyna's charter (the "**Samruk Charter**"), as well as through the representation of members of the Government on Samruk-Kazyna's board of directors. The Government, as sole shareholder, is empowered to, among other things, approve Samruk-Kazyna's development strategy, appoint members of the board of directors and the chief executive officer and terminate their powers early, approve financial results and determine the dividend policy. Pursuant to the Agreement on Interaction, the Government and Samruk-Kazyna interact on the following principles:

(a) Samruk-Kazyna is managed by the Government solely through the exercise of the powers of the sole shareholder as provided for by the Sovereign Wealth Fund Law and the Samruk Charter, and through the representation of members of the Government on Samruk-Kazyna's board of directors;

(b) non-interference by the Government, its members and government officials in the operational activities of the Samruk-Kazyna group, except as stipulated by law, acts and instructions of the President of Kazakhstan; and

(c) reporting and transparency in respect of the activities of the Samruk-Kazyna group.

Samruk-Kazyna's board of directors comprises the Prime Minister of Kazakhstan (as chairman of the board of directors), Assistant of the President of Kazakhstan on economic affairs, the chairman of the management board of Samruk-Kazyna, four independent directors, and the Samruk-Kazyna Artificial Intelligence (SKAI), which has been appointed by the sole shareholder as an additional member on a pilot basis with a view to enhancing transparency and the quality of decision-making.

Samruk-Kazyna also has a Public Council, a consultative body that considers public opinion, reflects civil society perspectives, informs decision-making and supports accountability and transparency across the Samruk-Kazyna group. Interaction between state bodies and the Samruk-Kazyna group (separate from the activities of Samruk-Kazyna's sole shareholder and the membership of the Prime Minister on Samruk-Kazyna's board of directors) is regulated by the laws of Kazakhstan, acts of the President of Kazakhstan and the Government. Interference by state bodies in the operational activities of Samruk-Kazyna and its portfolio companies is not permitted, except where state bodies are performing their functions as provided for by the laws of Kazakhstan.

The 2023-2032 Development Plan of Samruk-Kazyna, developed in accordance with instructions from the President, is aligned with key national priorities and contributes to the realisation of the Kazakhstan-2050 Strategy. The 2023-2032 Development Plan also takes into consideration other state planning documents including the national security strategy of Kazakhstan, the territorial development plan for Kazakhstan, the low-carbon development plan, and quasi-government sector development strategies. Considering the current socio-economic development of Kazakhstan and the role of Samruk-Kazyna, the primary focus of investment is on the development of the national economy. Accordingly, Samruk-Kazyna's management model is defined as a strategic holding with responsibility for maintaining social and infrastructural development of the country.

Shareholder control over appointments to the Board of Directors

Under the Charter, any appointment of a Director to the Board of Directors is subject to approval by Samruk-Kazyna as a sole shareholder. As of the Latest Practicable Date, all Directors were approved by Samruk-Kazyna, and four of the nine members of the Board were persons nominated by Samruk-Kazyna and who also have an ongoing role in Samruk-Kazyna. Following the **[REDACTED]**, the appointment of members to the Board of Directors will, as provided in the Charter, be subject to approval by all Shareholders and given that Samruk-Kazyna will continue to be the beneficial owner of the majority of the issued shares of the Company after the **[REDACTED]**, Samruk-Kazyna will be able to appoint the majority of the Board of Directors and, depending on the results of the minority voting, will likely generally determine the outcome at Shareholders' meetings in relation to appointment of the members of the Board of Directors. Under the JSC Law, Directors are required to inform the Board of any interests they hold in a transaction being considered by the Board of Directors and must abstain from voting at any meeting of the Board of Directors in relation to such interested party transaction (as defined under the JSC Law), in accordance with the provisions of the JSC Law applicable to all Directors.

