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Application Proof of

Joint Stock Company «National Company «Kazakhstan Temir Zholy»

(the "Company")

(a joint stock company organised in the Republic of Kazakhstan)

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IMPORTANT

If you are in any doubt about any of the contents of this Document, you should obtain independent professional advice.

Joint Stock Company «National Company «Kazakhstan Temir Zholy»

(a joint stock company organised in the Republic of Kazakhstan)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] (comprising [REDACTED] (subject to [REDACTED]) and [REDACTED] (subject to [REDACTED] and the [REDACTED]))**
[REDACTED]	**:**	**HK$[REDACTED] per [REDACTED] plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% ([REDACTED])**
Nominal value	**:**	**Nil**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED], [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

[REDACTED], [REDACTED], [REDACTED], *and* [REDACTED]
(in alphabetical order)

[REDACTED]

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[REDACTED]

[REDACTED]

IMPORTANT NOTICE RELATING TO THE [REDACTED]

[REDACTED]

IMPORTANT NOTICE RELATING TO THE [REDACTED]

[REDACTED]

EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

[REDACTED]

EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

[REDACTED]

EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

[REDACTED]

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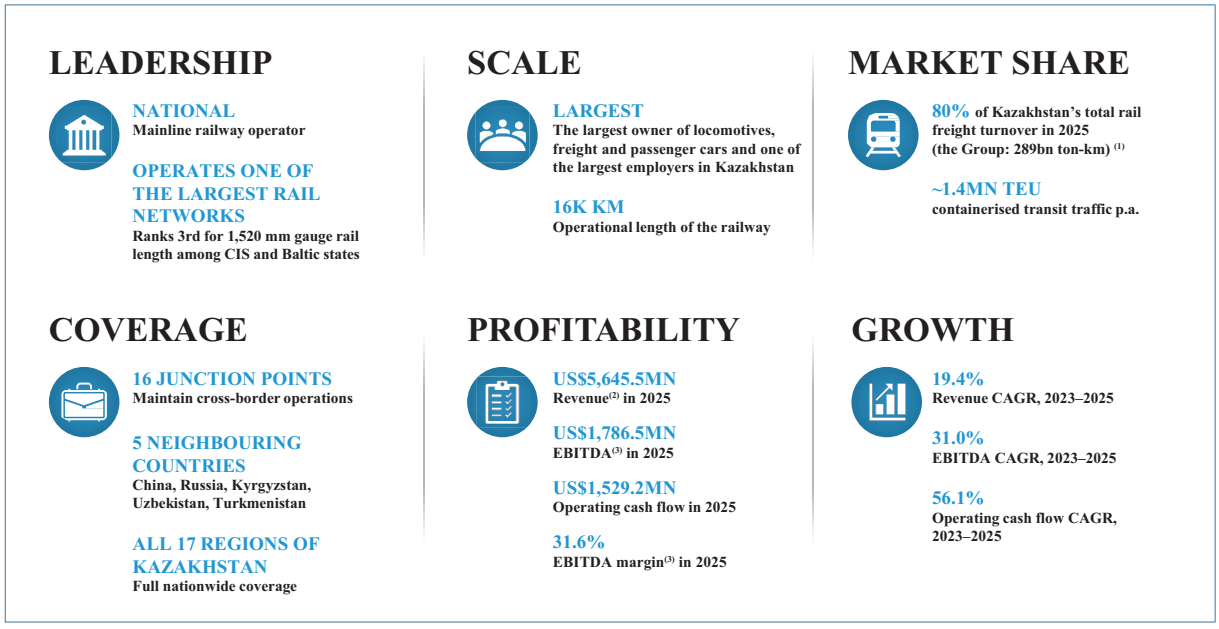
There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

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

The Group is one of the largest employers in Kazakhstan, with 119,542 employees as at 1 April 2026. It provides essential freight and passenger transportation services within a landlocked economy that spans the world's ninth-largest territory. Rail transport is critical to the movement of bulk commodities, industrial inputs, agricultural products, manufactured goods and passengers, particularly given Kazakhstan's vast territory, dispersed population centres and limited access to navigable waterways. Kazakhstan's fundamentals, including rising urbanisation, population growth and a medium-term growth projection of approximately 3.5%, support continued demand for reliable freight and passenger transportation services. In terms of railway length, Kazakhstan ranked third, with approximately 16,000 km of railways, among the CIS and Baltic countries with a gauge of 1,520 mm.



Notes:

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

(2) Revenue represents total revenue and other income.

(3) All EBITDA-related figures referred to represent Adjusted Group EBITDA (a non-IFRS measure).

Business of the Group

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

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

each segment incorporating associated infrastructure and support services. Its integrated asset base includes approximately 16,000 km of operational rail track, approximately 1,900 locomotives, approximately 47,000 freight cars including fitting platforms, approximately 2,200 passenger cars, approximately 830 stations, 30 locomotive sheds, 17 car sheds, two seaports and key dryport and terminal assets. This integrated network enables the Group to coordinate infrastructure, rolling stock, port, terminal and logistics operations across the transport value chain and provide customers with rail, sea and multimodal transportation solutions.

The Group carries out 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 includes local transportation within Kazakhstan, export transportation from Kazakhstan to destinations outside the country, import transportation into Kazakhstan and transit transportation between foreign countries through Kazakhstan.

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

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

	2023	**2024**	**2025**
		(KZT millions)	
Revenue from freight transportation	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	101,682	110,523	129,250
Government grants	38,912	41,124	43,275
Other revenue	110,951	136,737	121,361
Total revenue and other income	**1,934,095**	**2,163,942**	**2,757,083**

The Group's Milestones

The Company's history can be traced back to 1997 when its predecessor, Kazakhstan Temir Zholy Republican State Enterprise, was established in Kazakhstan on 31 January 1997 by resolution of the Government through the merger of the following republican state enterprises: Almaty Railway Administration, Tselinny Railway Administration, and West Kazakhstan Railway Administration.

On 15 May 2002, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed on the basis of resolution of the Government through the merger of Kazakhstan Temir Zholy Republican State Enterprise and its state-owned subsidiaries.

On 1 April 2004, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was reorganised into Joint Stock Company《National Company《Kazakhstan Temir Zholy》. As of the Latest Practicable Date, the Company was wholly-owned by Samruk-Kazyna which, in turn, is wholly-owned by the Government.

CUSTOMERS AND SUPPLIERS

The Group's customers for freight transportation include suppliers of coal, oil and oil products, metals, ores, chemicals, fertilisers and agricultural products. The Group had approximately 1,700 customers for freight transportation during 2025. The Group's customers for passenger transportation are members of the public, with most passenger traffic generated from inter-regional routes. In 2023, 2024 and 2025, revenue from the five largest customers, which are customers from the Group's freight transportation segment, in each year of the Track Record Period amounted to KZT 307,327 million, KZT 392,156 million and KZT 491,050 million, respectively, accounting for 15.9%, 18.1% and 17.8% of the total revenue and other income for the respective year. Revenue from the largest customer in 2023, 2024 and 2025 accounted for 4.2%, 5.1% and 4.5% of total revenue and other income in the same years, respectively.

The Group procures a broad range of goods, works and services required for the operation, maintenance and development of its railway transport and logistics network, the majority of which is from Kazakhstan. Its principal procurement categories include fuel and lubricants, electricity, locomotives, freight wagons, passenger carriages, containers, fitting platforms, spare parts, track superstructure materials, signalling and communications equipment, construction and maintenance works, repair services, security services and other services required for railway operations. Purchases from the Group's five largest suppliers in 2023, 2024 and 2025 amounted to KZT 283,732 million, KZT 288,435 million and KZT 445,898 million, respectively, representing 38.5%, 38.9% and 48.8% of total purchase amount for the respective year. Purchases from the Group's largest supplier in 2023, 2024 and 2025 represented 13.0%, 10.8% and 22.0% of total purchase amount for the respective year.

SAMRUK-KAZYNA AS SHAREHOLDER

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.

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. 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.

THE GOVERNMENT AS REGULATOR

The Government exercises indirect control over the Group through its ownership of Samruk-Kazyna and through its regulatory and legislative powers. The Government may also influence general policy relating to the Group's activities and corporate governance through Samruk-Kazyna, but may not interfere in the day-to-day operations of Samruk-Kazyna or the Group except as provided by law or as decreed by the President of the Republic of Kazakhstan.

The operations of railway infrastructure, freight and passenger transportation services carried on 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.

The Government also influences the Group's financial results through the regulated tariff framework applicable to mainline railway network services and locomotive traction services.

STRENGTHS

The Company believes that it benefits from the following key strengths:

- The Group is the national champion in freight and passenger transportation with an integrated railway network.
- The Group operates a strategic Eurasian corridor gateway with integrated rail, port, dry port and logistics assets.
- The Group has delivered strong and improved financial performance supported by tariff reform, freight demand and operating efficiency.
- The Group has a well-invested platform supporting capacity expansion, reliability and long-term service quality.
- The Group is an experienced public-market issuer with a seasoned management team and an improving sustainability profile.

See "Business Overview – Key Strengths" in this Document.

STRATEGIES

The Group intends to further develop and grow its business by:

- Improving rail transportation efficiency and network capacity;
- Scaling transit transportation across China-Europe, Middle Corridor and North-South Corridor
- Enhancing service quality and customer experience across freight and passenger services
- Accelerating digitalisation to improve planning, utilisation and border processing
- Embedding ESG Principles into decarbonisation, workforce development and governance
- Ensuring railway safety and operational resilience

See "Business Overview – Strategy" in this Document.

SUMMARY KEY FINANCIAL INFORMATION

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 years indicated:

	Year ended 31 December		
	2023	2024	2025
	(KZT millions)		
Revenue and other income			
Revenue from freight transportation	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	101,682	110,523	129,250
Government grants	38,912	41,124	43,275
Other revenue	110,951	136,737	121,361
Total revenue and other income	1,934,095	2,163,942	2,757,083
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)
Gross profit	435,512	543,925	833,032
General and administrative expenses	(106,494)	(128,390)	(145,837)
Finance income	32,221	52,955	88,618
Finance costs	(208,365)	(184,984)	(245,844)
Foreign exchange loss	(14,124)	(69,620)	(19,990)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–
Share of profit of associates and joint ventures	8,144	10,772	1,634
Reversal of impairment/(Impairment) of financial assets and contract assets	2,662	1,601	(3,893)
Reversal of impairment/(Impairment) of non-financial assets	1,149	(7,336)	(11,480)
Other profits and losses	4,395	4,606	2,781
Profit before tax	161,383	223,529	499,021
Income tax expenses	(24,599)	(62,724)	(155,375)
Profit for the year	**136,784**	**160,805**	**343,646**

Gross Profit and Gross Profit Margin

The Group's gross profit was KZT 435,512 million, KZT 543,925 million and KZT 833,032 million in 2023, 2024 and 2025, respectively. The Group's gross profit margin was 22.5%, 25.1% and 30.2% in 2023, 2024 and 2025, respectively.

Summary of Consolidated Statements of Financial Position

The following table sets out selected information from the Group's consolidated statements of financial position as at the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
	(KZT millions)		
Total non-current assets	4,554,610	5,506,575	7,107,190
Total current assets	385,596	452,181	491,322
Total assets	4,940,206	5,958,756	7,598,512
Total current liabilities	808,382	1,381,619	1,454,337
Net current liabilities	422,786	929,438	963,015
Total non-current liabilities	2,372,768	2,607,820	3,755,945
Total liabilities	3,181,150	3,989,439	5,210,282
Net assets	1,759,056	1,969,317	2,388,230

Summary of Consolidated Statements of Cash Flows

The following table sets out certain information regarding the principal items of the consolidated statements of cash flows for the years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
	(KZT millions)		
Net cash from operating activities	306,318	336,597	746,797
Net cash used in investing activities	(802,702)	(734,061)	(932,267)
Net cash flows from financing activities	434,271	393,367	228,039
Net increase/(decrease) in cash and cash equivalents	(62,113)	(4,097)	42,569
Cash and cash equivalents at the beginning of the year	267,032	204,614	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency	(322)	(1,945)	(8,166)
Effect of change in the allowance for expected credit losses	17	6	(8)
Cash and cash equivalents at the end of the year	204,614	198,578	232,973

Key Financial Ratios

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

	Year ended/As at 31 December		
	2023	**2024**	**2025**
Gross profit margin[(1)]	22.5%	25.1%	30.2%
Net profit margin[(2)]	7.1%	7.4%	12.5%
Current ratio[(3)]	0.5	0.3	0.3
Debt-to-asset ratio[(4)]	64.4%	67.0%	68.6%

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 year by revenue and other income and then multiplied by 100%.

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

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

Non-IFRS Measures

To supplement the Company's consolidated financial statements presented in accordance with IFRS Accounting Standards, the Company uses certain measures as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. See "Financial Information - Non-IFRS Measures" in the Document.

KEY RISK FACTORS

The Group's business and industry involve certain risks, which are set out in the section headed "Risk Factors" in this Document. You should read that section carefully in its entirety before you decide to **[REDACTED]** in the **[REDACTED]**. Some of the primary risks the Group faces include the following:

- The Group faces liquidity constraints and has a significant net current liability position.
- The Group has a front-loaded capital expenditure programme and may be subject to execution and funding risks.
- The Group is dependent on continued financial support from the Government and Samruk-Kazyna, which is non-obligatory and may be delayed, suspended, cancelled, reduced or discontinued.
- Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations.
- The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions.
- The Group's business and results of operations may be adversely affected by wars, regional conflicts, geopolitical developments and corridor disruptions, including as a result of the ongoing military conflict between Russia and Ukraine.
- The Group's joint ventures with foreign state-linked partners may give rise to governance, sanctions, and geopolitical risks.
- The Group is subject to ongoing regulatory and antimonopoly scrutiny, which could result in material fines, operational restrictions or reputational harm.
- 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 of Company assets.
- 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.

See the section headed "Risk Factors" in this Document for further details.

DIVIDEND

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 Samruk-Kazyna's dividend policy. See "Financial Information - Contractual Obligations - Group Financial Policy" in this Document for details.

[REDACTED]

FUTURE PLANS AND [REDACTED]

After deducting the **[REDACTED]** fees and commissions and other estimated **[REDACTED]** expenses payable by the Company in connection with the **[REDACTED]**, and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** and HK$**[REDACTED]**), the Company estimates that it will receive net proceeds of approximately HK$**[REDACTED]** million from the **[REDACTED]**. In line with its strategies, the Company intends to use the **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for railway digital infrastructure, to implement a comprehensive, technology-driven upgrade of the Company's railway infrastructure;
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for capacity expansion, specifically for the construction of the Bakhty-Ayagoz railway line, a new 272 km railway line and associated infrastructure designed to create an additional railway border crossing with the People's Republic of China;

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, will be allocated for repayment of the principal amounts and interests accrued on a portion of the interest-bearing borrowings of the Group including the bond issued to or subscribed for by Samruk-Kazyna and other interest-bearing debt; and
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes.

See "Future Plans and **[REDACTED]** – **[REDACTED]**" in this Document for further information.

[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Significant events after 31 December 2025, 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, the Directors confirm that, there had been no material adverse change in the Group's financial or trading position or prospects since 31 December 2025, being the end date of the periods reported in Appendix IB to this Document, and there had been no event since 31 December 2025 that would materially affect the information as set out in Appendix IB to this Document.

In this Document, unless the context otherwise requires, the following expressions shall have the following meanings.

"2025 Financial Statements"	the audited consolidated financial statements of the Group as at and for the financial period ended 31 December 2025, together with the notes thereto and auditor's report thereon
"Accountants' Report(s)"	the accountants' report for the years ended 31 December 2023 and 2024 set out in Appendix IA and/or accountants' report for the year ended 31 December 2025 set out in Appendix IB to this Document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Air Cargo"	Joint Stock Company «Alatau Air Cargo», a joint stock company incorporated in Kazakhstan in which the Group has a 49.02% shareholding interest
"AIX"	the Astana International Exchange
"AIX CSD"	Astana International Exchange Central Securities Depository Limited
"Antimonopoly Agency"	the Agency for Protection and Development of Competition of the Republic of Kazakhstan
"Audit Committee"	the audit committee of the Company, the details of which are described in "Corporate Information" in this Document
"Beneficial Owner"	as to any **[REDACTED]**, any person or entity having a beneficial interest deriving from the ownership of such **[REDACTED]**
"Board" or "Board of Directors"	the board of directors of the Company from time to time
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong, London or Kazakhstan) on which banks in Hong Kong, London or Kazakhstan are generally open for normal banking business
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Central Asia"	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan
"Charter"	the amended and restated charter of the Company, conditionally adopted on [●] 2026 with effect from the **[REDACTED]**, a summary of which is set out in Appendix IV to this Document
"CHF" or "Swiss Franc"	the lawful currency for the time being of Switzerland
"China" or the "PRC"	the People's Republic of China, which for the purpose of this Document and for geographical reference only, excludes Hong Kong, Macau and Taiwan region
"CIS"	Commonwealth of Independent States
"Civil Code of Kazakhstan"	the Kazakhstan Civil Code (General Part) dated 27 December 1994 and the Kazakhstan Civil Code (Special Part) No. 409-I dated 1 July 1999., enacted by the Decree of the Supreme Council of the Republic of Kazakhstan No. 269-XII dated 27 December 1994 and the Law of the Republic of Kazakhstan No. 410-I dated 1 July 1999, respectively
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "NC KTZ JSC"	Joint Stock Company «National Company «Kazakhstan Temir Zholy», organised as a joint stock company in the State on 15 May 2002
"Compliance Advisor"	Somerley Capital Limited, the Company's compliance advisor [appointed] pursuant to Rule 3A.19 of the Listing Rules
"Consolidated Financial Statements"	the consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025, extracted from the Accountants' Reports in Appendix IA and Appendix IB, set out in Appendix I to this Document

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Development Strategy"	the ten-year development strategy adopted by the Board on 29 March 2023
"Director(s)"	the director(s) of the Company
[REDACTED]	**[REDACTED]**
"DTRs"	the disclosure guidance and transparency rules of the FCA made pursuant to Part VI of FSMA, as amended from time to time
"Early Retirement Programme"	the Group's programme which provides for voluntary early retirement of the Group's employees that have five or less years left before they are of retirement age (according to the applicable Laws)
"EEA"	together, the EU, Iceland, Norway and Liechtenstein
"EEU"	the Eurasian Economic Union
"EEU Treaty"	the Treaty on the Eurasian Economic Union
"Entrepreneurial Code"	the Entrepreneurial Code of the Republic of Kazakhstan dated 29 October 2015