Financial Support from the Government and Samruk-Kazyna

During the Track Record Period, the Group received from the Government (i) subsidies for the expenses incurred in the transportation of passengers on socially significant routes; (ii) interest rate subsidies for certain of the Group's financial lease agreements; and (iii) coupon rate subsidies for certain of the Group's bonds. The following table sets forth the types of subsidies received by the Group for the years/periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT millions	*KZT millions*	*KZT millions*	*KZT millions*	*KZT millions*
Passenger transportation subsidies (recognised as revenue and other income)	38,912	41,124	46,142	21,277	24,206
Interest rate subsidies for finance lease agreements (recognised inside the separate line item)[1]	–	–	(2,867)[2]	–	3,121
Interest rate subsidies for finance lease agreements (recognised as finance income)[1]	2,220	5,719	–	4,019	–
Coupon rate subsidies for bonds (recognised as finance income)	–	22,300	–	–	–
Total	**41,132**	**69,143**	**43,275**	**25,296**	**27,327**

Notes:

(1) With effect from the financial year ended 31 December 2025, the Group changed the presentation of interest rate subsidies relating to finance lease agreements. Such subsidies are no longer presented within finance income but are recognised within a separate line item, reflecting the nature of the subsidy and enhancing the presentation of government support received by the Group.

(2) The negative amount primarily resulted from a revision of estimates relating to the timing and pattern of recognition of the subsidy, including the effect of adjustments associated with prior periods. The revised estimate reflects updated information and circumstances available as at 31 December 2025. Accordingly, the resulting adjustment was recognised prospectively in profit or loss during the year ended 31 December 2025.

The passenger transportation subsidies received by the Group are provided under the Rules for Long-Term Subsidisation of a Carrier's Expenses Related to the Carriage of Passengers on Socially Significant Routes (as amended from time to time, the "**Long-Term Subsidisation Rules**"), adopted pursuant to the Law on Railway Transport. Under the Long-Term Subsidisation Rules, a carrier may be subsidised for the expenses it incurs in carrying passengers on socially significant routes, on which tariffs are maintained at levels intended to ensure affordability for the population and are accordingly not cost-reflective, the subsidies being provided under republican budget programme "015" for long-distance inter-regional routes and local budget programme "005" for suburban and regional routes. Only a carrier determined by open tender is eligible for such subsidization. To be eligible for the tender, a carrier must hold passenger rolling stock registered in Kazakhstan and compliant with applicable technical safety requirements. Upon a successful tender, the subsidy is implemented through a long-term subsidy agreement between the Ministry of Transport (in the case of the republican budget) or the relevant local executive body (in the case of local budgets) and the carrier. The amount of the subsidy is subject to the amount provided for in the relevant annual budget, calculated in accordance with the methodology approved by the Ministry of Transport. Subsidies are paid during the term of the subsidy agreement in accordance with its terms, generally on a monthly basis for services actually provided and duly documented. The term for providing passenger transport services on socially significant long-distance inter-regional routes shall be twenty years, except for routes operating for fewer than 90 calendar days per year. For passenger transport services on socially significant interdistrict (intercity, intra-regional) and suburban routes, the term shall be determined by the tender organiser and shall range from five to twenty years. As at the Latest Practicable Date, the Group provided subsidised passenger transportation services on 66 socially significant routes under 28 long-term subsidy agreements. Under the Long-Term Subsidisation Rules, the Group is required to submit, on a monthly basis, certain reporting documents which primarily include (i) a monthly report detailing the performance of passenger transportation on the subsidised routes (including information such as passenger turnover, frequency of running and wagon mileage) and a cumulative performance report from the beginning of the relevant year, (ii) a certificate of work performed, (iii) a document confirming

the fulfilment of the number of wagons by type, wagon turnover for trains, trailer and direct wagons that run on the subsidised routes and (iv) register of subsidised routes, whereupon subsidies are paid against the submission of such reports. The long-term subsidy agreements entered into by the Group generally also entitle the Ministry of Transport, to terminate the relevant agreement before the end of its term in circumstances that principally comprise (i) failure by the Group, for a continuous period specified in the agreement, to operate the subsidised services on the terms agreed, including the required route, frequency, train type and minimum volume of services; (ii) increases in passenger fares above the maximum level permitted by the agreement; and (iii) repeated failures to comply with the national standard for the servicing of passengers on trains. In the event of early termination, the Group would cease to receive subsidies in respect of the relevant routes from the date of termination, and may be required to repay a proportionate part of any advance payment received.