"ESG"	environmental, social and governance
"EU"	the European Union
"EUR" or "Euro"	the lawful currency for the time being of the member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended
"Europe"	a continent in northwest Eurasia including 45 countries and regions, such as the United Kingdom, France, Italy, Spain
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FCA"	the UK Financial Conduct Authority
"Financial Reporting Council"	the UK Financial Reporting Council
[REDACTED]	**[REDACTED]**
"FPO"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
"GDP"	Gross domestic product
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"GMS"	general meetings of shareholders
"Government"	government of the Republic of Kazakhstan

"Group" or "the Group"	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"HK$" or "HKD" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKID"	Hong Kong identity card
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"IAS"	International Accounting Standards
"IFRS"	IFRS Accounting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company
"Infrastructure Development Programme"	National Development Plan of the Republic of Kazakhstan until 2025 (approved by Decree of the President of the Republic of Kazakhstan dated 30 July, 2024 No. 611)
"Internal Audit Service"	the internal audit service of the Company, directly accountable to the Board
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the Jurisdictions
"International Sea Trade Port of Aktau"	Joint Stock Company «National Company «International Sea Trade Port of Aktau», a subsidiary of the Company
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"ISIN"	the international securities identification number
"IT"	information technology
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

"JSC Law"	the Law of the Republic of Kazakhstan No. 415-II dated 13 May 2003 "On Joint Stock Companies" (as amended)
"Jurisdictions"	has the meaning ascribed to "Relevant Jurisdictions" under Chapter 4.4 of the Guide for New Listing Applicants, and means any jurisdiction that is relevant to the listing applicant and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purposes of this Document, Jurisdictions include the U.S., the E.U., and the U.N.
"KACD"	Central Securities Depository Joint Stock Company, which acts as the book-entry securities registry system and central share registrar for shares and other securities of companies, including publicly traded companies, in Kazakhstan
"KASE"	the Kazakhstan Stock Exchange
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Kazakhstan Car Building Company"	Limited Liability Partnership «Kazakhstan Car Building Company», a non wholly-owned subsidiary of the Company
"Kaztemirtrans"	Joint Stock Company «Kaztemirtrans», a wholly-owned subsidiary of the Company
"Kedentransservice"	Joint Stock Company «Kedentransservice», a wholly-owned subsidiary of the Company
"KPMG"	KPMG Tax and Advisory LLC, an independent financial and industry research consultant, which is an Independent Third Party
"KPMG Report"	the independent industry report prepared by KPMG
"KTZ Express"	Joint Stock Company «KTZ Express», a wholly-owned subsidiary of the Company

"KTZ-FT"	Limited Liability Partnership «KTZ-Freight Transportation», a wholly-owned subsidiary of the Company
"KTZ-Passenger Locomotives"	Limited Liability Partnership «KTZ-Passenger Locomotives», a wholly-owned subsidiary of the Company
"KTZE – Khorgos Gateway"	Limited Liability Partnership «KTZE – Khorgos Gateway», a non wholly-owned subsidiary of the Company
"Labour Code"	the Labour Code of the Republic of Kazakhstan No. 414-V dated 23 November 2015 (as amended)
"Land Code"	the Land Code of the Republic of Kazakhstan dated 20 June 2003 No. 442-II
"Latest Practicable Date"	22 June 2026, being the latest practicable date for ascertaining certain information in this Document before its publication
"Law on Railway Transport"	the Law of the Republic of Kazakhstan No. 266-II "On Railway Transport" dated 8 December 2001 (as amended)
"LEI"	Legal Entity Identifier
[REDACTED]	**[REDACTED]**
"Listing Committee"	the Listing Committee of the Stock Exchange
[REDACTED]	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"London Stock Exchange"	London Stock Exchange plc
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Major Subsidiaries"	subsidiaries that we consider our major subsidiaries as further described in "History and Corporate Structure – Major Subsidiaries of the Company"
"Management Board"	the management board of the Company from time to time

[REDACTED]	**[REDACTED]**
"MTN Programme"	the guaranteed global medium term note programme established by the Company on 21 April 2026 for the issuance of up to US$3,000,000,000 in aggregate principal amount of notes guaranteed by certain guarantors
"Natural Plan"	the concept of development of the transport and logistics potential of the Republic of Kazakhstan until 2030 (approved by resolution of the Government of the Republic of Kazakhstan No. 1116 dated 30 December 2022)
"National Fund"	National Fund of the Republic of Kazakhstan
"National Infrastructure Operator"	a legal entity, a controlling interest in which is held by the national management holding company or the National Railway Company, engaged in the operation, maintenance, modernisation and construction of the mainline railway network and the provision of mainline railway network services, as well as the priority support of military transportation
"National Railway Company"	a joint-stock company established by a decision of the Government of the Republic of Kazakhstan, a controlling interest in which is held by the national management holding company, responsible for setting the overall strategic direction and coordinating the activities of the National Infrastructure Operator, national railway carriers and other affiliated entities engaged in the railway transport sector, including the comprehensive provision of military transportation services
"Natural Monopoly Committee"	Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the State
"Natural Monopolies Law"	Law of the Republic of Kazakhstan No. 204-VI "On Natural Monopolies" dated 27 December 2018 (as amended)
"NBK"	the National Bank of Kazakhstan
"Nomination Committee"	the nomination committee of the Company, the details of which are described in "Corporate Information" in this Document
"Notes"	notes issued by the Company under the MTN Programme

"OFAC"	the U.S. Treasury Department's Office of Foreign Assets Control, the principal U.S. regulator implementing and enforcing U.S. International Sanctions programmes and policies
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Official List"	the official list of the FCA
"OPEC"	the Organisation of the Petroleum Exporting Countries
"OSJD"	Organization for Cooperation between Railways
"Ordinary Share(s)" or "Share(s)"	ordinary share(s) in the share capital of the Company
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
"Passenger Transportation"	Joint Stock Company «Passenger Transportation», a wholly-owned subsidiary of the Company
"Personal Data (Privacy) Ordinance"	the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Port Kuryk"	Limited Liability Partnership «Port Kuryk», a wholly-owned subsidiary of the Company
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Document"	means this document
"QIB"	a qualified institutional buyer as defined in Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdictions"	has the meaning ascribed to it in the section headed "**[REDACTED]**" in this Document
"Relevant Persons"	has the meaning ascribed to it in the section headed "How to Apply for **[REDACTED]**" in this Document
"Remuneration Committee"	the remuneration committee of the Company, the details of which are described in "Corporate Information" in this Document
"Representative"	Representative(s) of Samruk-Kazyna appointed to the Board
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Russian Roubles" or "RUB"	the lawful currency for the time being of the Russian Federation
"Samruk-Kazyna"	Joint Stock Company «Samruk-Kazyna» Sovereign Wealth Fund», the sole shareholder of the Company
"Samruk-Kazyna Procurement Rules"	procurement procedure as approved by the minutes of the board of directors of Samruk-Kazyna No. 193 dated 3 March 2022 as amended from time to time

"SDN"	specially designated nationals and blocked persons
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Shares
"Single Economic Space"	a single market within the Eurasian Economic Union, comprising Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan
"Sole Sponsor"	China International Capital Corporation Hong Kong Securities Limited
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"State" or "Kazakhstan" or "Republic of Kazakhstan"	the Republic of Kazakhstan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
[REDACTED]	**[REDACTED]**
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tax Code"	the Code of the Republic of Kazakhstan dated 18 July 2025 No. 214-VIII "On Taxes and Other Obligatory Payments to the Budget (Tax Code)", as amended
"Tenge" or "KZT"	Kazakhstani Tenge, the lawful currency for the time being of Kazakhstan
"Track Record Period"	the period comprising the three years ended 31 December 2023, 2024 and 2025

"UK Corporate Governance Code"	the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"United Kingdom", "U.K." or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States", "U.S." or "US"	the United States of America
"U.S. Persons"	means (i) any individual who is a U.S. citizen or legal permanent resident of the United States, including dual citizens, regardless of his or her current location in the world; (ii) any individual, regardless of his or her nationality, while physically located in the U.S.; (iii) any corporation, partnership, association, or other organisation organised under the laws of the United States or of any state, territory, possession, or district of the United States; and (iv) the foreign branches of any U.S. corporation, partnership, association or other organisation organised under the laws of the United States or of any state, territory, possession or district of the United States
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended
"US$" or "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"UTLC ERA"	UTLC Eurasian Railway Alliance JSC, a joint stock company owned as to 33.3% each by the Company and the national railway companies of Russia and Belarus
"VAT"	value added tax
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
%	percent

In this Document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "Exchange Participant" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this Document in connection with the Group and its business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

The following terms are used in this Document in connection with the Group's railway, transportation and logistics business:

"asset deterioration ratio"	a measure used to indicate the extent to which railway infrastructure or rolling stock has aged, depreciated or requires renewal or repair
"border crossing point"	a railway location at which cross-border freight or passenger movements are processed between Kazakhstan and a neighbouring country
"CAGR"	Compound Annual Growth Rate
"CER"	Community of European Railway and Infrastructure Companies
"containerised freight"	cargo transported in standardised containers that can be transferred between transport modes without unloading the cargo itself
"dry port"	an inland intermodal logistics facility connected to rail or road networks that provides services such as cargo handling, storage, customs processing and transhipment
"ERAI "	Eurasian Rail Alliance Index
"fitting platform"	a flat wagon or flatcar fitted for the carriage of containers and other intermodal freight units
"freight transportation"	the movement of cargo by rail, including domestic, import, export and transit freight services
"freight turnover"	a measure of freight transportation volume calculated by multiplying the weight of cargo transported by the distance over which it is transported, typically expressed in tonne-kilometres or tonne-km
"gauge"	the distance between the inner sides of the two rails of a railway track
"gondola car"	an open-top freight railcar, also referred to as an open wagon, commonly used for bulk cargo
"ITF"	International Transport Forum
"locomotive traction"	the provision of locomotive power required to move freight or passenger trains on the railway network

"mainline railway network" or "MRN"	the principal track and related railway infrastructure forming Kazakhstan's national railway network and used for the movement of freight and passenger trains
"multimodal transportation"	transportation using two or more modes of transport, such as rail, road and sea, under coordinated logistics arrangements
"natural monopoly"	a state of the market for goods, works or services in which the creation of competitive conditions for satisfying demand for a particular type of goods, works or services is impossible or economically impracticable due to the technological characteristics of the production and provision of such goods, works or services
"OECD"	Organisation for Economic Co-operation and Development
"passenger transportation"	the movement of passengers by rail, including domestic, regional and international passenger services
"passenger turnover"	a measure of passenger transportation volume calculated by multiplying the number of passengers carried by the distance travelled, typically expressed in passenger-kilometres or passenger-km
"rolling stock"	railway vehicles used in operations, including locomotives, passenger cars and freight cars such as gondola cars and fitting platforms
"station infrastructure"	railway station assets and facilities used for train operations, cargo handling, access and border crossing activities
"tariff"	a price or charge applied to railway transportation or related logistics network services, including regulated domestic, import and export freight tariffs and commercially negotiated transit tariffs
"TEU"	twenty-foot equivalent unit, a standard unit of container volume used in freight and logistics to measure container capacity or traffic, with one TEU representing one 20-foot container
"Trans-Caspian International Transport Route" or "TITR" or "Middle Corridor"	Trans-Caspian International Transport Route, an international transport corridor linking China, Central Asia, the Caspian region and Europe
"transhipment"	the transfer or reloading of cargo or containers from one train, vehicle, vessel or mode of transport to another, including at border crossing points, dry ports or terminals; also referred to as reloading

"transit freight"	freight transported through Kazakhstan between origin and destination points outside Kazakhstan, including traffic on international corridors such as China–Europe routes
"transport corridor"	a route or network of routes used to move goods across regions or borders, often involving rail, port, road and logistics infrastructure
"UIC"	International Union of Railways

FORWARD LOOKING STATEMENTS

This Document includes forward-looking statements. All statements other than statements of historical facts contained in this Document, including, without limitation, those regarding the Company's future financial position, its strategy, plans, objectives, goals, targets and future developments in the markets where it participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. Important factors that could cause the Company's actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- the Group's liquidity constraints and significant net current liability position;
- the ability of the Group to fund and execute its front-loaded capital expenditure programme and the risks of cost overruns, delays and the non-availability of financing;
- the continued availability of non-obligatory financial support from the Government and Samruk-Kazyna;
- tariff regulation by the Natural Monopoly Committee, including the risk that regulated tariffs may be set at levels insufficient to cover the Group's costs and the regulatory lag between cost increases and tariff adjustments;
- the Group's exposure to sanctions administered by the UK, the US, the EU and other relevant jurisdictions;
- geopolitical developments, wars, regional conflicts and corridor disruptions, the ongoing Russia-Ukraine military conflict, and potential disruptions to major global shipping routes affecting trade flows through Kazakhstan;
- the influence of Samruk-Kazyna and the Government over the Group's strategic direction, including the risk that the Group may be directed to pursue public policy objectives inconsistent with its commercial interests;
- the Group's exposure to commodity price risk, including oil price volatility, the structural long-term decline in demand for coal, and the inability to pass increased fuel costs to customers on a timely basis;
- the Group's net foreign currency liability position and the risk that Tenge devaluation or exchange rate volatility could materially increase financing costs and impair the Group's ability to service its foreign currency-denominated obligations;
- the deteriorating condition of the Group's ageing rolling stock and infrastructure;
- the political, constitutional and economic environment in Kazakhstan, macroeconomic risks including elevated inflation, and any further periods of political instability or unrest;
- changes in Kazakhstan's legislative, regulatory and tax regimes and shifts in bilateral trade flows that could materially affect the Group's transit freight volumes;

- the risk that there will be no active trading market for the **[REDACTED]**, that the market price of the **[REDACTED]** may be subject to significant volatility, and that the Group's actual or perceived exposure to sanctioned jurisdictions may restrict the investor base;
- uncertainty as to the continued availability of the AIFC Exemption from Kazakhstan income tax on capital gains and dividends, and the risk of additional tax liabilities arising from changes in Kazakhstan's tax legislation or its interpretation;
- the risk of additional Share or **[REDACTED]** issuances resulting in dilution for existing **[REDACTED]**;
- the limited rights of **[REDACTED]** relative to Shareholders and the reliance of **[REDACTED]** on the **[REDACTED]** to exercise shareholder rights on their behalf;
- the risk of multi-jurisdictional **[REDACTED]** compliance conflicts arising from the Company's concurrent **[REDACTED]** on the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]**, where the most restrictive applicable rule will govern.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in the section headed "Risk Factors" and elsewhere in this Document. The Company cautions you not to place undue reliance on these forward-looking statements, which reflect the Directors' view only as of the date of this Document. Any such view may change in light of future developments. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Document might not occur. All forward-looking statements contained in this Document are qualified by reference to the cautionary statements set out in this section.

An investment in the **[REDACTED]** *involves various risks.* **[REDACTED]** *in the* **[REDACTED]** *should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an investment in the* **[REDACTED]**. *The following is a description of what the Company considers to be its material risks. Any of the following risks could have a material adverse effect on the Company's business, financial condition and results of operations. In any such case, the market price of the* **[REDACTED]** *could decline, and you may lose all or part of your investment.*

[REDACTED] *should note that the risks described below are not the only risks the Company faces. The Company has described the risks it considers to be material, but there may be additional risks that the Company does not consider to be material as at the date of this Document or of which it is currently unaware, and any of these risks could have the effect set forth above.*

These factors are contingencies that may or may not occur, and the Company is not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this Document.

The Company believes there are certain risks and uncertainties involved in its operations, some of which are beyond its control. The Company has categorised these risks and uncertainties into: (i) risks relating to its business and industry, (ii) risks relating to conducting business in Kazakhstan, and (iii) risks relating to the **[REDACTED]**, the **[REDACTED]** and the trading market.

RISKS RELATING TO ITS BUSINESS AND INDUSTRY

The Group faces liquidity constraints and has a significant net current liability position.

During the Track Record Period the Company has operated with net current liabilities which it manages with the support of short-term credit facilities. As at 31 December 2025, the Group's net current liabilities, calculated as current assets less current liabilities, were KZT 963,015 million, as compared to KZT 929,438 million as at 31 December 2024 and KZT 422,786 million as at 31 December 2023, and the Group expects that it will continue to have current liabilities in excess of current assets following completion of the **[REDACTED]**. The current liabilities as at 31 December 2025 included borrowings of KZT 488,658 million payable within 12 months. This excess of current liabilities reflects the Group's capital expenditure programme in recent years, which has required the Group to utilise operating cash flows and short-term credit facilities to fund construction activities pending the drawdown of longer-term development finance.

The Group sources external financing from the Government and Samruk-Kazyna, development finance institutions, international banks and the international debt capital markets, to fund its capital expenditure whilst managing its negative current liabilities position. In addition, in the four months ended 30 April 2026, the Group entered into a number of long-term financing arrangements with development finance institutions and international banks, as well as issuances of Notes, as part of its plans to reduce its reliance on short-term borrowings. Nevertheless, the Group has historically depended on, and expects to continue to rely on, financing from Samruk-Kazyna on favorable terms, and in connection with the audit of the Consolidated Financial Statements, Samruk-Kazyna has historically provided the Group and its auditors with a letter confirming its continued willingness to provide financial support. See also "Risks Relating to Its Business and Industry – The Group is dependent on continued financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued" in this section for further details.

In light of the excess of current liabilities over current assets, management of the Group is required to assess the Group's status as a going concern. In doing so, management took into account factors such as 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. After completing the relevant analysis and considering the mitigating actions available to management whereby management can carry out certain actions to improve the going concern and liquidity position of the Group, together with the willingness of Samruk Kazyna to provide further support, the Group's management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis was appropriate in preparing the 2025 Financial Statements.

In addition, under the terms of certain of its financing arrangements, the Group is required to comply with various financial and non-financial covenants. Breach of these covenants could result in significant penalties and fines and may give lenders the right to demand early repayment. Compliance with these covenants was identified as a key audit matter in the auditors' report on the 2025 Financial Statements, due to its potential implications for the going concern assumption applied in their preparation and for the classification of loans, bonds and lease liabilities. See "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." in this section for further details.

There can be no assurance that the Group will continue to have access to sufficient financing in order to refinance its current liabilities when due, whether from internal or external sources. Any inability to refinance maturing short-term borrowings on acceptable terms, particularly if coupled with a reduction in or withdrawal of support from the Government and/or Samruk Kazyna, will result in the Group being required to curtail its capital expenditure programme and, as a result, adversely impact its ability to realize its strategy and growth objectives and possibly result in the Group being unable to meet its current liabilities as they fall due.

The Group has a front-loaded capital expenditure programme and may be subject to execution and funding risks.

The Group's capital expenditure programme for 2026 to 2030 is expected to be higher than the total capital spending incurred in the prior five-year period. The programme is heavily front-loaded, with spending set to peak in the opening year before tapering down to a lower annual average for the remaining years of the planning cycle. It encompasses major infrastructure projects, including second track construction, new border crossings, 11,000 km rehabilitation programme to address accumulated deterioration dating from the 1990s, as well as rolling stock renewal, capacity expansion and digitalisation. The Group expects to finance approximately 61% of the planned investments through external borrowings.

The scale and front-loading of this programme, combined with the Group's net current liability position of KZT 963,015 million as at 31 December 2025, give rise to material execution risks. The programme is subject to potential cost overruns, and it might not be completed on time or within budget. The Group is dependent on continued access to external financing on acceptable terms, as well as on continued government support through concessional funding. Any deterioration in financial market conditions, the Group's credit profile, or the availability of government support could constrain the Group's ability to fund the programme and increase its reliance on higher-cost financing. The completed investments might not achieve the expected improvements in infrastructure condition or operational efficiency. A failure to execute the programme successfully could delay the transition to maintenance-level spending and have a material adverse effect on the Group's business, results of operations, financial condition, and prospects.

The Group is dependent on continued financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued.

The Group is dependent on various forms of financial support from the Government and Samruk-Kazyna. While the Government has historically provided, and continues to provide, support to the Group, such support is non-obligatory, and such support from the Government might not be maintained at current levels in the future or provided at all. Government support has historically taken the form of capital contributions, subsidies, concessional loans, and bonds issued in favour of Samruk-Kazyna on concessional terms. For example, during 2025, the Group obtained a loan of KZT 65,480 million from Samruk-Kazyna for financing the acquisition of passenger carriages at an interest rate of 0.05%. During 2025, the Company issued 1,010 Shares to Samruk-Kazyna that were paid for by Samruk-Kazyna long-term assets with total market value of KZT 28,791 million, and in 2024 the Company issued 1,000 Shares to Samruk-Kazyna that were paid for in KZT 13,273 million in cash by Samruk-Kazyna. While the amounts received annually amount to less than 10% of the Group's revenues, the Group relies on such support 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.

Historically, the Group has received: (i) interest rate subsidies, which are intended to subsidise the purchase of new gondola cars and fitting platforms and the interest rate under certain of the Group's local bonds and financial lease agreements; and (ii) subsidies that are aimed to reduce the Group's losses in respect of its passenger transportation services. During the year ended 31 December 2025, the Group had received KZT 1,803.4 billion in various forms of Government support, including KZT 699.7 billion in concessional financing with interest rates between 0.05% and 2% and long-term maturities, KZT 351.3 billion in financing with interest rates covered by 10% government subsidies, and KZT 209.6 billion in financing with interest rates covered by 6-8% government subsidies.

The provision, renewal and rollover of such interest rate subsidies and other forms of subsidised financing are subject to annual governmental and corporate approval processes, and, as a result, the timing of subsidy payments or formal rollovers may not always align with contractual payment dates under the related financing arrangements. In certain cases, subsidies are formally rolled over rather than repaid at the beginning of the relevant calendar year due to administrative, budgetary or timing considerations. As the payment is ultimately made when the subsidy is received by the Group, no enforcement action has been taken by the relevant government entity. From an accounting and contractual perspective, such timing mismatches may be treated as technical defaults under the relevant loan agreements unless waivers are obtained. Delays arising from such administrative or procedural processes are largely outside the Group's control.

On 2 March 2026, the Company received a letter from Samruk-Kazyna confirming its intention to provide ongoing financial and operational support to the Company for the foreseeable future and for at least 12 months from the date of approval of the 2025 Financial Statements. There can be no assurance, however, that interest rate subsidies will be paid or in what format and at what level financial and operational support will be provided by Samruk-Kazyna or the Government.

The Group also receives government subsidies as compensation for certain passenger transportation tariffs that are set at levels that are either low or not profitable. The level of Government subsidies received by the Group changes periodically. For 2025, government subsidies amounted to KZT 43.3 billion, compared to KZT 41.1 billion in 2024. The increase reflects changes in the amount and timing of government subsidy payments.

While the Government has agreed to provide financial support to the Group under certain agreements and programmes, the Government (either acting directly or through Samruk-Kazyna) generally has no obligation to provide financial support to the Group, whether in the form of capital contributions, loans, subsidies or otherwise. The provision of support from the Government is subject to Government policy priorities, fiscal constraints, and political considerations, which may change. For 2026, the Group's subsidy obligations amount to KZT 175,383 million, whereas the Government budget allocation for such subsidies is KZT 83,791 million, representing a shortfall of KZT 91,592 million. There can be no assurance that the Group will continue to receive the same level of support from the Government or that additional budgetary allocations will be made to address any shortfall. In addition, there can be no assurance that Government support, if any, will be given in a timely fashion.

If the Government delays, reduces or discontinues its financial support of the Group, whether through a delay, reduction or discontinuation of capital contributions, subsidies or loans, this could result in delays to the Group's capital expenditure programmes and may require the Group to seek alternative sources of financing, which could be on less favourable terms. While the Group believes it can continue to operate independently, any such changes to Government support could have an adverse effect on the Group's business, prospects, financial condition, cash flows and/or results of operations.

Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations.

The Group's business activities are subject to regulation by the Government. As Kazakhstan's national railway company, the Group has a natural monopoly over Kazakhstan's mainline railway network. KTZ-FT, which undertakes the Group's rail operations, is a dominant member of the market of public importance in the sphere of freight transportation by rail. Accordingly, both the Group and KTZ-FT are regulated by the Natural Monopoly Committee. The Natural Monopoly Committee, the industry regulator and local executive authorities regulate the activities of the Group, KTZ-FT and Passenger Transportation by establishing and setting tariffs for domestic, import and export freight transportation on the mainline railway network, as well as tariffs for inter-regional, inter-city and suburban passenger transportation. In determining tariffs, the Natural Monopoly Committee considers a range of factors, including the income and investment needs of the Group. However, the Government's tariff setting policies may not be transparent, and the Government, through the Natural Monopoly Committee, may use tariff-setting as a means of supporting public policy initiatives in other sectors of the economy or otherwise to further Government policy without regard to its impact on the Group. For example, the provision of passenger rail services in Kazakhstan is considered a social responsibility of the rail operator, and, accordingly, tariffs are kept artificially low to ensure affordable passenger rail services. As a result, the revenue generated from passenger operations services has historically been insufficient to meet the operational costs of these services, and the Group relies on government subsidies to support its passenger transportation business.

The tariff-setting process is subject to a regulatory lag of approximately six to eight months between the time at which cost increases are incurred and the point at which they can be reflected in adjusted tariffs. The Group submits a package of materials reflecting actual costs incurred as the basis for a tariff increase, and adjusted tariffs are typically incorporated only in the following calendar year, unless the Natural Monopoly Committee decides for incorporation in the current calendar year. Accordingly, in periods of rising costs, the Group bears the full impact of such increases until the next tariff adjustment cycle, which may adversely affect the Group's margins and liquidity. Tariffs for the mainline railway network are approved for five-year periods and may be adjusted during the applicable period only in exceptional circumstances, including the implementation of investment projects or increases in employee wages. The current mainline railway network tariffs have been approved for the period from

2026 to 2030. As of the date of this Document, the Group continues to work with the Natural Monopoly Committee to increase the mainline railway network tariff to reflect costs associated with financing obtained for the implementation of infrastructure projects.

If the Natural Monopoly Committee establishes tariffs on one or more of the Group's services that are insufficient to cover the costs of the Group's provision of such services or if tariff rates established by the Natural Monopoly Committee are at levels that do not meet the Group's budgetary requirements and the Group does not receive other support from the Government to adequately supplement revenues derived from such tariffs, the Group could experience a reduction in liquidity and, as a result, may be unable to meet its current and future obligations as they come due or provide for planned capital expenditures. In particular, while the Group intends to work with the Natural Monopoly Committee to develop and approve a new tariff calculation methodology that would permit flexible tariff policies to take into account the interests of consumers and suppliers of train services and to establish tariff levels that enable cost recovery, it is uncertain when, or if, such new methodology will be implemented. If the Natural Monopoly Committee introduces a tariff containment policy or other measures that are unfavourable to the Group, this could have a significant impact on the Group's business. Moreover, other circumstances may arise in the future in which it would be in the commercial interests of the Group to discontinue an unprofitable service, and the Group may not be permitted to do so by the Government, which would mean that the Group would have to continue to provide the service at a loss.

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.

Certain entities and individuals in Russia have been subject to sweeping sanctions imposed by Western countries since February 2022.

Railway infrastructure across Kazakhstan, Russia and Belarus is interconnected, and the Group's locomotives, freight cars and passenger cars travel from, to and through Russia and Belarus. Accordingly, the Group interacts with Russian Railways and Belarusian Railways in connection with passenger and freight transportation and related payments. The Group has also entered into agreements with Russian Railways for certain services, including information system maintenance and technical support, and there is a strategic partnership agreement signed in November 2024 aimed at modernising railway infrastructure at nine key border crossings and improving cross-border freight operations. Russian Railways and Belarusian Railways are subject to sanctions, including asset freeze measures.

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 formed to promote Eurasian transit corridors between China, South Asia and Europe. The Company, Russian Railways and Belarusian Railways each hold a 33.3% interest in UTLC ERA. In accordance with the provisions of the UTLC ERA shareholders agreement, Mr. Koishibayev, a member of the Management Board, and Mr. Meshcheryakov, a representative of the Company's interests (managing director for new projects) serve on the board of directors of UTLC ERA, and the Company receives dividends from this joint venture. UTLC ERA is currently operating normally and its assets are not frozen. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** to fund, finance or otherwise contribute to UTLC ERA.

Under the UK Russia (Sanctions) (EU Exit) Regulations 2019, sanctions restrictions apply not only to designated persons, but also to entities owned or controlled, directly or indirectly, by designated persons. The ownership and control analysis involves an assessment of direct and indirect ownership interests and may take into account whether a designated person is able, by legal rights, contractual arrangements, financing relationships, board appointment rights, informal influence and other means of control. Accordingly, even where any entity is not itself designated, UK sanctions authorities might consider it to be owned or controlled by a designated person. With regards to the Group's participation in UTLC ERA, although the Group does not consider that Russian Railway's shareholding alone results in UTLC ERA being owned or controlled by Russian Railways for the purposes of the UK Russia (Sanctions) (EU Exit) Regulations 2019, the ownership and control analysis is fact-specific and may be subject to interpretation by the Office of Financial Sanctions Implementation ("**OFSI**") or other sanctions authorities.

OFSI guidance on financial facilitation may capture arrangements involving payment flows that directly or indirectly make funds or economic resources available to, or for the benefit of, a designated person, even where the relevant joint venture is not itself designated and its assets are not frozen. As a result, payments, dividends or other financial flows involving UTLC ERA may give rise to sanctions compliance considerations, particularly where UK persons and UK financial institutions are involved. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** to fund, finance or otherwise contribute to UTLC ERA. In addition, under U.S. sanctions, there is theoretical secondary sanctions exposure for non-U.S. persons operating in the Russian transportation sector, including in connection with the Group's interest in UTLC ERA. However, any change in sanctions laws, OFSI guidance or the factual circumstances relating to UTLC ERA, Russian Railways or Belarusian Railways could require the Group to suspend, restructure, limit or exit its participation in UTLC ERA, or could restrict payments or other dealings involving UTLC ERA, any of which could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

The Group has historically maintained relationships with Russian state-owned banks, including Sberbank and VTB Bank, which are subject to EU, UK and US sanctions. In March 2022, the Group prepaid the principal amounts of its loans from VTB Bank and Sberbank in the amounts of RUB 19.4 billion and KZT 5,064 million, respectively, and closed the corresponding bank accounts. However, an associate of the Group, Aktau Sea Northern Terminal LLP, remains a borrower under a loan facility provided by Sberbank, with RUB 5,102 million outstanding until 2029. The Company nominates two of the five members of the supervisory board of Aktau Sea Northern Terminal LLP. This relationship reflects a legacy exposure at the level of an associate and does not constitute a new or incremental Russian banking exposure for the Group. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** to fund, finance or otherwise contribute to Aktau Sea Northern Terminal LLP.

In addition, the Group maintains a commercial relationship with Lukoil Lubricants Central Asia, a subsidiary of PJSC Lukoil, in connection with the supply of certain lubricants used in the Group's rail operations. This relationship is conducted on a non-exclusive, commercial basis and lubricants represent a non-core input relative to the Group's overall cost base. PJSC Lukoil and its subsidiaries, including Lukoil Lubricants Central Asia, were designated as sanctioned entities by the U.S. and the UK on 15 October 2025. As a result, UK and U.S. persons are currently prohibited from dealing with Lukoil and its subsidiaries, subject to applicable general licences. From a U.S. sanctions perspective, the Group's contracts with Lukoil Lubricants Central Asia are authorised under license No. 131E, which will expire on 25 July 2026. General License No. 131E has been extended on six previous occasions, most recently prior to the date of this Document, and may be renewed again prior to that date. If General License No. 131E is not further extended, the Group may be required to terminate its contracts with Lukoil Lubricants Central Asia, which could result in the need to identify alternative lubricant suppliers, potentially at increased cost or on less favourable terms. The Group's international sanctions legal advisers have recommended that the Group consider ending those contracts if the

general licence is not extended, and there would be potential U.S. secondary sanctions exposure from continued dealings with Lukoil Lubricants Central Asia in the absence of a valid general licence. To the extent UK persons are involved in any dealings under such contract, the Group may be required to rely on an applicable UK general license, such as General Licence INT/2025/8031092, which expires on 25 August 2026, subject to the satisfaction of the conditions. There can be no assurance that such conditions will be met in all circumstances or that the relevant license will remain available and applicable. In particular, there can be no assurance that either General License No. 131E or UK General Licence INT/2025/8031092 will be extended or renewed beyond their current expiry dates. Although the Group has not experienced supply disruptions or sanctions-related issues in relation to this relationship to date, any expansion of sanctions, counter-sanctions, regulatory restrictions or changes in the legal or compliance status of this counterparty could require the Group to adjust procurement arrangements, potentially resulting in increased costs or operational inefficiencies or disruptions.

While none of the Group's members is currently subject to sanctions and the Group has not engaged, and does not expect to engage, in any activities that would result in the imposition of sanctions, there can be no assurance that a Group company will not become subject to sanctions in the future. If any of the Group's current or future activities with certain countries, regions or entities are determined by relevant sanctions authorities to constitute a violation of applicable sanctions or otherwise provide a basis for a sanctions designation, this could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

The UK and the U.S. have imposed sanctions targeting the Russian transportation sector. The UK Statement of Reasons for the designation of Russian Railways states that Russian Railways has been involved in supporting the government of Russia by carrying on business in the transport sector, a sector of strategic importance to the government of Russia, and by enabling the movement of the Russian Army, combat vehicles and weapons towards the Russian borders with Ukraine. In the U.S., a determination issued on 19 May 2023 pursuant to Executive Order 14024 authorises the imposition of sanctions on persons operated or have operated in certain sectors of the Russian economy, including the transportation sector. Office of Foreign Assets Control ("**OFAC**") guidance describes the Russian transportation sector broadly to include the production, manufacturing, testing, financing, distribution or transport to, from, or involving the Russian Federation of any mode of transport or any goods, services, or technology for the movement or conveyance of persons or property, as well as related loading, unloading, storage and other associated activities.

As a result, the Group's historical and ongoing interactions with Russian transportation counterparties, including Russian Railways, and its involvement in cross-border transportation routes to, from or involving Russia, may attract heightened sanctions scrutiny. Although relevant UK and U.S. sanctions generally do not automatically "flow up" from a designated subsidiary to the wider corporate group, UK and U.S. sanctions authorities have not generally prioritised the designation of Kazakhstan entities solely on the basis of commercial or operational links with Russia. However, sanctions policy is subject to rapid change, and there can be no assurance that UK, U.S. or other sanctions authorities will not in the future designate Kazakhstan entities, including Group companies, where they are perceived to operate in or support sanctioned sectors of the Russian economy.

The Group has exposure to Iran-related sanctions risk through a trilateral memorandum of understanding dated 26 November 2021 among Kazakhstan, Iran and Turkmenistan to expand railroad cooperation and boost container transit volume on the Kazakhstan-Turkmenistan-Iran railway. The U.S. maintains an extensive sanctions regime against Iran, including secondary sanctions applicable to non-U.S. persons operating in certain sectors of the Iranian economy. As at the date of this Document, the Group has not commenced any construction projects in connection with this memorandum of understanding, which is not legally binding. However,

should the Group proceed with any such projects in the future, this could give rise to U.S. secondary sanctions exposure, which could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

Subject to continued compliance with its internal sanctions compliance and risk procedures, the Group intends to continue its dealings with Russian Railways, Belarusian Railways, UTLC ERA, Lukoil Lubricants Central Asia and other relevant counterparties after **[REDACTED]**. Notwithstanding these procedures, there can be no assurance that the Group's sanctions compliance controls will be effective in all circumstances or sufficient to prevent sanctions violations or regulatory action, any of which could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

If sanctions were imposed on a Group company, it could have adverse consequences for the wider Group, including reputational harm, increased due diligence and compliance burdens, restrictions on dealings by international counterparties and financial institutions, disruption to payment flows, and reduced access to financing, clearing, settlement and capital markets infrastructure.

The Group's business and results of operations may be adversely affected by wars, regional conflicts, geopolitical developments and corridor disruptions, including as a result of the ongoing military conflict between Russia and Ukraine.

The geopolitical environment affecting the Group's operations has been subject to significant deterioration in recent years. Wars, regional conflicts, border closures, sanctions, counter-sanctions and other geopolitical events may disrupt the Group's transport corridors, reduce transit volumes, affect delivery times. For example, the Russia-Ukraine conflict escalated into a military invasion in 2022, which is a significant recent example. Kazakhstan has significant economic and political relations with Russia and Belarus, and the Kazakhstan-Russia border is the longest continuous land border in the world (approximately 7,599 kilometres), with a substantial portion of trade conducted by rail. Kazakhstan, Russia and Belarus are members of the Customs Union and the Common Economic Space and established the EEU on 1 January 2015. In 2024, trade turnover between the Republic of Kazakhstan and the EEU amounted to approximately US$30.4 billion, of which approximately 91.3% related to trade with Russia. As a result, the Group is exposed, directly and indirectly, to developments relating to wars, regional conflicts and geopolitical instability in the region. Any escalation or prolongation of such conflicts could disrupt the Group's business operations, compromise the safety and continuity of its rail services, and adversely affect the Group's ability to maintain normal operations across its network.