The interest rate subsidies for finance lease agreements received by the Group are provided under the Rules for Subsidising Interest Rates for Lending and Financial Leasing for the Purchase of Wagons and Locomotives (as amended from time to time, the "**Interest Rate Subsidy Rules**"), adopted pursuant to the Law on Railway Transport. Pursuant to the Interest Rate Subsidy Rules, a carrier, a railcar (container) operator, an operator of locomotive traction or an operator of locomotive traction in passenger traffic may be partially subsidised for the interest rate payable to the relevant financial institution under a bank loan or a financial leasing agreement concluded in respect of the acquisition of new wagons or locomotives. Upon successful application, the subsidy is implemented through a subsidy agreement between the Ministry of Transport, the relevant carrier or operator and the relevant financial institution. The amount of the subsidy is subject to the republican budget for the relevant year and is recurring during the term of the relevant agreement. As at the Latest Practicable Date, the Group entered into 13 interest rate subsidy agreements under the Interest Rate Subsidy Rules, with terms of the agreements varying between 15 years and 20 years. Under the Interest Rate Subsidy Rules, the Group is required to submit to the Ministry of Transport, on an annual basis, information on the use of the borrowed funds and the results achieved. The interest rate subsidy agreements entered into by the Group generally also entitle the Ministry of Transport to terminate the relevant agreement before the end of its term in circumstances that principally comprise (i) the application by the Group of the borrowed funds for purposes other than those for which they were advanced; and (ii) the failure by the Group to pay amounts due under the relevant loan or finance lease agreement for a period specified in the agreement. In the event of early termination of a subsidy agreement, the Group would cease to receive subsidies in respect of the relevant financing from the date of such termination, and the relevant financial institution shall return the amounts of unused subsidies to the State.

The coupon rate subsidies for bonds received by the Group are provided under the Rules for Subsidising Coupon Rates on Bonds of a Carrier Issued for the Development of the Main Railway Network and Railway Rolling Stock (as amended from time to time, the "**Coupon Rate Subsidy Rules**"), adopted pursuant to the Law on Railway Transport. Under the Coupon Rate Subsidy Rules, carriers may be partially reimbursed by way of subsidy for the amount of coupon payable by them to the bond holders for bonds issued for the development of the main railway network and railway rolling stock. Upon a successful application, the subsidy is implemented through a subsidy agreement between the Ministry of Transport and the carrier. The amount of the subsidy is subject to the republican budget for the relevant year and is recurring during the term of the relevant agreement, which is entered into for the period during which the relevant bonds are outstanding. As at the Latest Practicable Date, the Group had entered into one coupon rate subsidy agreement under the Coupon Rate Subsidy Rules, with a term of 14 years. Pursuant to Coupon Rate Subsidy Rules, the Group shall (i) notify the Ministry of Transport of any changes to the terms and conditions of the bonds issued within 5 business days with copies of the decision made and an updated coupon payment schedule, whereupon the Ministry of Transport will issue a decision to amend the relevant coupon rate subsidy agreement; (ii) submit to the Ministry of Transport, on an annual basis, information on the use of the allocated subsidies for their intended purposes and (iii) submit to the Ministry of Transport, within the timeframe as specified in the relevant coupon rate subsidy agreement, a report on payment containing information on (x) the number of bonds on the accounts of bond holders as of the register record date and (y) the total amount of coupon payments transferred by the Group to the sub-accounts of the bond holders.