The Group's railway network is closely integrated with the networks of neighbouring countries due to the uniform railway gauge of 1,520 millimetres across Kazakhstan, Russia and Belarus. The Group's operators are required to perform certain operations on Russian territory, including at the Iletsk Railway Junction and the Eastern Railway Junction, in order for the railway network to function. In March 2022, the Russian Government imposed a ban on the transportation of goods and empty wagons through Russia and Belarus to, or by transit through, Ukraine, which has negatively affected the Group's freight volumes. There can be no assurance that alternative routes will be available or commercially viable. Further bans, restrictions, sanctions or counter-sanctions, disruptions to transit routes or ports, or additional currency volatility could adversely affect the Group's freight volumes and operations.

The Group's transit volumes on certain key corridors have experienced recent declines. Volume on the eastern branch of the Northern and Southern corridors of the Trans-Asian Railroad was approximately 448,000 tonnes in 2025, representing a decline of 9% compared to 2024, and volume in January 2026 was approximately 27,000 tonnes, representing a decline of 33% compared to January 2025. The Kazakhstan-China-Turkmenistan-Iran route, which forms

part of the Group's multimodal corridor strategy, has also experienced volume deterioration. These declines reflect, in part, the impact of geopolitical developments and shifting trade flows on the Group's international transit corridors. Volumes on these corridors might not recover, and any sustained decline in corridor volumes could have a material adverse effect on the Group's transit freight revenue.

The Group has assessed the potential impact of escalating geopolitical tensions in the Middle East on its international transit corridors. There may be different levels of potential disruptions to the Strait of Hormuz and the Bab el-Mandeb (Strait of Aden), including a partial blockade of the Strait of Hormuz combined with threats to the Bab el-Mandeb, a complete blockade of the Strait of Hormuz combined with real strikes or blockade of the Bab el-Mandeb by the Houthis, and an extreme scenario involving further escalation which results in the complete blockade of both straits and additional unforeseen events. Any of these scenarios may result in a partial or complete cessation of rail and sea transport along affected corridors. While the Group currently transports only immaterial volumes of cargo to Iran, broader regional escalation affecting the Strait of Hormuz and Bab el-Mandeb could disrupt global trade flows and have indirect adverse effects on the Group's transit volumes, operations and financial condition.

Any escalation or prolongation of the Russia-Ukraine conflict, any other war, regional conflict, border closure or geopolitical event affect the Group's transport corridors, could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's joint ventures with foreign state-linked partners may give rise to governance, sanctions, and geopolitical risks.

The Group has established joint ventures with foreign state-linked partners as part of its strategy to develop international transport corridors and terminal infrastructure. The Group has accelerated the pace of JV formation in recent years, with six new joint ventures established between 2023 and 2025. In particular, the establishment of Aktau International Container Hub LLP, a joint venture with a Chinese state-affiliated entity in which the Chinese partner holds a 51% interest, and the establishment of Gulflink Ltd. with entities affiliated with AD Ports Group of the United Arab Emirates.

Where the Group holds a minority interest in joint ventures, including those with Chinese, the United Arab Emirates and other foreign state-linked partners, the Group's ability to influence key strategic, operational, and financial decisions may be limited. State-owned or state-affiliated joint venture partners may have strategic priorities that diverge from those of the Group or be influenced by the foreign policy objectives of their respective governments, creating the potential for conflicts of interest or decisions that are not aligned with the Group's commercial interests. Further, the rapid proliferation of joint ventures increases the complexity of the Group's corporate structure and the governance, compliance, and oversight burden on the Group's management.

Joint ventures with partners in or related to sanctioned jurisdictions carry sanctions compliance risks. See "Financial Information – Key Factors Affecting Results of Operations – Geopolitical Developments and Sanctions" in this Document for further details. Any failure to manage these risks effectively, or any adverse development affecting the Group's joint venture partners or the geopolitical environment in which they operate, could have a material adverse effect on the Group's business, results of operations, financial condition, reputation, and prospects.

The Group is subject to ongoing regulatory and antimonopoly scrutiny, which could result in material fines, operational restrictions or reputational harm.

As the national railway company of Kazakhstan, the Group operates as a natural monopoly in the provision of mainline railway network services and holds a dominant market position across freight transportation, locomotive traction, and transit operations in Kazakhstan. As a result, the Group has been and continues to be subject to investigations and proceedings initiated by relevant governmental authorities, including the Antimonopoly Agency. Since 2022, there have been 17 court proceedings between the Group and the Antimonopoly Agency, on matters including the approval of transportation plans, access to mainline network services, tariff policy, and the management of station infrastructure. While the courts have decided 15 of these 17 cases in favour of the Group, and four private rulings have been issued by the courts addressed to the Antimonopoly Agency for procedural breaches, there can be no assurance that the Group will prevail in future proceedings or that the Antimonopoly Agency will not initiate additional investigations.

In particular, the Antimonopoly Agency has previously sought to impose substantial fines on the Group's subsidiaries, including a fine of KZT 20 billion against KTZ-FT, which was subsequently reduced to KZT 91 million by the courts, and a further fine of KZT 1.4 billion, which was ultimately cancelled by the Cassation Court of the Republic of Kazakhstan in January 2026, with the proceedings terminated in full due to the absence of fault. These cases demonstrate the potential for material financial exposure in the event that future proceedings are not resolved in the Group's favour.

The Group's dominant market position and its role as a state-owned natural monopoly operator may continue to attract regulatory scrutiny from governmental authorities including the Antimonopoly Agency. Any adverse determination in future antimonopoly proceedings, the imposition of material fines, restrictions on the Group's operational or tariff practices, or interventions that affect the Group's relationships with foreign investors and strategic partners could have a material adverse effect on the Group's business, results of operations, financial condition, reputation, and prospects.

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 of Company assets.

Immediately following the **[REDACTED]**, Samruk-Kazyna will hold approximately **[REDACTED]**% of Shares in the Company. The Group is the national transport and logistics operator of Kazakhstan. The Government, through Samruk-Kazyna, controls the Company. As the Government's national management holding company, with the goal of supporting and diversifying Kazakhstan's economy, the interests of Samruk-Kazyna may differ significantly from the interests of the **[REDACTED]**, which may cause Samruk-Kazyna to direct the Group to engage in or expand into business areas that may materially and adversely affect the Group's ability to operate on a commercial basis or may cause the Group to operate in a way that is inconsistent with the best interests of the **[REDACTED]**. For example, the Group is required to provide certain passenger transportation services, which are not profitable, and may in the future be required to provide other such services that the Group may not consider to be in its best commercial interests, but are for the public good.

Historically, the Government has (i) directed the Group to engage in activities outside its core businesses and to acquire or dispose of assets in transactions that are not on an arm's length basis; and (ii) imposed on the Group other social duties, such as requiring it to construct social and recreational infrastructure, engage in charitable activities and implement community development programmes. The Government may impose further similar requirements in the

future. In addition, the Government may use tariff-setting as a means of supporting public policy initiatives.

The Government, through Samruk-Kazyna, is in a position to appoint and remove, or influence management appointments and removals, and may require the Company to sell certain assets.

The 2021 Complex Privatisation Plan for the period 2021–2025 pursuant to Government Resolution No. 908 "On Certain Issues of Privatisation for 2021–2025", as amended, continues to apply to Samruk-Kazyna and its portfolio companies. Government Resolution No. 894 dated 24 October 2025 "On Certain Issues of Optimisation of Quasi-State Sector Entities and State Property Objects" further updated the applicable methodology for determining privatisation candidates and approved updated lists of quasi-state and state-owned entities subject to potential privatisation, reorganisation or liquidation.

The 2021 Complex Privatisation Plan (as amended) also contemplates the potential privatisation or reorganisation of certain subsidiaries, associates and joint ventures within the Samruk-Kazyna group, including several entities within the Group. The method, scope and timing of any such disposals have not been finally determined and will be subject to further review, consultations with independent advisers and compliance with applicable covenants. There can be no assurance as to the terms on which any such disposals may occur, if at all. Any such transactions may result in reduced business, reduced revenue base and reduced dividends being paid to the Company.

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.

The Group is obliged to comply with various affirmative and negative covenants and restrictions contained in its financing arrangements, including material change to the scope or nature of their respective businesses, entering into mergers, consolidations or reorganisations, encumbering assets and completing certain sales, certain transfers and dispositions of properties.

In addition, its own internal policies for compliance with such covenants and restrictions may be stricter than required under such covenants and restrictions. The Group may also be limited in incurring capital expenditures greater than specified amounts and in incurring additional indebtedness or guaranteeing the indebtedness of third parties without the prior approval of the relevant lender. In addition to imposing affirmative and negative obligations regarding the conduct of the business of members of the Group, existing loan and guarantee agreements and other debt instruments require that the Group company subject to the agreement maintain on an ongoing basis, or periodically satisfy as at particular dates, certain financial tests. The Group also has to comply with a debt and financial stability management policy issued by Samruk-Kazyna, which sets certain key financial stability ratios that may restrict the Group's operations.

There can be no assurance 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 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 obtain any required amendment or waiver, the relevant Group borrower would be in breach of the applicable loan, guarantee and other agreements. 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.

The Group is subject to commodity price risk, which the Group has a limited ability to manage.

The Group does not produce or sell commodities directly, however, its freight transportation volumes and revenues are significantly dependent on the production, export, and consumption of commodities by its customers. Kazakhstan is a major exporter of commodities, including oil, natural gas, steel, copper, ferroalloys, iron ore, aluminium, coal, lead, zinc and wheat. In 2025, mineral products (including oil, gas and coal as well as metals and precious stones) accounted for approximately 63.6% of Kazakhstan's exports.

International crude oil prices have fluctuated widely in recent years in response to global supply and demand, general economic conditions, competition from other energy sources and other factors. As Kazakhstan is a major oil-exporting country and taxes from the oil sector are a major contributor to the National Fund, which serves as a key stabilising reserve and an important source of transfers to the State budget, a sustained decline in oil prices could reduce oil production and export activity, lower overall economic output, deplete the National Fund's resources, and limit its ability to support the budget. This, in turn, could reduce freight demand for the transportation of oil and petroleum products (which accounted for 19% of total revenue from freight transportation in 2025), as well as the transportation of equipment, materials and supplies to oil sector infrastructure projects, adversely affecting the Group's freight volumes and revenue.

Fuel and lubricants accounted for 14.7%, 12.1% and 13.8% of the Group's total cost of sales in 2023, 2024 and 2025, respectively. The Group purchases significant volumes of diesel fuel for its locomotives, primarily through open tenders conducted in accordance with Samruk-Kazyna procurement procedures. These tenders are typically awarded at the beginning of each year on fixed-price terms (with flexibility for downward adjustment if market prices fall). Fuel prices are volatile and influenced by international political and economic developments. Recent conflicts in Ukraine and the Middle East have caused an increase in the price and volatility of global fuel prices. While any continued increase in global oil prices is likely to have a positive impact on hydrocarbon producers such as Kazakhstan, leading to improvements in fiscal reserves and, in turn, a potential increase in subsidies available in the budget to the Group, such prices will also result in an increase in the Group's fuel costs. The Group does not conduct hedging activities in respect of market fuel price fluctuations.

There can be no assurance that the Group will be able to enter into sufficient flexible procurement or hedging arrangements to protect against commodity price risk in the future. A significant increase in fuel prices could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

The Group includes the cost of fuel in the tariff calculations it submits to the Natural Monopoly Committee for approval. All of the Group's freight tariffs are subject to the approval of the Natural Monopoly Committee, except for transit tariffs, and there can be no assurance that the Natural Monopoly Committee will take into account increased cost of fuel when setting the tariffs. In addition, increases or changes in the approved tariffs are subject to regulatory approval and applied after approval has been received, while the cost of fuel may change more rapidly and frequently. Due to timing difference between the changes in fuel prices and any approval by the Natural Monopoly Committee to increase tariffs, the Group may generally be unable to pass along increased fuel costs to its customers, whether on a timely basis or at all.

The Group is exposed to a decline in demand for coal and other carbon-intensive cargo, which represents a significant portion of its freight volumes.

Coal is the single largest freight commodity transported by the Group, accounting for approximately one-third of total freight volumes in 2024. Freight transportation as a whole represented 87% of the Group's consolidated revenues. The global energy transition, including changes in power generation technology, policies to reduce reliance on fossil fuels, lower industrial demand in Kazakhstan, and reduced export demand for coal, may lead to a sustained decline in the volumes of coal and other carbon-intensive freight transported by the Group. The Group's existing infrastructure is substantially configured for the transportation of bulk commodities, including coal, and there can be no assurance that alternative cargo types would be available in sufficient volumes or at comparable margins to offset a decline in coal transportation in the near term. Any material reduction in demand for coal or other carbon-intensive cargo could have a material adverse effect on the Group's freight revenue, business, financial condition and results of operations.

In addition, the share of transit traffic in the total transportation balance is increasing, and transit traffic commands higher margins than coal transportation, which may offset any negative impact from a decline in coal cargo transportation volumes. The share of transit traffic in total cargo turnover increased from 18% in 2022 to 23% in 2025. Revenue from transit transportation was KZT 478 billion in 2022 and KZT 827 billion in 2025.

According to the Company's forecast estimates, coal shipments in domestic and export services are not expected to decrease in the medium term.

The Group's ability to control and benefit from the Port of Aktau is dependent on a trust management arrangement with Samruk-Kazyna.

The shares in International Sea Trade Port of Aktau are owned by Samruk-Kazyna and held by the Company pursuant to a trust management agreement dated 29 November 2013 (the "**Aktau Trust Management Agreement**"). Under the Aktau Trust Management Agreement, the Company is entitled to exercise certain shareholder rights in respect of International Sea Trade Port of Aktau, including the right to manage its activities and to receive dividends attributable to the shares. The Aktau Trust Management Agreement does not confer legal title on the Company, and the Company's rights over International Sea Trade Port of Aktau are contingent on the continuation of that arrangement.

Aktau Port is a key component of the Group's multimodal corridor strategy, and the Group's ability to provide integrated rail-sea-rail transportation solutions and to increase its share of transit, export and regional logistics flows is materially dependent on its continued ability to manage and control International Sea Trade Port of Aktau.

The laws of Kazakhstan give rise to uncertainty regarding the Company's rights to manage the International Sea Trade Port of Aktau pursuant to the Aktau Trust Management Agreement. In particular, it may be argued that the Aktau Trust Management Agreement was not validly concluded at the time of its execution. In addition, and independently of any such validity challenge, Samruk-Kazyna is entitled to terminate the Aktau Trust Management Agreement and withdraw the shares of International Sea Trade Port of Aktau from trust management at its discretion. The compensation payable to the Company upon such termination is limited to losses, damages and expenses arising directly from the termination and does not extend to the strategic or economic value of continued management. See also "Risks Relating to Conducting Business in Kazakhstan – 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 privatisation of Company assets" for further details of the Government's and

Samruk-Kazyna's broader powers over the Group's assets. If Samruk-Kazyna were to exercise its termination right, or if the validity of the Aktau Trust Management Agreement were successfully challenged, the Group would lose the ability to control and manage the operations of Aktau Port and to benefit from the associated economic rights, including dividend income. Such an outcome could also require the Group to deconsolidate Aktau Port from its financial statements. While the Company may seek to resolve the legal uncertainties described above by agreeing amendments to the Aktau Trust Management Agreement with Samruk-Kazyna, there can be no assurance that Samruk-Kazyna will agree to such amendments, that it will not exercise its termination right or the right of challenge, or that any compensation payable would adequately reflect the commercial value of the Group's interest in Aktau Port. Any such termination or loss of management rights could have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows.

The Group is subject to foreign currency exchange rate risk, which the Group has a limited ability to manage.

The Group is exposed to foreign currency exchange rate risk on selected receivables, payables and borrowings that are denominated in currencies other than the Tenge. The currencies in which these transactions are denominated are primarily the U.S. dollar, Swiss Franc, Euro, Chinese Yuan and Russian Rouble. In addition, the Group receives a portion of its transit-related revenue in Swiss Francs. The Group's principal exchange rate risk involves changes in the value of the Tenge relative to the U.S. dollar and, to a lesser extent, relative to the Swiss Franc, the Russian Rouble and other currencies.

Since the NBK adopted a floating rate exchange policy for the Tenge in April 1999, the Tenge has fluctuated significantly, and the NBK has adopted a number of exchange rate policies. Devaluations and depreciations of the Tenge have contributed to reduced access to capital, a higher cost of capital, increased inflation, the recording of large foreign exchange losses and uncertainty regarding economic growth. Furthermore, the Group is indirectly exposed to the consequences of the Russia-Ukraine conflict. Following the outbreak of the conflict in February 2022, the Tenge depreciated significantly against major foreign currencies. As movements in the Russian Rouble have historically influenced the Tenge, ongoing regional geopolitical tension and currency volatility may increase the Group's costs regarding its foreign currency-denominated borrowings, goods, and services.

Such foreign exchange fluctuations have had and, if they continue, are expected to continue to have a material adverse effect on the Group's financial position, cash flows and results of operations. See "Risks Relating to Conducting Business in Kazakhstan – Devaluations of the Tenge or the adoption of a new currency exchange policy could have an adverse impact on the Group and Kazakhstan's public finances and economy" in this section for further details. As at 31 December 2023, 2024 and 2025, 17.58%, 16.91% and 12.8%, respectively, of the Group's borrowings and debt securities were denominated in U.S. dollars. Accordingly, any devaluation of the Tenge against the U.S. dollar has resulted, and in the future would result, in increased foreign exchange losses for the Group. By way of example, for the years ended 31 December 2024 and 2025, the Group recorded foreign exchange losses of KZT 69,620 million and KZT 19,990 million, respectively. The Group is also subject to exchange rate fluctuations in the KZT/RUB exchange rate as a result of borrowings denominated in Russian Roubles. In 2023, KTZ-FT entered into a loan agreement with Eurasian Development Bank to finance the acquisition of freight diesel locomotives, borrowing RUB 17.7 billion with such loan due to be fully repaid in 2034.

There can be no assurance that there will not be devaluations of the Tenge that could be significant. Most of the Group's consolidated total borrowings are denominated in USD and, to a lesser extent, Russian Roubles, so a devaluation of the Tenge against such currencies would have

a net negative impact on the Group's financial condition and results of operations. The Group maintains a portion of its cash in U.S. dollars in order to partially offset foreign currency gain or loss on its borrowings denominated in U.S. dollars; however, these reserves may be insufficient to offset fully foreign currency loss.

The Group generates Swiss Franc denominated revenue from its freight transit tariffs based on the CIS Tariff Agreement. Unlike domestic, import and export freight tariffs, which are regulated and denominated in Tenge, transit freight tariffs are unregulated and set by railway administrations on a commercial basis, denominated in Swiss Francs. In 2025, transit-related revenues, being the only revenue stream denominated in Swiss Francs, accounted for 30.0% of the Group's total revenue and other income. For 2023, 33.9% of total revenue and other income was denominated in Swiss Francs, as compared to 32.3% in 2024 and 30.0% in 2025. This bifurcated tariff structure creates a dual exposure: the Group's regulated domestic revenues are constrained by the Natural Monopoly Committee's approval cycle and subject to regulatory lag, while the Group's unregulated transit revenues are exposed to fluctuations in transit volumes, competitive dynamics mainly on the China–Europe corridor, and foreign exchange movements in the CHF/KZT rate. Accordingly, fluctuations in the Tenge/Swiss Franc exchange rate may affect the Group's consolidated results of operations, and any change in the value of the Tenge against the Swiss Franc will result in an increase or decrease in the Group's revenue, as the case may be.

While the Group currently uses hedging instruments, such as cross-currency swaps, to hedge against its foreign currency exchange rate risks, there can be no assurance that such measures will fully offset any adverse financial impact resulting from currency variation, or that the Group will continue to have the ability to, or choose to, enter into sufficient hedging arrangements, or enter into hedging arrangements at all, to protect against foreign currency exchange rate risk in the future. A significant devaluation or depreciation of the Tenge relative to the U.S. dollar or Russian Rouble would increase the Group's foreign exchange losses, financial risks and costs, as the Group's borrowings are denominated primarily in these currencies. By contrast, fluctuations in the Tenge/Swiss Franc exchange rate principally affect the Group's operating performance, a depreciation of the Tenge against the Swiss Franc would increase the Tenge-equivalent value of the Group's Swiss Franc-denominated transit revenues, while an appreciation of the Tenge against the Swiss Franc would reduce such revenues when converted to Tenge.

Railway transportation may be subject to increasing competition from other modes of freight transportation, and the Group may be subject to increasing competition from other transportation and logistics companies.

Rail services in Kazakhstan face increasing competition from other modes of transport, including pipeline, road, water and air transport. Road transportation benefits from lower capital costs, lower barriers to entry, shorter lead times for capacity expansion, and greater flexibility to adjust to demand upswings and downturns compared to rail. Trucking operators can enter the market with relatively modest investment and redirect capacity rapidly in response to changing trade flows, whereas railway operations require substantial fixed infrastructure investment and are subject to network capacity constraints. Water transport, including via the Caspian Sea and inland waterways, may offer cost advantages for certain bulk commodities, particularly where port infrastructure is available. Air freight, while significantly more expensive per tonnes-km, competes with rail for time-sensitive, high-value goods – including e-commerce shipments – where speed of delivery is prioritised over cost, and benefits from lower infrastructure requirements at origin and destination compared to rail terminal networks. The Group primarily faces competition in its railway transportation business in the transport of oil and oil products from the development of pipelines in Kazakhstan and countries that border Kazakhstan, because pipeline transportation is more cost efficient than rail transportation in the transportation of

crude oil. Transportation of oil and oil products accounted for 19% of the Group's total revenue from freight transportation in 2025 (as compared to 17% in 2024 and 18% in 2023). In addition, the Government is developing Kazakhstan's highway infrastructure to foster short- and medium-distance truck transportation. Should these initiatives succeed, the level of competition in the transportation industry could significantly increase.

Furthermore, private companies are able to compete with the Group by contracting their railcars and containers for freight transportation. These private companies could, over time, attract customers away from the Group and reduce their reliance on the Group's railcars.

If other modes of transportation become more competitive than rail transportation or if private companies increase their share of the freight transportation market, it could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

The Group may not have sufficient reliable operational capacity to meet business demand.

The Group's ability to maintain sufficient reliable operational capacity to meet business demand is affected by two principal factors: (i) the deteriorating condition of its ageing rolling stock, which affects operational reliability; and (ii) the availability of sufficient vehicles to meet passenger and freight demand. As of 31 December 2025, the asset deterioration ratio of locomotives was 49.1%, that of freight cars was 53.6% and that of passenger cars was 38.5%. A large portion of the Group's locomotives were purchased in the 1980s. Despite significant capital expenditure in recent years, the freight railcar deterioration ratio has worsened from 55.6% in 2023 to 58.4% in 2025, indicating that the pace of fleet renewal and maintenance has been insufficient to offset ongoing asset ageing and wear. The high deterioration ratios increase the risk of unscheduled downtime, service disruptions, maintenance costs and safety incidents, which could adversely affect the Group's operational reliability and service quality.

Separately, given the material amount of property, plant and equipment on the Group's balance sheet, management's assessment of impairment indicators and, where applicable, impairment testing involves significant judgement and estimation, and could have a material impact on the Group's financial position and results of operations. There can be no assurance that no impairment charges will be recognised, and any such charges could have an adverse effect on the Group's financial position and results of operations.

A significant portion of the Group's locomotives and rolling stock are approaching the end of their useful lives and require replacement. There can be no assurance that the Group will be able to secure sufficient supplies of new locomotives or rolling stock on commercially acceptable terms, or at all, or that the Group will be successful in continuing to enter into, or will realise the benefits from, joint ventures and other agreements to address supply shortfalls. The implementation of maintenance and fleet renewal projects involves many potential risks and uncertainties, including interruptions resulting from the unavailability of locomotives, rolling stock and spare parts, inclement weather, unforeseen engineering difficulties, environmental and geological problems and unanticipated cost increases and claims, any of which could give rise to delays or cost overruns. For example, the Kuryk port and the Almaty-Shu secondary railway line construction projects have each been subject to increased costs and construction delays. See "Financial Information – Capital Expenditure and Capital Commitments – Capital Expenditure" in this Document for details.

Part of the Group's capital expenditure programme for 2026 to 2030 is intended to address the deteriorating condition of the Group's rolling stock fleet; however, there can be no assurance that this level of investment will be sufficient to stop or reverse the deterioration trend, particularly given the scale of the Group's rolling stock fleet and the competing demands on capital across new construction, rehabilitation, and fleet renewal. In addition, if passenger and

freight demand continues to grow but the Group's vehicle supply is insufficient to meet such demand, the Group's ability to capture growth opportunities and serve its customers would be constrained, regardless of whether the existing fleet is adequately maintained. If the Group is unable to procure sufficient new locomotives and rolling stock, experiences delays or failures in delivery, or is unable to conduct the necessary maintenance and modernisation of its rolling stock fleet, the Group may be unable to maintain its service quality or satisfy customer demand, which could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

The Group relies heavily on information technology systems and the telecommunications and internet infrastructure of Kazakhstan to operate its business and any failure of these systems or cyber security breaches could harm its business.

The Group relies heavily on its telecommunications network and computer systems for coordination of scheduling, dispatching and other aspects of its railway operations, as well as accounting, ticket sales for passenger trains, tracking freight deliveries and numerous other functions. The Group's aging telecommunications network and computer systems require development and modernisation. The aging nature of the Group's computer systems means that there is an increased likelihood of failure and susceptibility to cyber threats. The hardware and software that is used by the Group may be damaged by human error, natural disasters, power loss, sabotage, computer viruses, cyber intrusion, network attacks and other events. The Group's operations may also be vulnerable to the system failures of other entities with whom such operations are closely linked, such as utility providers, telecommunication service providers and financial institutions. In particular, while the Group has implemented encryption measures for data transmitted through its networks, its data could still be misappropriated by third parties due to vulnerabilities in Kazakhstan's telecommunications and internet infrastructure. Problems that may occur as a result of system failures or cyber security breaches include, but are not limited to:

- the incorrect recognition of train schedule or route control data, which could disrupt railway operations and lead to railway accidents;
- system failures in ticketing, reservations and sales functions, which could cause significant confusion, inconvenience to passengers and loss of revenue; and
- difficulties in repairing systems over an extensive network that includes many remote areas, which could delay the re-establishment of operations and result in a further loss of revenue.

In the second half of 2025, a cybersecurity audit conducted by BTS Digital LLP identified deficiencies in the Group's IT systems and cybersecurity posture. A draft updated IT strategy has been prepared and is currently undergoing internal review and approval, including consideration by the Board. Until the new IT strategy is approved and fully implemented, the Group's systems may remain vulnerable to cyber threats, data breaches, and operational disruption. The scale of these challenges is reflected in the increase in IT-related capital expenditure from KZT 2,423.6 million in 2023 to KZT 17,596.9 million in 2025, a seven-fold increase, indicating both the extent of historical underinvestment and the urgency of modernisation. There can be no assurance that the Group's IT systems will be adequately protected during the transition period, or that the new IT strategy, once implemented, will be sufficient to address all identified vulnerabilities.

Moreover, the Group intends to increase further the use of advanced technologies in its operations. The Group has implemented a single information exchange system for the railway industry in Kazakhstan, which is integrated with certain neighbouring countries (including Russia, China, Uzbekistan, the Kyrgyz Republic and Azerbaijan) and other types of

transportation and additional services such as customs and forwarding agents. Certain interrelated projects, such as automated processes for the planning and measuring of freight transportation, as well as the geographic mapping of the mainline railway to calculate safe interval systems between trains, have been implemented (for example, the Group operates AS MESPLAN (a system that automatically coordinates the Group's monthly data with customer information systems and which is linked to the single information exchange system) or are at the implementation stage (for example, a project aimed at controlling the progress of the transportation process from the workstations dispatcher unit). There can be no assurance, however, that the Group will be able successfully to continue to implement such advanced technologies or upgrade its computer systems, or that any systems that have been implemented will continue to operate successfully. Any such failure may have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

The Group's business depends on the performance, reliability and security of the telecommunications and internet infrastructure in Kazakhstan, where the Group's computer hardware is currently located. Any disruptions in, or failures of, the telecommunications and internet infrastructure in Kazakhstan may adversely affect the quality or availability of the Group's platforms. The failure of telecommunications network operators to provide the Group with the requisite bandwidth could affect the speed and availability of the Group's platforms. Moreover, if the security of the Group's domain names is compromised for any reason, the Group will be unable to use such domain names in its business operations, which, in turn, could adversely affect the Group's business and brand image.

Technological advancements in the railway and logistics sectors may require significant additional capital expenditure not currently anticipated.

The global railway and logistics industries are undergoing significant technological transformation, including advances in train control systems, signalling technology, automation, electrification, alternative fuels, rolling stock design, and digital freight platforms. Technological developments adopted by the Group's customers, competitors, trading partners, or neighbouring railway administrations may require the Group to make substantial investments in new technologies, equipment, or infrastructure upgrades that are not currently contemplated in its capital expenditure programme. In addition, there can be no assurance that technologies currently being implemented or planned by the Group, including its digitalisation initiatives, will remain current or competitive over the medium to long term, or that the Group will be able to adapt to technological change at the pace required by the market. Any requirement to incur material unplanned capital expenditure to adopt new technologies, or any failure to keep pace with technological developments in the sector, could have a material adverse effect on the Group's competitive position, business, financial condition, results of operations and prospects.

The Group may not sustain its historical growth or profitability.

The Group has delivered strong recent financial performance, its revenue and other income increased from KZT 1,934 billion in 2023 to KZT 2,164 billion in 2024 and KZT 2,757 billion in 2025, with Adjusted Group EBITDA (non-IFRS measure) increasing from KZT 508 billion in 2023 to KZT 596 billion in 2024 and KZT 872 billion in 2025. This growth has been supported by regulated tariff increases, transit freight volumes and favourable commodity market conditions. The Group's transit freight volumes increased from 27.3 million tonnes in 2023, to 27.5 million tonnes in 2024, to 33.0 million tonnes in 2025. However, there can be no assurance that the Group will maintain historical growth rates. Tariff increases may not be approved by the Natural Monopoly Committee at compatible levels, or may be insufficient to cover rising costs. See "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 section for further details. Higher-margin segments, such as transit freight, may not experience growth,

or may grow at rates lower than in prior periods. The Group's freight car operations are exposed to market dynamics that may adversely affect revenue and profitability. The costs of the passenger transportation segment exceed the revenue generated, and are reliant on Government subsidies. Any sustained decline in revenue growth or profitability could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces numerous operating risks that may result in loss and additional expenditures, which may not be fully covered by insurance.

The Group's infrastructure and transportation operations may be adversely affected by the breakdown or failure of equipment or processes, natural disasters, terrorist attacks or sabotage of the Group's extensive infrastructure and related assets. An accident, derailment or other incident involving the Group's railway operations could:

- result in damage to, or loss of, the Group's track network, locomotives and railcar fleet,
- disrupt the Group's services,
- give rise to potential claims by freight shippers, injured passengers and others; and
- have a material adverse effect on the attractiveness of the Group's services in the future.

A negative change in the perception of the Group's safety record could result in, among other things, customers switching to other means or providers of transportation. As a carrier and operator of rolling stock, members of the Group may also be responsible for spillage or leakage from railcars transporting environmentally sensitive materials where such spillage or leakage is the fault of the Group.

The insurance market is relatively undeveloped in Kazakhstan, and the Group does not procure insurance coverage to the same extent as what might be considered customary in more developed economies in Western Europe and North America. The Group maintains statutorily required insurance coverage, including with respect to automobile insurance, employer liability insurance, environmental insurance and passenger insurance for personal injury, death and loss or damage to passenger property. See "Business Overview – Insurance" for further details. Other than the foregoing, the Group does not maintain any other insurance (including business interruption insurance).

Subsidiaries of the Company obtain insurance for their respective rolling stock. Infrastructure assets owned by the Group, including approximately 16,000 km of operational rail tracks, are not insured. In general, the Group's infrastructure assets are not insured unless insurance is required by applicable laws or pursuant to any relevant financing agreements. In the event that the Group incurs significant losses or liabilities but is not insured against such losses or liabilities, or its insurance is unavailable or inadequate to cover such losses or liabilities, the Group's business, financial condition and results of operations could be materially and adversely affected.

The Group's extensive infrastructure is exposed to climate-related hazards which could disrupt operations and require significant remediation expenditure.

The Group's business is dependent on the continued availability of its key infrastructure assets, including its mainline railway network, bridges, signalling systems, and port facilities. The Group operates approximately 16,000 km of operational rail tracks, 3,584 bridges, and port infrastructure across Kazakhstan, a country subject to a range of physical climate hazards. The Group's risk register identifies, amongst others, the following climate-related physical risks as material: (i) the risk of flooding, erosion of roadbeds, artificial structures, and other

infrastructure facilities; (ii) the risk of infrastructure damage due to extreme heat, extreme cold, and drought in certain regions; and (iii) the risk of changes in the structure and volume of cargo due to natural disasters related to climate change. Specific regions of the Group's network are exposed to heightened natural hazard risks, including earthquake risk. In the event of such natural hazards, the availability of parts of the Group's asset base may be temporarily limited, which could disrupt the Group's ability to provide transportation services and have material financial consequences for the Group.

In 2024, Kazakhstan experienced severe flooding that affected multiple regions, in response to which the Group provided emergency rail transportation of personnel and specialists to support government flood response operations, including transporting 30,000 people free of charge. While natural disasters have not had a material impact on the Group's operations over the past three years, there can be no assurance that future climate events will not cause significant damage to track, signalling, bridges, or other critical infrastructure, resulting in service disruptions, loss of revenue, and substantial repair costs.

The Group maintains protective forestry plantations of 63,207 hectares, operates dedicated anti-erosion and snow removal infrastructure, and has adopted a Civil Defence Plan for 2024 to 2029 and an Emergency Response Action Plan for 2028 to 2029. However, there can be no assurance that these measures will be sufficient to prevent or mitigate the impact of extreme weather events, or that the frequency or severity of such events will not increase as a result of ongoing climate change. Any significant climate-related disruption to the Group's infrastructure or operations, or a requirement to incur material unplanned capital expenditure to repair or future-proof the asset base, could have a material adverse effect on the Group's business, results of operations, financial condition, and prospects.

The Group could incur significant costs for violations of applicable environmental laws and regulations or as a result of operational environmental incidents.

Like other transportation companies, the Group's operations are subject to extensive national and local laws and regulations governing emissions and the transportation of products that are hazardous to the environment. In carrying out its environmental policies, the Group seeks to adhere to international standards and best practices. During the Track Record Period, the Group experienced certain irregularities and instances of non-compliance with applicable environmental laws, primarily attributable to aging infrastructure. The Group is subject to periodic inspections by environmental and ecological authorities of Kazakhstan, which may impose fines, environmental rehabilitation obligations, and monetary compensation for damage to the environment in the event of any material environmental harm.

In addition, the Group's freight operations involve the transportation of oil and petroleum products (which accounted for 19% of total revenue from freight transportation in 2025), as well as other hazardous and regulated cargo. Operational accidents or incidents, such as derailments, collisions, or equipment failures, could result in the spillage or discharge of oil, fuel, or hazardous materials into the surrounding environment, including water courses, agricultural land, and populated areas. Any such incident could give rise to significant environmental clean-up costs, third-party liability claims, regulatory fines, mandatory remediation obligations, and reputational harm, as well as service disruptions on affected sections of the network.

Compliance with environmental regulations is an ongoing process and as such, new laws and regulations, the imposition of tougher requirements, increasingly strict enforcement or new interpretations of existing environmental laws may require the Group to modify its operations, incur substantial unbudgeted costs to comply with current or future regulations or incur fines or penalties for environmental violations.

The Group may not achieve its sustainable development targets, and evolving emissions regulations and global energy transition could increase operating costs, require significant capital investment, and reduce demand for carbon-intensive freight.

Rail transport has environmental impacts related to fuel use, pollutant emissions, effects on ecosystems and noise levels. See "Business Overview – Environmental, Social and Governance Matters" in this Document for further details. In 2024, the Group's total GHG emissions (Scope 1 and Scope 2) amounted to approximately 5,058 thousand tonnes of CO_2-equivalent (intensity of approximately 105.9 kg CO_2-eq. per 10,000 gross tonnes-km), with diesel fuel for locomotive traction accounting for approximately 27,541 thousand GJ of 41,928 thousand GJ total energy consumption and representing the primary driver of direct emissions. The Group's Low-Carbon Development Concept 2060 forms the Group's contribution to achieving the goal of carbon neutrality of the State by 2060, it targets a 25% reduction in direct diesel locomotive emissions by 2030 (from 1.8 million to 1.3 million tonnes of CO_2), with key levers including the renewal of 150 freight and 99 passenger diesel locomotives, electrification of 820 km of railway lines, and the introduction of 77 LNG-/battery-powered locomotives.