The Group also receives from the Government financial support including shareholder loans and concessional financing for capital expenditures and investment projects. 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" for further details.

The following table sets forth the carrying amounts of the Group's outstanding borrowings from Samruk-Kazyna and state-owned banks and securities holders as at the dates indicated:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Non-current portion				
Long-term bank borrowings	646,557	908,653	1,419,829	1,594,755
State-owned banks	70,229	69,325	64,107	63,059
Non-state-owned banks	576,328	839,328	1,355,722	1,531,696
Loan from shareholders	83,396	111,430	100,413	102,427
Debt securities	390,000	390,000	340,000	816,296
State owned securities holders	376,750	376,750	326,750	326,750
Non-state-owned securities holders	13,250	13,250	13,250	489,546
Debt securities from shareholders	643,479	430,340	837,117	825,596
Subtotal	**1,763,432**	**1,840,423**	**2,697,359**	**3,339,074**
Current portion				
Short-term bank borrowings	89,937	338,257	387,329	262,314
State-owned banks	4,013	5,698	8,004	8,177
Non-state-owned banks	85,924	332,559	379,325	254,137
Loan from shareholders	32,100	3,156	2,214	2,110
Debt securities	222,438	13,903	63,700	13,937
State owned securities holders	145,606	13,903	63,240	9,813
Non-state-owned securities holders	76,832	–	460	4,124
Debt securities from shareholders	9,640	457,649	35,415	283,614
Subtotal	**354,115**	**812,965**	**488,658**	**561,975**
Total	**2,117,547**	**2,653,388**	**3,186,017**	**3,901,049**

Samruk-Kazyna recognises the importance of the Company's continued ability to raise finance to fund its activities. Samruk-Kazyna's support is an important factor in maintaining the Company's credit rating at a level that could reduce the Company's borrowing costs. Further, Samruk-Kazyna has acknowledged that a number of the Company's existing borrowings are reliant on Samruk-Kazyna's position as the major shareholder of the Company. Accordingly, Samruk-Kazyna's unchanged position as the majority shareholder of the Company is of importance to the Company's creditworthiness. In particular, the Group receives financial assistance in the forms of loans from Samruk-Kazyna and bonds issued in favour of Samruk-Kazyna to supplement its funding for its operations and capital expenditures both in respect of the expansion and maintenance of its railway infrastructure and in the further development of its logistics business. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amount of the Group's outstanding loans from Samruk-Kazyna, comprising both current and non-current portions, amounted to KZT115,496 million, KZT114,586 million, KZT102,627 million and KZT104,537 million, and the carrying amount of the Group's outstanding debt securities issued in favour of Samruk-Kazyna, comprising both current and non-current portions, amounted to KZT653,119 million, KZT887,989 million, KZT872,532 million and KZT1,109,210 million. Taken together, carrying amount of the loans from and debt securities issued in favour of Samruk-Kazyna represented approximately 36.3%, 37.8%, 30.6% and 31.1% of the Group's total borrowings as at those dates, reflecting an overall decrease over the Track Record Period. As at 30 June 2026, the Group's borrowings from Samruk-Kazyna were mainly received at rates below market rate, varying from 0.05% to 9.37% per annum, with maturity terms varying from 10 to 50 years.

During the Track Record Period, the Group obtained most of its bank borrowings from non-state-owned banks on arm's length, market-based terms with interest rate from 0.5% to 19.5% per annum and maturity terms varying from 1 to 15 years. As at 31 December 2023, 2024 and 2025 and 30