The Group may be unsuccessful in driving sustainability improvements across its operations, or the implementation of its sustainability targets could be costlier than expected, particularly as technologies that are critical to facilitating such targets may not yet have been developed. Suppliers may fail to uphold the Group's sustainability standards. The Government may introduce more stringent emissions regulations, carbon pricing, or emissions trading schemes applicable to the transport sector. If the Group is not successful in driving social and environmental improvements across its operations, and is therefore not perceived as being a leader in sustainability, or if the foregoing events occur, including if any alleged greenwashing complaints arise, this could result in a decline in stakeholder confidence, reputational damage, reduction in demand and loss of competitive advantage.

The Group faces workforce risks, including an inability to retain key personnel or attract and retain qualified personnel.

The continued success of the Group's business and the implementation of its strategic initiatives depend on the recruitment, development and retention of highly qualified engineering, management and commercial personnel, as well as on maintaining constructive labour relations. Competition for qualified personnel in the industry is intense.

The Group's ability to maintain its competitive position and to implement its business strategy is dependent on the services of key engineering, managerial, financial, commercial, marketing and processing personnel, as well as the maintenance of good labour relations. Competition for qualified personnel is intense due to the small pool of qualified individuals.

The Group's staff turnover rate has increased from 7.9% in 2023 to 8.4% in 2024 and 8.6% in 2025. The average age of the Group's workforce is 42, and in certain departments, over 30% of staff are aged between 46 and 55, indicating a near-term succession risk as these employees approach retirement age. The Group has experienced local staff shortages in infrastructure maintenance, signalling and other safety-critical areas since 2023, particularly in urban labour markets where the Group competes for workers with mining, construction, and industrial employers offering comparable or higher wages. Any significant deterioration in labour availability in safety-critical roles could increase the risk of operational incidents, service disruptions, or regulatory non-compliance.

The vast majority of the Group's employees are members of the Public Association of Railway Workers and Employees Trade Union (the "**Trade Union**"), with which the Group had entered into a total of 12 collective bargaining agreements. The collective bargaining agreements with the Trade Union provide the Trade Union with a range of methods by which it could seek

to influence the activity of the Group, as well as the Group's implementation of the Development Strategy. These methods include, among others, notification or coordination procedures or the requirement for Trade Union approval in respect of certain employee terminations, notification or co-ordination procedures in respect of employee wage matters, notification of the Group's intention to eliminate structural subdivisions of the Group, including eliminations that may be necessary to implement the Development Strategy, and the institution of employee strikes or commencement of judicial proceedings. The process of extending and concluding new collective agreements has historically been conducted in an orderly manner, and any changes to the organisational structure or working conditions are implemented in accordance with the agreements reached and applicable legislative requirements. There can be no assurance, however, that any collective bargaining agreements will be concluded in respect of any future period on materially the same terms as the existing agreements, in a timely fashion or at all. An inability to reduce or restructure its workforce (whether in connection with the Development Strategy or otherwise) without violating the terms of the collective bargaining agreements with the Trade Union (or the incurrence of additional costs in order to comply with the terms of such agreements), or a deterioration in relations with the Trade Union (including labour disputes, work stoppages and labour strikes), could disrupt the Group's business operations and have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

As at 31 December 2024 and 2025, the Group had employee benefit obligations of KZT 48,703 million and KZT 49,194 million, respectively. Under the collective bargaining agreements agreed with the Trade Union, the Group provides, under an unfunded scheme, a one-time retirement grant or payment upon early termination of the employment contract (subject to compliance with the Early Retirement Programme), annual financial support to pension holders, financial support for six months to employees that take voluntary redundancy payments and other benefits. The Group's policy regarding these retirement benefits does not provide for the accumulation of assets to cover liabilities and employees are not required to make additional contributions. Changes in the interest rate environment, inflation, life expectancy and other factors may adversely affect the amount of the Group's employee benefit obligations and annual funding costs.

If the Group is unable to attract and retain qualified employees, or is required to incur significantly higher employment cost to do so, or if any deterioration in relation with the Trade Union leads to labour disputes, work stoppages or strikes, the Group's operations could be disrupted. The Group's talent constraints, collective bargaining obligations, wage pressures and unfunded pension liabilities could increase operating costs and adversely affect its ability to execute its growth strategy.

The Group's operations depend on obtaining and maintaining licences and permits necessary for the operation of its business.

The Group conducts its business operations under various licences and permits that authorise it to carry out a full range of railway-related business activities, such as the transport of hazardous materials and the performance of expert works and engineering services, including planning, surveying, building and installation services. As a result, the Group's activities are dependent upon the grant, renewal and/or continuance in force of these licences and permits, which in certain circumstances may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances, such as non-compliance with applicable laws and occupational safety requirements. Such licences and permits might not be granted, renewed or continue in force or they may be renewed on unfavourable terms.

The Group is exposed to operational safety and accident risks inherent in railway operations.

As a national railway operator carrying both freight and passengers, the Group is inherently exposed to operational safety risks including derailments, collisions, equipment failures, hazardous cargo leakage or spillage, and passenger or employee injuries or fatalities. The Group experiences minor derailments from time to time, often due to technical faults in rolling stock, which occasionally result in damage to the rail track or cargo spillages, particularly oil spills that can cause environmental damage in the area proximate to the derailment. Any significant safety incident could result in environmental damage, regulatory investigation by relevant government authorities, compensation claims from affected parties, service suspensions on affected sections of the network and reputational harm. The Group operates an extensive network of approximately 16,000 km of operational rail tracks and transports hazardous materials, including oil and petroleum products. The aging condition of the Group's infrastructure and rolling stock may increase the frequency or severity of the incidents. There can be no assurance that the Group's safety management systems, training programmes and preventive maintenance will be sufficient to prevent all safety incidents. Any such incident could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is required to comply with commitments arising from Kazakhstan's participation in multilateral and bilateral international treaties and in international organisations.

The Group is subject to Kazakhstan foreign policy relating to arrangements in the railway industry. For example, the Group's operations are, and will continue to be, subject to the Customs Union and the EEU among Kazakhstan, Armenia, Belarus, Russia and the Kyrgyz Republic. As part of the Single Economic Space, the unification of tariffs covering freight tariffs for domestic, export and import routes within each member country was agreed, with rail transportation operators permitted to adjust tariff levels in accordance with the national laws of the relevant EEU member state. In addition, the EEU Treaty establishes requirements pursuant to which EEU member states apply unified tariffs to the transit shipment of goods originating from other EEU member states. In 2014, the EEU Treaty was signed and introduced freedom of movement of goods, services and labour. It also introduced co-ordinated or unified policy in key sectors of the economy, including transport, technical, and customs regulation. In 2017, the member states of the EEU approved a customs code providing for the full transition to electronic customs declarations, a reduction in the time required for customs clearance of transit goods from one working day to four hours and a 50% reduction in the time permitted for customs authority inspections from ten days to five days.

Failure by the Group to adapt its operations to these or further rules or regional integration supported by the EEU or similar future organisations, or acceptance by Kazakhstan of any international commitments that are not in accordance with the interests of the Group, could make it difficult for the Group to compete effectively with regional railway companies or enjoy the benefits that the EEU and similar organisations may bring to its member states. If the Group is unable to compete effectively as a result of these or other factors, it could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

The Group's business is dependent on economic conditions in the countries bordering Kazakhstan and maintaining good relations with neighbouring countries to have open access to international commodities markets.

The Group's business is dependent on exports of products from, and imports of products into, Kazakhstan. The volumes of such shipments vary based on economic conditions in

Kazakhstan and the countries bordering Kazakhstan, as well as the demand for commodities and other products produced in Kazakhstan. Accordingly, economic conditions in those countries have an impact on demand for the Group's transportation services. Moreover, the Group's continued efforts to expand its logistics and transhipment services will make it increasingly dependent on economic conditions in other countries. Regional economies, in particular the Russian and Belarusian economies, have been negatively impacted by the conflict commenced by Russia in Ukraine and the consequent sanctions imposed on Russia and Belarus and certain Russian and Belarusian entities and persons. Currently, due to ongoing geopolitical uncertainty around Russia and Ukraine, the potential for further sanctions applicable to Russia and Belarus and Russian and Belarusian entities, as well as a lack of certainty as regards the ability of Russia and Belarus to mitigate the adverse effects on their economy and macroeconomic indicators, the Group is unable to quantify the expected impact on the economy of Kazakhstan and, in turn, on the Group's business, prospects, financial condition, cash flows or results of operations. Additional disruption to the economies of countries bordering Kazakhstan may be occasioned by the ongoing geopolitical tensions and military conflict in the Middle East. Should economic conditions in such countries be substantially impaired, in particular for a prolonged duration, it may have a material adverse effect on the Group's exports, imports and transit transportation operations and the ability to offer logistics services to the Group's customers in these countries. The Group has been, continues to be and has future plans to be, involved in cooperation with foreign and international partners. Any failure to create or maintain relationships with such partners could have a material adverse effect on the Group's ability to fulfil its strategic aims and, in turn, on the Group's business, prospects, financial condition, cash flows or results of operations.

As a result of the role assigned to the Group in Government economic programmes and initiatives from neighbouring countries, the Group is at the forefront of Kazakhstan's intention to be a large transit player on the trade route between China and the EU. The Group believes that it has benefited from and will continue to benefit from Chinese government initiatives, such as the development of the XUAR adjacent to the Kazakhstan-China border. See "Business Overview – Key Strengths – Strategic Eurasian corridor gateway with integrated rail, port, dry port and logistics assets" in this Document for further details. However, the Group is exposed to risks associated with shifts in trade flows and geopolitical dynamics, as evidenced by the decline in transit freight traffic between China and the EU through Kazakhstan from 662,164 TEUs in 2021 to 457,608 TEUs in 2025 (31% volume decline since 2021). China-Europe-China container traffic also fell by 21% year on year, while traffic on the China-Russia-China route rose by 7%. Any sustained decline in transit volumes, further diversion of trade flows to competing corridors, or deterioration in the geopolitical or trade relations among Kazakhstan in its neighbouring countries could adversely affect the Group's business, prospects, financial condition, cash flows or results of operations.

In addition to directional volume shifts, the Group's operations may be adversely affected by structural imbalances in Eurasian trade flows. Freight movements from East to West – principally from China towards Europe and Central Asia – have historically been significantly higher in volume than return freight movements from West to East. This directional skew may result in elevated volumes of empty or partially loaded freight cars, containers and other assets being repositioned on backhaul routes, leading to lower network utilisation and increased repositioning costs. Growth in transit volumes, combined with persistent imbalances, could result in higher per-unit transportation costs, limiting the Group's ability to optimise operations and improve profitability, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's cross-border transportation operations are subject to operational risks, including reliance on border capacity and coordination with foreign railway administrations.

The Group's freight and transit operations depend on cross-border transportation through multiple international border crossings, including key stations at the China and Russia borders. These operations require coordination with foreign railway administrations, reliance on border station capacity, customs clearance processes, technical interfaces between different railway systems, terminal capacity, port access, data exchange and payment or settlement arrangements. Delays or disruptions at border stations, ports or neighbouring railway networks, whether caused by infrastructure constraints, regulatory changes, customs processing backlogs or coordination failure with foreign railway administration, may adversely affect transit volumes, delivery times and customer relationships. Any sustained disruption to the Group's cross-border transportation operations could have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

Each of the Group and the railway industry in Kazakhstan has undergone and is continuing to undergo restructuring, which will require the Group to adapt and will likely result in a more competitive environment.

The Government has been actively reforming the railway industry in Kazakhstan since 1997. As the national transport and logistics operator, the Group implements Government initiatives and programmes aimed at developing the transport and logistics sector in Kazakhstan. Under the Development Strategy, the Company's vision is to be a leading transport operator providing efficient, safe, socially responsible and environmentally sustainable freight and passenger transportation services, supported by modern management practices, digital technologies and an enhanced customer focus. The Development Strategy sets out the Company's long-term objectives, including improving the efficiency of railway transportation, developing transit potential, increasing customer satisfaction, expanding the digitalisation of operations, embedding ESG principles across the business and ensuring the safety of train traffic.

Reforms of the railway industry and transportation and logistics sector in Kazakhstan, together with implementation of the Development Strategy, will require further significant changes to the structure of the Group, including the transfer or contribution of assets among members of the Group in furtherance of the reorganisation of operations and functional responsibilities, the implementation of cost efficiency measures, and privatisation of certain business lines or operations, which may incur significant costs.

If the Group is not able to implement these restructuring measures or adapt to new circumstances that result from reforms in the railway industry and transportation and logistics sector or the implementation of the Development Strategy, it may result in disruptions to and difficulties in the Group's operations and increases in operating expenses, any of which could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

In addition, the timing of the implementation of the Development Strategy, as well as the Group's ability to implement the Development Strategy successfully, are subject to a number of other factors beyond the control of the Group, including the Group's ability to take actions that require the involvement or approval of the Government or the consent of certain of the Group's creditors and geopolitical developments such as the conflicts in Ukraine and the Middle East. Failure to obtain any such approvals or consents could delay or otherwise hinder the Group's ability to restructure its business and, consequently, its ability to run its business and compete effectively.

In addition, it is possible that the Group may find it necessary to alter the services that it offers in response to developments that come about as a result of the significant changes that are expected to take place within Kazakhstan's railway industry and transportation and logistics sector as a result of the more competitive environment.

The Group may not be successful in implementing its strategic aims.

The Group plays a key role in the implementation of key Government projects and such role has been reaffirmed by recent initiatives. The Company is taking a number of measures to:

- develop infrastructure in line with the targets and reforms set out in the Infrastructure Development Programme and the National Plan;
- continue to develop its framework of strategic alliances with partners in the main transport corridors to, inter alia, increase service levels, develop competitive end-to-end tariff rates and increase the speed of cargo delivery;
- pursue reform of the regulated tariff system with a view to achieving cost-effective tariff levels and transitioning to a new tariff policy designed to enhance transportation efficiency;
- conduct marketing initiatives to attract new cargo flows; and
- work with Government agencies to reduce administrative barriers to transit activities and improve transit-related logistics.

A number of targets are also set out in the Group's Development Strategy and other Government programmes. The Group might not be successful in fulfilling these projects or strategic aims and the cost of implementing such strategic aims might be significant and might not be in line with the Group's current projections.

RISKS RELATING TO CONDUCTING BUSINESS IN KAZAKHSTAN

Emerging markets are generally subject to greater risk than more developed markets and actual and perceived risks associated with investing in emerging economies could dampen foreign investment in Kazakhstan.

The Kazakhstan market, being an emerging market, is subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks.

Disruptions in the international capital markets and changing regulatory environments can lead to reduced liquidity and increased credit risk premiums for certain market participants and result in a reduction of available financing. Countries located in emerging markets may be particularly susceptible to these disruptions and changes and also to reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty.

In addition, the availability of credit to emerging markets is significantly influenced by levels of investor confidence in such markets as a whole. Accordingly, any factors that impact market confidence, such as a decrease in credit ratings or state or central bank intervention in a particular market, could affect the price or availability of funding for these markets, which could, in turn, have an impact on the wider economies of such markets.

Fluctuations in the global economy or an increase in the perceived risks associated with investing in countries located in emerging markets generally could reduce foreign investment in Kazakhstan and, as a result, have an adverse effect on the economy of Kazakhstan. If foreign investment in the economy of Kazakhstan decreases, there may be liquidity constraints, limiting the availability of capital for businesses and potentially slowing Kazakhstan's economic growth. The economy of Kazakhstan may be affected by developments in the economies of other countries located in emerging markets.

Financial unrest or instability experienced in one or more countries located in emerging markets, especially countries in the CIS, around the Caspian Sea, or in Central Asia (some of which have recently experienced significant political instability, including terrorism and internal unrest), could have a negative impact on the economy of Kazakhstan and a material adverse effect on the **[REDACTED]**.

Kazakhstan's economic growth and sovereign credit ratings are subject to deterioration, which could materially and adversely affect the Group's business, financial condition and prospects.

Kazakhstan's economy has shown moderate growth in recent years following a contraction of 2.5% in 2020. According to official statistics, real GDP grew by 5.1% in 2023, 5.0% in 2024 and 6.5% in 2025. However, there can be no assurance that this level of economic growth will continue.

Kazakhstan currently maintains investment-grade sovereign credit ratings of "BBB-" (stable) by S&P Global, "BBB" (stable) by Fitch Ratings and "Baa1" (stable) by Moody's. Any future downgrade of Kazakhstan's sovereign credit rating or a revision of the outlook to negative could lead to a corresponding downgrade of the Company's credit rating and the availability and pricing of financing for the Group.

A slowdown in economic growth, combined with any deterioration in Kazakhstan's sovereign credit ratings or liquidity challenges in the local economy, could materially and adversely affect the country's economic development, which in turn could have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows.

The Group is dependent on the political, economic and geopolitical climate in Kazakhstan.

A majority of the Group's assets and operations are located in Kazakhstan. As a result of this geographic concentration, the Group is particularly sensitive to any change in the political environment in Kazakhstan as well as any weakness in the economy, including specifically the local oil and gas markets.

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of Government-owned enterprises and deregulation and it is more advanced in this respect than some other countries of the former Soviet Union. However, as with any transitioning economy, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims.

Kazakhstan has also experienced periods of political unrest that have had, and could continue to have, a negative impact on its economy. For example, in January 2022, protests triggered by rising fuel prices escalated into widespread unrest, particularly in Almaty and the southern regions. The Government declared a state of emergency, imposed restrictions on communication and transportation, and financial institutions limited their operations. The state of emergency was lifted on 19 January 2022, but internet access remained limited, disrupting online transactions and financial services. Kazakhstan's political landscape continues to evolve following the events of January 2022 and subsequent reforms.

On 15 March 2026, Kazakhstan approved a new constitution following a national referendum, introducing sweeping institutional reforms, including the replacement of the bicameral parliament with a unicameral Kurultai, the recreation of the office of vice president and the expansion of presidential authority over key state appointments. The constitutional reforms also revise provisions relating to civil rights and freedom of expression, and may tighten regulatory requirements around public order and speech.

Ongoing political developments, constitutional changes and any associated uncertainty could materially affect Kazakhstan's financial and economic stability, which in turn could have a negative impact on the Group's business, financial condition, results of operations and prospects.

Kazakhstan depends on neighbouring states to access world markets for a number of its major exports, including oil and natural gas. Thus, Kazakhstan is dependent upon good relations with its neighbours to ensure its ability to export. Should access to these export routes be materially impaired, this could adversely impact the economy of Kazakhstan. Moreover, adverse economic factors in regional markets may adversely impact Kazakhstan's economy, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Additionally, any disruption of oil and gas production, transportation or refining in Kazakhstan for any reason, including as a result of terrorism, natural disaster, industrial accident, public health threats and global pandemics or change in national government policy, could have a material adverse effect on the Group's business, financial condition or results of operations.

In addition, the Company's subsidiaries, joint ventures and associates are in many regions of Kazakhstan, the largest employers in the cities in which they operate. While the Group does not have any specific legal obligation or responsibilities with respect to these regions, its ability to reduce the number of its employees may nevertheless be subject to political and social considerations. Any inability to reduce the number of employees or make other changes to the Group's operations in such regions could have a material adverse effect on the Group's ability to respond to changes in its operating environment and its business, prospects, financial condition, cash flows or results of operations.

Changes in trade policy, customs rules or trade relations may adversely affect the Group's freight volumes and revenues.

The Group's freight volumes are closely linked to commodity exports, imports and transit flows through Kazakhstan. Changes in trade policy, customs rules, tariffs, quotas, export or import restrictions, sanctions, counter-sanctions, border measures or trade relations involving Kazakhstan, China, Russia, the EU, Central Asia and other key markets may reduce cargo volumes. Kazakhstan's strategic position as a transit corridor between China and Europe means that shifts in bilateral trade flows, the imposition of new trade barriers, or changes to multinational trade agreements could have a direct and material impact on the Group's transit freight volumes and revenue. Any adverse changes in trade policy affecting the Group's key trade corridors could have a material effect on the Group's business, financial condition, results of operations and prospects.

Devaluations of the Tenge or the adoption of a new currency exchange policy could have an adverse impact on the Group and Kazakhstan's public finances and economy.

Although the Tenge is convertible for current account transactions, it is not a fully convertible currency for capital account transactions outside Kazakhstan. The Tenge has historically been subject to significant volatility, including as a result of changes in monetary and exchange rate policy, external macroeconomic conditions, regional geopolitical developments and fluctuations in global commodity and financial markets.

While Kazakhstan generally maintains a liberal foreign exchange regime, currency operations are regulated by the Law of the Republic of Kazakhstan No. 167-VI dated 2 July 2018 "On Currency Regulation and Currency Control" (as amended) and related regulations. Certain cross-border transactions are subject to registration, notification, reporting and monitoring requirements, and authorised banks are required to conduct foreign exchange

compliance procedures in respect of such transactions. In addition, Kazakhstan legislation permits the introduction of special currency regulation measures in circumstances that may threaten the country's economic security, financial stability or balance of payments position. Such measures could include restrictions or additional requirements relating to foreign currency transactions, cross-border transfers, the use of foreign currency accounts or the repatriation of funds.

Any devaluation or depreciation of the Tenge against the U.S. dollar or other major foreign currencies, or any material change in Kazakhstan's currency exchange policy, could adversely affect Kazakhstan's economy and public finances, including by contributing to inflationary pressures, increasing the cost of foreign currency funding, reducing access to capital and creating uncertainty regarding economic growth. These factors could, in turn, have an adverse impact on the Group's business, financial condition, cash flows, results of operations and prospects. In addition, any shortage of U.S. dollars or other foreign currencies in Kazakhstan, or any restrictions affecting the availability or transferability of foreign currency, could adversely affect the Group's ability to access foreign currency funding or service foreign currency-denominated obligations. See "Risks Relating to Its Business and Industry – The Group is subject to foreign currency exchange rate risk, which the Group has a limited ability to manage" in this section for further details regarding the Group's foreign currency exposures, historical foreign exchange losses, foreign currency-denominated borrowings and hedging arrangements.

Sustained periods of high inflation could adversely affect the Group's business.

The Group's operations are located principally in Kazakhstan and a majority of the Group's costs are incurred in Kazakhstan. Since the majority of the Group's expenses are denominated in Tenge, inflationary pressures in Kazakhstan are a significant factor affecting the Group's expenses. For example, employee and contractor wages, consumable prices and energy costs have been, and are likely to continue to be, particularly sensitive to monetary inflation in Kazakhstan.

While annual inflation has shown signs of gradual moderation in the first half of 2026 (10.4% in May 2026, compared to an average of 11.4% in 2025) inflationary pressures remain elevated. Any future acceleration of inflation could raise the Group's operating costs, which in turn could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan's physical infrastructure requires continued investment and modernisation.

Kazakhstan's physical infrastructure, much of which dates back to the late 1980s, requires continued investment and modernisation. Significant portions of the country's rail and road networks, power generation and transmission systems, pipelines and communication systems have not received adequate funding and maintenance since independence. There can be no assurance that sufficient budget revenues will be dedicated to improving the country's physical infrastructure at the pace required. Delays or shortfalls in the rehabilitation of Kazakhstan's physical infrastructure may constrain the national economy, affect the transportation of goods and supplies, increase the costs of doing business in Kazakhstan, and may interrupt business operations, any of which could have a material adverse effect on the Company's business, prospects, financial condition, cash flows, and results of operations.

The outcome of the implementation of further market based economic reforms is uncertain.

The need for substantial investment in many enterprises has driven the Government's privatisation plans. There remains a need for substantial investment in many sectors of Kazakhstan's economy and there are areas in which economic performance in the private sector

is still constrained by an inadequate business infrastructure. Furthermore, the significant size of the shadow economy (or black market) in Kazakhstan may adversely affect the implementation of reforms and hamper the efficient collection of taxes. The Government has stated that it intends to address these problems by improving the business infrastructure and tax administration and by continuing the privatisation process. However, there can be no assurance that these measures will be effective and any failure to implement them may have a material adverse effect on the Company's business, prospects, financial condition, cash flows, and results of operations.

Global supply chain disruptions may adversely affect the Group's operations.

The Group's operations depend on the timely delivery of spare parts, materials, equipment and services from third-party suppliers and manufacturers. Global supply chain disruptions, whether arising from geopolitical developments, trade restrictions, logistics bottlenecks, contagious disease pandemics or other causes, may result in shortages, delayed deliveries, increased costs or reduced availability of critical inputs. Although the Group has not experienced significant supply chain disruptions to date and currently maintains sufficient spare parts and materials, any sustained disruption in deliveries from third-party suppliers, manufacturers or service providers could result in unscheduled operational downtime, maintenance delays, deferral or reduction of revenues and increased costs, which could materially adversely affect the Group's profitability.

The Group sources certain equipment, components and materials from international suppliers, and any trade restrictions, export controls, sanctions or logistical constraints affecting these supply chains could limit the Group's ability to procure necessary inputs on commercially acceptable terms or at all. In addition, capacity constraints or production disruptions at key suppliers, or the insolvency or operational failure of a critical supplier, could adversely affect the Group's ability to maintain its rolling stock fleet, conduct necessary maintenance, or complete capital projects on schedule. Any of the foregoing could have an adverse effect on the Group's operations, financial condition and results of operations.

Kazakhstan's legislative and regulatory framework is evolving.

Whilst a large volume of legislation was enacted during the past several decades, the legal framework in Kazakhstan is still evolving and subject to periodic changes in comparison to countries with more established market legal frameworks. The development of Kazakhstan's regulations may result in the reduced predictability of its regulatory landscape, accompanied by inconsistent interpretations due to the lack of court precedents or guidance from the regulators. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Any amendment or change in the interpretation of current rules and regulations as well as any adoption of new rules and regulations could require the Group to alter business operations or strategy or reduce the profitability of the Group's current business. Any of these factors could be significant and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Company may have difficulties in obtaining effective redress in court proceedings.

The independence of the Kazakhstan judicial system is not immune from social, economic and political influences. See "Risks Relating to Conducting Business in Kazakhstan – Kazakhstan's legislative and regulatory framework is evolving" in this section for further details. All of these shortcomings may affect the ability of the Company to obtain effective legal redress in Kazakhstan courts. These uncertainties make judicial decisions in Kazakhstan difficult to predict and effective redress uncertain for the Group.

The State is not a party to any multilateral or bilateral treaties with the UK or the US (or indeed most Western jurisdictions) for the mutual enforcement of court judgments. Whilst

Kazakhstan law provides for enforcement of foreign court awards on the basis of reciprocity, there is no guidance or practice on this matter and currently it is uncertain whether or not Kazakhstan courts will enforce decisions from foreign courts on such a basis. The procedures applied by the relevant Kazakhstan officials may not be entirely consistent with the legislation relating to procedure or with court rules. This could delay enforcement procedures in the State, particularly if enforcement is sought to be made in courts outside the principal commercial centres such as Almaty and Astana. These uncertainties make judicial decisions in Kazakhstan difficult to predict and effective redress for the Group uncertain and could have a material adverse effect on the price of the **[REDACTED]**.

In addition, substantially all of the Company's assets are located in Kazakhstan, and the majority of the Company's directors and officers are resident in Kazakhstan and hold their personal assets in Kazakhstan. As a result, holders of the **[REDACTED]** in Hong Kong, the United Kingdom, or other jurisdictions may face significant practical difficulties in bringing proceedings against, or enforcing foreign court judgments against, the Company, its directors, or its officers. There can be no assurance that holders of the **[REDACTED]** will be able to obtain effective redress.

Kazakhstan's taxation system is subject to frequent change.

Historically, the tax system in Kazakhstan has often undergone changes, which sometimes occurred in a short time and included changes to the regulations establishing the rules of tax administration, as well as other provisions such as the definition of the tax base and tax rate.

The new Tax Code which took effect on 1 January 2026 introduced a number of important changes, including an increase of the VAT rate from 12% to 16% (with reduced rates applicable to specific industries).

Due to the ambiguity of certain provisions in Kazakhstan's tax legislation, the complexity of tax matters, and inconsistent practices among tax authorities and courts, taxpayers and authorities may interpret the same provisions in a different way. During consideration of tax disputes, the tax authorities and courts often issue decisions in favour of the Government. Therefore, taxation in Kazakhstan is often unclear or inconsistent, and may result in unexpected tax assessments and liabilities that could lead to a material adverse effect on, inter alia, the Company's business, financial condition, results of operations or prospects.

There are perceived risks of corruption and business environment weaknesses in Kazakhstan.

As in many other emerging market jurisdictions, the incidence and perception of elevated levels of corruption remains a significant issue in Kazakhstan, although the climate has improved in this respect in recent years.

Kazakhstan was given a score of 38 in the Transparency International's 2025 Corruption Perceptions Index (with 1 being the most corrupt score and 100 being the least corrupt) and a score of 40 in the 2024 Index. Kazakhstan's business climate and competitive indicators are also negatively affected by the need for reform in investor protection arrangements, the cost of establishing a business, the tax system, resolving insolvency and contract enforcement.

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Kazakhstan, could have a material adverse effect upon Kazakhstan's ability to attract foreign investment, which could, in turn, have a material adverse effect on Kazakhstan's economy.

In March 2022, the National Anti-Corruption Bureau launched a criminal investigation in accordance with Article 361 "Abuse of office" of the Criminal Code of the Republic of Kazakhstan in connection with contracts for the supply of electricity concluded by entities

within the Samruk-Kazyna group. Initially, the investigation was directed at individual officials of Samruk-Kazyna, Samruk-Energy JSC and the Company, as well as branches of the Directorate of the Backbone Network. Based on the information available to the Company, the investigation was initiated by governmental authorities and was subsequently redirected to the appropriate electricity supply company. Any such events may have a material negative impact on the Group's operations, reputation, financial condition, cash flows or results of operations. Such investigation was dismissed on 31 October 2024, the Company was not a party to the investigation and was not recognized as an injured party.

There can be no assurance that the Company or its subsidiaries will not be (re)implicated in the investigation at a later stage, that claims will not be (re)asserted against them, or that the investigation will not otherwise have adverse consequences. Any such developments could have a material adverse effect on the Group's business, reputation, financial condition, cash flows or results of operations.

The Group cannot ensure the accuracy of official statistics and other data in this Document published by Kazakhstan authorities.

Official statistics and other data published by Government authorities may not be as complete or reliable as those of more developed countries. Official statistics and other data may also be produced on different bases from those used in other countries. Neither the Company, the Group, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]** nor their respective affiliates or advisors or any other parties involved in the **[REDACTED]** have independently verified such official statistics and other data and any discussion of matters relating to Kazakhstan in this Document is, therefore, subject to uncertainty due to questions regarding the completeness or reliability of such information. Specifically, **[REDACTED]** should be aware that certain statistical information and other data contained in this Document has been extracted from official Government sources and was not prepared in connection with the preparation of this Document.

In addition, certain information contained in this Document is based on the knowledge and research of the Group's management using information obtained from non-official sources. The Group has accurately reproduced such information and, so far as the Group is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective **[REDACTED]** are advised to consider this data with caution in light of the aforementioned considerations.

RISKS RELATING TO THE [REDACTED], THE [REDACTED] AND THE TRADING MARKET

The Group's actual or perceived exposure to Russia and Belarus may restrict certain [REDACTED] from acquiring or holding the [REDACTED].

As a result of the conflict and the Group's actual or perceived exposure to Russia and Belarus, certain **[REDACTED]** in the United States, EU, UK and other jurisdictions may be required, by operation of law, regulation or internal investment policies, to divest their holdings of **[REDACTED]** or may be restricted from acquiring or holding securities of issuers such as the Company with actual or perceived exposure to sanctioned jurisdictions or counterparties. If any member of the Group were to become subject to sanctions in the future, certain **[REDACTED]** may likewise be required or may elect to divest their holdings of **[REDACTED]** or may be prohibited or restricted from acquiring or holding such securities. Such divestments or investment restrictions may reduce the pool of potential **[REDACTED]**, adversely affect the liquidity of **[REDACTED]** and negatively impact the market price of the **[REDACTED]**, irrespective of the Group's compliance with applicable sanctions. Such divestments, investment

restrictions, or adverse shifts in investor sentiment may reduce the pool of potential **[REDACTED]**, adversely affect the liquidity of **[REDACTED]**, negatively impact investor confidence, and depress the market price of the **[REDACTED]**, irrespective of the Group's underlying financial or operational performance.

An active trading market for the [REDACTED] may not develop.

Prior to the **[REDACTED]**, there was no public market for the **[REDACTED]**. There is no guarantee that an active trading market for the **[REDACTED]** will develop and continue after the **[REDACTED]** and the **[REDACTED]**, respectively. If an active trading market for the **[REDACTED]** does not develop, it could have a material adverse effect on the liquidity and the market price of the **[REDACTED]** and **[REDACTED]** may not be able to sell the **[REDACTED]** they purchased in the **[REDACTED]** at or above the **[REDACTED]** or at all. The market price of the **[REDACTED]** may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**. As a result, **[REDACTED]** who purchase the **[REDACTED]** in the **[REDACTED]** could lose all or part of their investment in the **[REDACTED]**. The **[REDACTED]** has been determined after consultation with the Group, and may not be indicative of the market price of the **[REDACTED]** after the **[REDACTED]**. In addition, the trading price of the **[REDACTED]** may also be subject to significant volatility in response to, among other things, the following factors: (i) changes in analysis and recommendations of securities analysts; (ii) announcements made by the Group or its competitors; (iii) changes in **[REDACTED]** perceptions of the Group; (iv) the macro investment environment; (v) changes in the Group's competitors' share prices; (vi) changes in the liquidity of the markets for the **[REDACTED]**; and (vii) general economic or political factors.

Underdeveloped securities market in Kazakhstan.

The Company is currently seeking a **[REDACTED]**. Kazakhstan has a less developed securities market than the United States, Asia, the United Kingdom and other Western European countries, which may hinder the development of a liquid and balanced market in the **[REDACTED]** in Kazakhstan. An organised securities market was established in Kazakhstan only in the mid-to-late 1990s and procedures for settlement, clearing and registration of securities transactions may, therefore, be subject to legal uncertainties, technical difficulties and delays. Although significant developments have occurred in recent years, including an initiative to develop Astana as an international financial centre, the sophisticated legal and regulatory frameworks necessary for the efficient functioning of modern capital markets have yet to be fully developed in Kazakhstan. There can be no assurance that the AIX will attract a sufficient number of market participants and issuers to ensure acceptable trading volumes in the foreseeable future or at all. Market participants, issuers and other involved parties may occasionally experience technical difficulties with various aspects of AIX's operations, such as quotation and trading information and settlement. In his annual address on 1 September 2023, President Kassym-Jomart Tokayev announced an instruction to consider the potential integration of the AIX and KASE, with a view to placing the two exchanges under single management and increasing the capacity and liquidity of the market in Kazakhstan. As at the date of this Document, the form and likelihood of integration is unclear. If conducted on terms or in a way that is unfavourable to **[REDACTED]** or issuers, the integration may negatively impact the liquidity, pricing and/or the ability to **[REDACTED]** on the AIX. The limited operational history of the AIX, the aforesaid related issues and the potential disruption of an integration may negatively impact the liquidity and pricing of, and the ability to trade at all, the **[REDACTED]** in Kazakhstan.

In particular, legal protections against market manipulation and insider trading are not as well developed or as strictly enforced in Kazakhstan as they are in the U.S., Asia, the United Kingdom and other Western European countries, and existing laws and regulations may be applied inconsistently. In addition, less information relating to Kazakhstan-based entities may be

publicly available to **[REDACTED]** in such entities than is available to **[REDACTED]** in entities organised in the U.S., Asia, the United Kingdom and other Western European countries. The above-mentioned factors may impair foreign investment in Kazakhstan and hinder the development of a liquid and balanced market in the Securities in Kazakhstan.

Issuance and sales of additional [REDACTED] following the [REDACTED] may result in a decline in the price of the [REDACTED].

Sales of a substantial number of the Company's **[REDACTED]** in the public market, or the perception that such sales may occur in the future, could adversely affect the market price of the Company's **[REDACTED]** or the Company's ability to raise capital through a public offering of equity or equity-backed securities. Sales of large blocks of the Company's **[REDACTED]** by the Company's **[REDACTED]** in the future, sales of new Securities by the Company in the future, or the perception that such sales may occur in the future, could cause the Company's share price to decline and make it more difficult for the Company to raise capital. In addition, the sale or issuance of substantial numbers of **[REDACTED]** by the Company, or the market perception that such issuance or sale may occur, could materially and adversely affect the prevailing market price of the **[REDACTED]**.

The Company may elect not to pay dividends in the future.

To the extent that the Company declares and pays dividends on the Shares, owners of the **[REDACTED]** and **[REDACTED]** on the relevant record date will be entitled to receive dividends payable in respect of the Shares underlying the **[REDACTED]** and **[REDACTED]**, subject to the terms of the **[REDACTED]**. See "Financial Information – Dividends" in this Document for further details. Any future decision to declare and pay dividends will be subject to applicable law and commercial considerations (including without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions, the Group's future projects and plans and capital adequacy requirements and limitations). The Company can give no assurance that it will pay any dividends in the future. As a result, **[REDACTED]** of **[REDACTED]** may not receive any dividends on the **[REDACTED]**.

[REDACTED] are not Shareholders and must rely on the [REDACTED] to exercise on their behalf the rights that are otherwise available to the Shareholders.