June 2026, the carrying amount of the Group's bank borrowings from non-state-owned banks, comprising both current and non-current portions, amounted to KZT662,252 million, KZT1,171,887 million, KZT1,735,047 million and KZT1,785,833 million, representing approximately 89.9%, 94.0%, 96.0% and 96.2% of the carrying amount of the Group's total bank borrowings respectively. The Group's borrowings from state-owned banks were mainly received at rates below prevailing market rates, with contractual rates varying from 1.50% to 18% per annum, part of which is subsidised under state support programmes, and maturity terms varying from 14 to 20 years. Such subsidised bank borrowings represented a small and decreasing proportion of the Group's bank borrowings over the Track Record Period. The Group also raises funding through the issue of debt securities. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amount of the Group's debt securities held by state-owned securities holders (excluding debt securities issued in favour of Samruk-Kazyna), comprising both current and non-current portions, amounted to KZT522,356 million, KZT390,653 million, KZT389,990 million and KZT336,563 million, representing approximately 85.3%, 96.7%, 96.6% and 40.5% of the Group's total debt securities (excluding debt securities issued in favour of Samruk-Kazyna) as at those dates. The principal state-owned securities holder holding the Group's debt securities is a state-owned pension fund, and such debt securities bear a coupon rate of 11.5% per annum with a maturity term of 15 years, which were concluded on better than market terms, with the relatively higher coupon rate reflecting the currency premium for the tenge, whereas the debt securities held by non-state-owned securities holders comprise principally Eurobonds issued on arm's length, market-based terms, and bear coupon rates from 4.88% to 5.25% per annum with maturity terms varying from 5 to 10 years.

Taken as a whole, the proportion of the Group's borrowings from Samruk-Kazyna and state-owned entities decreased over the Track Record Period. In aggregate, current and non-current portions of the borrowings from Samruk-Kazyna, state-owned banks and state-owned securities holders amounted to KZT1,365,213 million, KZT1,468,251 million, KZT1,437,261 million and KZT1,621,546 million, representing approximately 64.5%, 55.3%, 45.1% and 41.6% of the Group's total borrowings as at those dates.

Based on the foregoing, the Directors are of the view that the Group is able to obtain financing independently from the Government and Samruk-Kazyna.

On the basis of the foregoing and due diligence conducted, there is nothing that has come to the Sole Sponsor's attention that would reasonably cast doubt on the Directors' view as stated above.

Samruk-Kazyna's role in the operations of the Company

The Company has commercial freedom to develop its business, including its railway business, within the regulatory framework, and key commercial decisions (including development strategy, business plan, and commercial transactions involving less than 50% of total asset value) are approved by the Board of Directors in accordance with the Charter. Samruk-Kazyna does not, as a general matter, exercise its shareholder rights to intervene in ordinary commercial decisions of the Company that fall within the Board's competence, while reserving its rights under the Charter and applicable law.

THE GOVERNMENT AS POLICY MAKER AND REGULATOR

The operations of railway infrastructure, freight and passenger transportation services carried out by the Group are principally regulated by the Law on Railway Transport. The Company's status as a natural monopoly and the status of its subsidiaries, KTZ-FT and Passenger Transportation, as dominant providers of freight transportation and passenger transportation in Kazakhstan, respectively, subject the relevant Group members to regulation by the Natural Monopoly Committee under the Natural Monopolies Law and the Entrepreneurial Code, which includes limitations on the amounts the relevant Group entities may charge customers for their services. See "Regulatory Overview" in this Document for further details. In addition, the transport and logistics industry in Kazakhstan generally, and the Group specifically, have undergone and continue to undergo reforms and restructuring aimed at improving tariff regulation, operational efficiency and long-term financial sustainability while maintaining the strategic importance of rail transportation within the national economy.

Government policy, in the form of the regulated tariff framework applicable to mainline railway network services and locomotive traction services, also impacts the financial performance of the Group. See "Business Overview – Government Regulation and Tariffs – Natural Monopoly and Tariff Regulation" and "Financial Information – Key Factors Affecting Results of Operations – Tariff Regulation and Government Support" for further details.

The Government and Samruk-Kazyna rely on the Group to support long-term transport policy, including expanding transit traffic, improving service quality, removing network bottlenecks, developing logistics infrastructure and enhancing Kazakhstan's competitiveness as a regional transport and logistics hub. Within the limits of their respective competences, the President, the Government and the relevant sector ministries and regulators may issue decrees, instructions, resolutions, orders and other acts that shape the development plans of the Group. Such directions may include acts of general or specific application to which the Group is subject; however, they do not authorise the Government or state bodies to direct the Group's operational activities. Their effect on the strategic development of the Group is channelled through the sector regulation to which the Group is subject and through Samruk-Kazyna in its capacity as the Company's sole shareholder, and such directions are incorporated by the Group through its established corporate approval process.

Instructions of the President and the Government with respect to the Group have predominantly concerned the implementation of certain strategically significant investment projects. For example, in alignment with the Government's infrastructure development programme, the Group is implementing a multi-year capital investment programme aimed at expanding and modernising Kazakhstan's railway and related transport infrastructure, renewing rolling stock, improving operational safety and increasing throughput on key Kazakh and international corridors, thereby enhancing the development of international and regional trade, as well as access by rural communities to essential public services and work opportunities. Where a project or task is designated as a priority by the President, the Group will engage with the relevant government departments to assess its economic justification, feasibility and availability of finance, and any such project is implemented only following the required regulatory and corporate approvals, including approval by the Board and, where applicable, by Samruk-Kazyna as sole shareholder.

The Group, as the national transport and logistics operator, may be required to engage in activities for public policy reasons that may not be in its best commercial interests. Similarly, in pursuing its objective of supporting and diversifying Kazakhstan's economy, the interests of Samruk-Kazyna may also differ from the interests of the minority shareholders. See "Risk Factors – Risks Relating to Its Business and Industry – The Government, which indirectly controls the Company, may cause the Company to pursue public-policy objectives that conflict with its commercial interests and the interests of the **[REDACTED]**, which includes influencing management appointments and removals, and the sale or acquisition of assets" for further details. This is evident in the provision of socially significant passenger transportation services, which are not in themselves profitable as tariffs are regulated and maintained at a low level intended to ensure affordability. Passenger transportation, however, is accepted as part of the Group's obligations given its natural monopoly in mainline railway infrastructure. Moreover, passenger transportation contributes only a small portion of the Group's revenue, accounting for 4.7% and 4.6% of the Group's revenue and other income for the year ended 31 December 2025 and the six months ended 30 June 2026, respectively. The Group has greater flexibility in its freight transportation business. In particular, freight transit tariffs are not subject to state price regulation in Kazakhstan and are determined on a commercial basis in accordance with the CIS Tariff Agreement.

GOVERNMENT AS CONTRACTING PARTY

The table below sets forth a breakdown of the Group's revenue and other income attributable to (i) Samruk-Kazyna Related Parties, (ii) other state-owned enterprises (excluding Samruk-Kazyna Related Parties) (iii) other private customers (including the Group's joint ventures and associates); and (iv) government grants for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	KZT millions	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*
							(unaudited)			
Revenue and other income										
Samruk-Kazyna Related Parties	22,635	1.2	29,434	1.4	35,936	1.3	15,495	1.2	18,530	1.3
Other state-owned enterprises (excluding Samruk-Kazyna Related Parties)	83,862	4.3	103,418	4.8	127,508	4.6	56,303	4.4	61,006	4.2
Other private customers	1,788,686	92.5	1,989,966	92.0	2,550,364	92.5	1,180,002	92.7	1,358,828	92.7
Government grants	38,912	2.0	41,124	1.9	43,275	1.6	21,277	1.7	27,327	1.9
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**

The table below sets forth a breakdown of the Group's purchases attributable to (i) Samruk-Kazyna Related Parties, (ii) other state-owned enterprises (excluding Samruk-Kazyna Related Parties) and (iii) other private suppliers (including the Group's joint ventures and associates) for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	KZT millions	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*
							(unaudited)			
Purchases										
Samruk-Kazyna Related Parties	124,842	16.9	93,221	12.5	221,052	24.2	89,740	23.2	132,537	29.4
Other state-owned enterprises (excluding Samruk-Kazyna Related Parties)	33,999	4.6	75,278	10.1	119,948	13.1	51,549	13.3	72,772	16.1
Other private suppliers	579,932	78.5	576,356	77.4	573,110	62.7	246,216	63.5	246,147	54.5
Total	**738,773**	**100.0**	**744,855**	**100.0**	**914,110**	**100.0**	**387,505**	**100.0**	**451,456**	**100.0**

During the Track Record Period, the Group entered into various transactions with the Samruk-Kazyna Related Parties and other state-owned enterprises (together with the Samruk-Kazyna Related Parties, the "**State-owned Entities**"). For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group's revenue was derived predominantly from private customers, from which the Group generated revenue of KZT1,788,686 million, KZT1,989,966 million, KZT2,550,364 million, KZT1,180,002 million and KZT1,358,828 million, accounting for 92.5%, 92.0%, 92.5%, 92.7% and 92.7% of the Group's total revenue and other income for the respective years/periods, while the Group's revenue from the State-owned Entities accounted for 5.5%, 6.2%, 5.9%, 5.6% and 5.5% of the Group's total revenue and other income for the respective years/periods.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group's aggregate purchases from the State-owned Entities amounted to KZT158,841 million, KZT168,499 million, KZT341,000 million, KZT141,289 million and KZT205,309 million, representing 21.5%, 22.6%, 37.3%, 36.5% and 45.5% of the Group's total purchases for the respective years/periods. The increase in the proportion of the Group's total purchases attributable to the State-owned Entities over the Track Record Period was primarily driven by increases in the Group's procurement costs (i) from Supplier A, a subsidiary of Samruk-Kazyna, in respect of diesel fuel and gasoline for use in the Group's train operations, which amounted to KZT95,913 million in 2023, KZT80,213 million in 2024, and then increased significantly to KZT200,863 million in 2025 and KZT125,172 million for the six months ended 30 June 2026, reflecting changes in both the price of fuel and the quantity consumed; and (ii) from Supplier F of electricity, which amounted to KZT29,161 million in 2023 and increased to KZT72,032 million in 2024, and further increased to KZT114,409 million in 2025 and KZT69,548 million for the six months ended 30 June 2026, as further detailed in "– Transactions with other State-Owned Enterprises" below.

Transactions with Samruk-Kazyna Related Parties

The Company and its subsidiaries have entered into a range of transactions with Samruk-Kazyna Related Parties, and it is expected that the Group will enter into similar transactions in the future. During the Track Record Period, the transactions with Samruk-Kazyna Related Parties primarily included the following:

- procurement by the Group from Supplier A of diesel fuel and gasoline primarily used as fuels for locomotives;
- procurement by the Group from JSC Kazakhtelecom of telecommunication services which primarily include the lease of communication channels, trunk communication channels and access to data transmission networks used for supporting the Group's railway operations, operational communications and corporate information systems. These services establish connectivity for the Group's regional units and support the Group's enterprise and railway management platforms, as well as operational communications with dispatchers, mobile objects and emergency and repair sites;
- procurement by the Group from subsidiaries of JSC Kazatomprom National Nuclear Company and JSC Samruk-Energo and from JSC KEGOC of utility-related services including power grid infrastructure leasing services used for electricity distribution; and

- procurement by the Group from JSC Kazpost of postal services which primarily include postal communication services, services for forwarding registered post and parcel. In addition, the Group also maintains balances on current accounts and short-term deposits with Kazpost JSC;

In addition, the Group also provides trust management services to Samruk-Kazyna in relation to the operation of Aktau Seaport (see "Business Overview – Freight Transportation – Expansion of Aktau Seaport" for further details) and JSC Transport Services Centre, a company wholly owned by the Government, pursuant to a trust management re-delegation agreement under which Samruk-Kazyna re-delegated to the Company certain management actions, primarily including the preservation and efficient management of the shareholding and procurement of payment of the relevant portion of JSC Transport Services Centre's net income to the republican budget as dividends.

Pursuant to the Sovereign Wealth Fund Law, entities at least 50% of voting shares of which are directly or indirectly owned by Samruk-Kazyna (including the Group and Samruk-Kazyna's subsidiaries) shall conduct their procurement in accordance with the Samruk-Kazyna Procurement Rules (which is generally similar to the state procurement rules established by the State Procurement Law) which provide for mandatory procedures for the procurement of most of the goods, works and services. Under the Samruk-Kazyna Procurement Rules, the Group is required to conduct formal public tenders in order to procure most types of goods, works and services, subject to certain limited exceptions.

The Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with Chapter 14A of the Listing Rules and that Samruk-Kazyna should be treated like a "*PRC Governmental Body*" (as defined under the Listing Rules) and, accordingly, not a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. In addition, the following consequences will also follow:

(a) transactions entered into by the Group with Samruk-Kazyna or any of its associates (which for the purposes of this waiver, refer to persons who are connected persons of the Company solely as a result of such persons' relationship with Samruk-Kazyna, together, the "**SK Relevant Entities**") would not be treated as "connected transactions" for the purposes of Chapter 14A of the Listing Rules;

(b) transactions entered into by the Group with the SK Relevant Entities would not be aggregated under Rule 14.23(1) or Rule 14A.82(1) for the purposes of Chapters 14 and 14A of the Listing Rules solely by virtue of being associates of Samruk-Kazyna (although the aggregation rules may apply to any one member of the SK Relevant Entities on a standalone basis in accordance with the applicable Listing Rules under Chapters 14 and 14A). For the avoidance of doubt, where any associate of Samruk-Kazyna is a connected person of the Company otherwise than solely as a result of its relationship with Samruk-Kazyna, the Stock Exchange will assess the application of the aggregation rules on a case-by-case basis;

(c) for the purposes of the public float requirement, Samruk-Kazyna is the substantial shareholder of the Company and a core connected person under Rule 1.01 and, therefore, Samruk-Kazyna's interest will accordingly not be regarded as held by the public under Rule 8.24. Nevertheless, a person will not be regarded as a core connected person for the purposes of Rule 8.24 solely by virtue of being a close associate (as defined in Rule 1.01) of Samruk-Kazyna;

(d) indebtedness due from the Company to Samruk-Kazyna should not, in itself, need to be settled or repaid before the **[REDACTED]**, on the basis that government support for infrastructure companies of national importance would be normal and understood by **[REDACTED]**; and

(e) in line with Listing Rule 19A.14, Samruk-Kazyna would not be treated as a "controlling shareholder" for the purposes of disclosures of competing interests in accordance with Rule 8.10 of the Listing Rules.

See "Waivers and Exemptions" in this Document for further details.

Transactions with other State-Owned Enterprises

During the Track Record Period, the Group's revenue from other state-owned enterprises was principally attributable to Customer A, from which the Group generated revenue of KZT81,864 million, KZT100,529 million, KZT124,537 million and KZT57,740 million, representing over 90% of the Group's revenue from other state-owned enterprises during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively. Customer A is a diversified natural resources extraction and processing group, and the Group's revenue from Customer A was derived from the provision of rail transportation services.

During the Track Record Period, the Group's purchases from other state-owned enterprises were principally attributable to purchases of electricity from Supplier F, amounts attributable to which were KZT29,161 million, KZT72,032 million, KZT114,409 million and KZT69,548 million, representing over 80% of the Group's purchases from other state-owned enterprises during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively.

In addition, the Group has also entered into land lease contracts with local executive authorities in Kazakhstan for the use of the land underneath railway tracks as such land is property of Kazakhstan and is not subject to privatisation. See "Business Overview – The Rail Network and Rolling Stock – Network Specifications and Land Leases" for further details.