[REDACTED] are not Shareholders and must rely on the **[REDACTED]** to exercise, on their behalf, the rights that are otherwise available to the Shareholders. They only have the contractual rights set forth for their benefit under the **[REDACTED]** that are substantially analogous to, but may be more restricted than the rights of the Shareholders. The rights of **[REDACTED]** of Shares in a company incorporated under the laws of Kazakhstan may differ in material respects from the rights available to shareholders of a company incorporated in Hong Kong or the United Kingdom. For example, thresholds for mandatory general offers, minority shareholder protections, and other corporate governance safeguards under Kazakhstan law may differ from those under the Listing Rules, the UK Takeovers Code, or the Companies Ordinance. **[REDACTED]** are therefore subject to the shareholder rights regime applicable under Kazakhstan law as well as the terms of the **[REDACTED]**, which may impose additional obligations or limitations not applicable to holders of securities in Hong Kong or UK-incorporated companies.

[REDACTED] are not permitted to vote at Shareholders' meetings in the capacity of **[REDACTED]** and they may only vote by providing instructions to the **[REDACTED]**. There is no guarantee that **[REDACTED]** will receive voting materials in time to instruct the **[REDACTED]** to vote and it is possible that **[REDACTED]**, or persons who hold their **[REDACTED]** through brokers, dealers or other third parties, will not have the opportunity to

exercise their right to vote, although the Company and the **[REDACTED]** will endeavour to make arrangements to ensure as far as practicable that all **[REDACTED]** will be able to vote. As the **[REDACTED]** or its nominee will be the registered owner of the **[REDACTED]**, **[REDACTED]** must rely on the **[REDACTED]** (or its nominee) to exercise the rights of a Shareholder on their behalf. In addition, **[REDACTED]** will also incur charges on any cash distribution made pursuant to the **[REDACTED]** and on transfers of certificated or direct registration of the **[REDACTED]**.

[REDACTED] who wish to convert their **[REDACTED]** into Shares must do so through the **[REDACTED]** in accordance with the procedures set out in the **[REDACTED]**. Such conversion may be subject to processing times, administrative procedures, and fees payable to the **[REDACTED]**, and there can be no assurance that conversion will be effected promptly. If a significant number of **[REDACTED]** elect to convert their holdings into Shares, the resulting reduction in the number of outstanding **[REDACTED]** could adversely affect the liquidity and trading volumes of the remaining **[REDACTED]** on the relevant exchange, which could in turn negatively affect the market price of the **[REDACTED]**.

[REDACTED] are dependent upon certain service providers for the safekeeping of the underlying Shares. Any failure, delay, insolvency, or operational disruption affecting any of these service providers could adversely affect **[REDACTED]** ability to exercise their rights, receive distributions, or convert or transfer their holdings. See "**[REDACTED]**" in this Document for further details.

[REDACTED] of [REDACTED] in certain jurisdictions may be unable to exercise their pre-emptive rights.

In order to raise funding in the future, the Company may issue additional Shares, including in the form of **[REDACTED]**. Holders of the **[REDACTED]** in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights unless the applicable securities law requirements in such jurisdiction (including in the United States) are adhered to or an exemption from such requirements is available. No assurance can be given that the Company will elect to comply with such applicable laws and regulations, or in the case of U.S. holders, that an exemption from the registration requirements of the U.S. Securities Act would be available to enable such U.S. holders to exercise such pre-emptive rights and, if such exemption were available, that the Company would take the steps necessary to enable U.S. holders of the **[REDACTED]** to rely on it. It is possible that, after having considered amongst other things the restrictions and requirements under applicable laws, rules and regulations, the percentage shareholding represented by holders of **[REDACTED]** and the administrative procedures required for the Company to make available such pre-emptive rights to holders of **[REDACTED]**, the Company may determine that it is not practicable in the circumstances for the Company to do so.

The Company will be concurrently subject to Hong Kong, the UK and Kazakhstan [REDACTED] and regulatory requirements, which may give rise to additional costs.

The Company plans to issue initially **[REDACTED]** in the **[REDACTED]** and the **[REDACTED]**, **[REDACTED]** in the **[REDACTED]**, **[REDACTED]** in the **[REDACTED]** and **[REDACTED]** in the **[REDACTED]**, which represents approximately **[REDACTED]**%, **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**%, respectively, of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). The Company will be subject to Hong Kong laws, rules and regulations (including but not limited to the Listing Rules, the Takeovers Code and Part XV of the SFO), the AIX or AIFC rules and regulations (including but not limited to the AIX Business Rules (which include AIX Market Disclosure Rules, AIX Markets Listing Rules, AIX Admissions and Disclosure Standards for Issuers, AIX Prospectus Rules) and AIFC Market Rules) and UK laws, rules and regulations. If any conflict between Hong Kong laws, rules and regulations, Kazakhstan or AIFC laws, rules and regulations and/or UK laws,

rules and regulations arises, the Company shall comply with the most restrictive and stringent rule. As such, the Company may incur additional costs and resources in complying with the requirements of Hong Kong, the UK and Kazakhstan or the AIFC.

Both Kazakhstan tax resident [REDACTED] and tax non-resident [REDACTED] may be subject to Kazakhstan income tax for capital gains or dividends derived from the [REDACTED], [REDACTED] and the [REDACTED], unless they are eligible for applicable tax exemptions.

According to the Tax Code, in the absence of tax exemptions, **[REDACTED]** who are Kazakhstan tax residents may be subject to Kazakhstan income tax on (i) capital gains derived from the transfer of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** and (ii) dividends received on the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**; and **[REDACTED]** who are Kazakhstan tax non-residents may be subject to income tax on capital gain derived from the transfer of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**.

The AIFC Constitutional Law grants the AIFC Exemption. Pursuant to the AIFC Exemption, individuals and legal entities, irrespective of their tax residency status, are exempt from Kazakhstan income tax on: (i) dividends (subject to, in respect of Kazakhstan tax resident individuals and tax non-residents, a trading criteria) received on; and (ii) capital gains derived from the transfer of securities listed on the AIX, until January 1, 2066. The aforementioned trading criteria, which were not included in the AIFC Constitutional Law or the AIFC Exemption as originally enacted, are only relevant for the taxation on dividends and not capital gains. Such trading criteria were introduced in 2023 to limit the applicability of exemptions related to dividends for companies that listed their shares but with no active trading by public (i.e., **[REDACTED]** merely for accessing the exemption), and were further amended retroactively to exclude resident legal entities. The trading criteria are published on the AIX website on a regular basis and the Kazakhstan tax resident individual **[REDACTED]** should monitor and assess the trading criteria for the tax periods in which they receive dividends to determine if such dividends are subject to tax. However, the trading criteria are not applicable to Kazakhstan tax non-resident **[REDACTED]** in practice as there is no Kazakhstan tax on dividends (paid by the Company) payable to and to be received by Kazakhstan tax non-resident **[REDACTED]**. As of the Latest Practicable Date, there had been reported failures by certain securities listed on the AIX to meet certain of the trading criteria, which means that the shares of these companies were not actively traded on the AIX.

The AIFC Exemption may become unavailable if it is abolished/modified or if the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** are delisted from the **[REDACTED]**. While the Company is pursuing the **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** on **[REDACTED]** and/or **[REDACTED]** and/or the **[REDACTED]**, the Company cannot assure you that it will obtain approval by **[REDACTED]** of the admission of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** to the Official List of the **[REDACTED]**. If the Company fails to **[REDACTED]** the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** on the **[REDACTED]**, or if the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** are later removed from the Official List of the **[REDACTED]**, **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** (including both Kazakhstan tax residents and Kazakhstan tax non-residents) will not be able to rely on the AIFC Exemption and may therefore be subject to Kazakhstan income tax on capital gains derived from the transfer of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** and/or dividends received on the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**, unless they are eligible for any other tax exemptions. Furthermore, if the **[REDACTED]** are **[REDACTED]** on the **[REDACTED]** (i.e., being included into the Official List of the **[REDACTED]** according to the Tax Code) only after they are **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]**, such time gap (i.e., the interval between (i) the **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]** on the **[REDACTED]** and (ii) publication of the "Notice of Admission to the Official List" on the **[REDACTED]**) would cause the **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** not to be able to rely on the AIFC Exemption until the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** are **[REDACTED]** on the **[REDACTED]**. The Company's advisor for the **[REDACTED]** had conducted consultations with the Head of Public Issuers of **[REDACTED]** (who at the time of the consultation held the role of the Public Issuers

Associate). The Head of Public Issuers typically (i) serves as theofficial-in-charge of the **[REDACTED]** procedures, reporting directly to the chief executive officer of the **[REDACTED]**, and (ii) acts as the authorised representative responsible for, among others, approving the **[REDACTED]** documents and **[REDACTED]** applications for the **[REDACTED]**. Based on the consultations with the Head of Public Issuers, the **[REDACTED]** is committed to providing the best assistance to ensure the timely publication of the Notice of Admission to the Official List on **[REDACTED]** website, tentatively before 6:00 a.m. ALMT (9:00 a.m. HKT) on the **[REDACTED]**, so as to facilitate the AIFC Exemption applying immediately upon the **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]** on the **[REDACTED]**, thereby facilitating **[REDACTED]** in the **[REDACTED]** in Hong Kong and the UK accessing such tax exemptions. However, there can be no guarantee that the **[REDACTED]** will so publish the Notice of Admission to the Official List on **[REDACTED]** website in such a timely manner, and therefore there can be no guarantee that **[REDACTED]** in the **[REDACTED]** in Hong Kong and the UK will be able to access the relevant tax exemption immediately upon the **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]** on the **[REDACTED]**.

While the Tax Code provides additional exemptions with respect to transactions with securities including those as set forth below, the availability of these exemptions is subject to additional conditions and criteria as further described in "Regulatory Overview – Exemptions under the AIFC Constitutional Law and the Tax Code," and the Company cannot assure you that those conditions and criteria would be satisfied. The tax exemptions included in the Tax Code are summarised below:

- Dividends received by Kazakhstan tax resident **[REDACTED]** (legal entities) from the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** will be exempt from the Tax under the general provisions of the Tax Code.
- Dividends received by Kazakhstan tax resident **[REDACTED]** (individuals) will be exempt from the Tax in the case where such **[REDACTED]** are **[REDACTED]** and trading on the **[REDACTED]** if the following trading criteria established by the Kazakhstani Government are met: (i) trading volume is at least KZT 25 million per calendar month and (ii) the number of transactions with securities is at least 50 transactions per calendar month. Dividends received by Kazakhstan tax non-resident **[REDACTED]** (both legal entities and individuals) are outside the scope of Kazakhstan taxation.
- Capital gains received by individual **[REDACTED]** (both Kazakhstan tax residents and non-residents) and Kazakhstan tax resident legal entity **[REDACTED]** from disposal of the **[REDACTED]** will be exempt from the tax if the sale of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** is contemplated by way of an open trade on the **[REDACTED]** provided that such **[REDACTED]** are included into Official List of the **[REDACTED]** as of the date of their sale, which is only available for the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** traded on the **[REDACTED]** and not available for the **[REDACTED]** traded on the **[REDACTED]** and the **[REDACTED]** traded on the **[REDACTED]**.
- Capital gains received by Kazakhstan tax non-resident legal entity **[REDACTED]** will be exempt from the tax if the sale of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** is contemplated by way of an open trade on the **[REDACTED]** or on the **[REDACTED]** or on the **[REDACTED]**, provided that the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** are included into the Official List of these stock exchanges as of the date of their sale.

There is no certainty as to the interpretation that may be taken by Kazakhstan tax authorities in relation to the applicability of any tax exemptions, including but not limited to the AIFC Exemption. There is no guarantee that the Kazakhstan tax authorities would interpret or enforce the provisions of the tax exemptions in the manner described above.

In the event that the AIFC Exemption is not available, there is currently no effective and comprehensive mechanism for **[REDACTED]** and the Company to assess, report and settle the

respective capital gain tax and dividend income tax obligation and the Company cannot estimate the potential maximum exposures of the **[REDACTED]**, the Company and the Directors if the AIFC Exemption becomes unavailable.

While the Tax Code provides certain open-trade exemptions as described in "Risks Relating to the **[REDACTED]**, the **[REDACTED]** and the Trading Market - Both Kazakhstan tax resident **[REDACTED]** and tax non-resident **[REDACTED]** may be subject to Kazakhstan income tax for capital gains or dividends derived from the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**, unless they are eligible for applicable tax exemptions" in this section above, there is no certainty as to the interpretation that may be taken by Kazakhstan tax authorities in relation to the applicability of such open-trade tax exemptions. There is no guarantee the Kazakhstan tax authorities would interpret or enforce the provisions of the open-trade tax exemptions in the manner described in the Tax Code. In the event that the open-trade exemptions are removed and the **[REDACTED]** are unable to enjoy any other tax exemptions, such **[REDACTED]** will be subject to the Tax (with a tax rate ranging 10% to 20% depending on their residency and status) in Kazakhstan in respect of the capital gains from the disposal of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**. However, given that the identities of those disposing and acquiring the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** for on-market trades may not be ascertained, it may be difficult for the affected **[REDACTED]** to fulfil their capital gain tax obligations properly and the potential maximum exposures of the **[REDACTED]** due to such non-fulfilment are difficult to predict.

There can be no assurance as to the accuracy of facts and other statistics with respect to certain information obtained from the KPMG Report contained in this Document.

Certain facts and statistics in this Document, including but not limited to information and statistics relating to the market size, ranking and trends, are based on the KPMG Report or are derived from various publicly available publications.

The Company cannot, however, guarantee the quality or reliability of such facts and statistics. Although the Company has taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced from such publications, including the KPMG Report, they have not been independently verified by the Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, nor the Company's or their respective affiliates or advisors or any other parties involved in the **[REDACTED]** (except KPMG themselves, respectively) and no representation is given as to its accuracy. The Company therefore makes no representation as to the accuracy of such facts and statistics which may not be consistent with other information complied by other sources and **[REDACTED]** should not place undue reliance on any facts and statistics derived from public sources or the KPMG Report contained in this Document.

The Company has been granted waiver from strict compliance with certain requirements of the Listing Rules by the Stock Exchange, however this waiver could be revoked, exposing the Company and the Shareholders to additional legal and compliance obligations.

The Company has applied for, and the Stock Exchange, [has] granted to the Company, certain waivers from strict compliance with the Listing Rules. Please refer to the section headed "Waivers and Exemptions" in this Document for further details. There is no assurance that the Stock Exchange will not revoke the waiver granted or impose certain conditions on the waiver. If the waiver was to be revoked or to be subject to certain conditions, the Company may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multi-jurisdictional compliance, all of which could adversely affect the Company and the Shareholders. Further, **[REDACTED]** of **[REDACTED]**, **[REDACTED]** and **[REDACTED]** will not have the rights, benefits and protections under the provisions of Hong Kong laws, rules and regulations and the Listing Rules in respect of which such waivers have been granted.

The Company strongly caution you not to place any reliance on any information contained in press articles or other media regarding the Company or the [REDACTED].

There may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding the Company and the **[REDACTED]**, which contain, among other things, certain financial information, projections, valuations and other forward-looking information about the Company and the **[REDACTED]**. The Company has not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about the Company. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, the Company disclaims responsibility for them. Accordingly, **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this Document only and should not rely on any other information.

You should rely solely upon the information contained in this Document and any formal announcements made by the Company in Hong Kong, the UK or Kazakhstan in making your **[REDACTED]** decision regarding the **[REDACTED]**. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the **[REDACTED]**, the **[REDACTED]** or the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, **[REDACTED]** should not rely on any such information, reports or publications in making their decisions as to whether to **[REDACTED]** in the Company. By applying to subscribe the **[REDACTED]** in the **[REDACTED]**, you will be deemed to have represented and agreed that you have not relied and will not rely on any information other than that contained in this Document.

In preparation for the **[REDACTED]**, the Company has sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The Company currently only has one executive Director, Mr. Talgat Aldybergenov, who is ordinarily resident in Kazakhstan.

Given that (i) the Group's core business operations are principally located, managed and conducted in Kazakhstan; (ii) its executive Director and most of its senior management team principally reside in Kazakhstan; and (iii) the management and operations of the Company have mainly been under the supervision of its executive Director and senior management, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operations, the Company considers that it would be more practical for its executive Director and most of its senior management to remain ordinarily resident in the places where the Group has substantial operations. For the above reasons, the Company does not have, and does not contemplate in the foreseeable future that it will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with Rule 8.12 of the Listing Rules. The Company will ensure that there is an effective channel of communication between the Company and the Stock Exchange by way of the following arrangements:

(a) the Company has appointed Mr. Talgat Aldybergenov, an executive Director, and Mr. Aldiyar Ashen, its joint company secretary, as its authorised representatives pursuant to Rule 3.05 of the Listing Rules. The Company's authorised representatives will act as the Company's principal channel of communication with the Stock Exchange. They will be readily contactable by phone, email, and/or facsimile to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. The Company will also inform the Stock Exchange promptly in respect of any change in its representatives;

(b) when the Stock Exchange wishes to contact the Company's Directors on any matter, the Company's authorised representatives will have all necessary means to contact all of the Company's Directors (including the Company's independent non-executive Directors) promptly at all times. The Company has provided the Stock Exchange with contact details of all Directors to facilitate communication with the Stock Exchange. Furthermore, to the best of the Company's knowledge and information, all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange; and

(c) the Company [has] appointed Somerley Capital Limited as its Compliance Advisor upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will have access at all times to the Company's authorised representatives, Directors and senior management, and will act as an additional channel of communication with the Stock Exchange when the Company's authorised representatives are not available.

COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

The Company was established in Kazakhstan, and primarily conducts business activities in Kazakhstan. All the Company's Directors and senior management who are familiar with its activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

The Company proposes to appoint Mr. Aldiyar Ashen and Ms. Chan Wing Yan (Vivian), as its joint company secretaries. Although Mr. Aldiyar Ashen does not possess the qualifications set out in Rule 3.28 of the Listing Rules, the Company would like to appoint him as a joint company secretary due to his experience in corporate governance matters and his familiarity with the Company's operations and management. For the biographical information of Mr. Aldiyar Ashen and Ms. Chan Wing Yan (Vivian), see "Directors, Senior Management and Corporate Governance – Joint Company Secretaries" in this Document.

Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Aldiyar Ashen as the Company's joint company secretary. Pursuant to Chapter 3.10 of the Guide, the waiver will be for a three-year period from the **[REDACTED]** (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience required under Rule 3.28 of the Listing Rules (the "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period, and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

The Company has appointed Ms. Chan Wing Yan (Vivian), a Qualified Person, as a joint company secretary to provide assistance to Mr. Aldiyar Ashen during the Waiver Period so as to enable Mr. Aldiyar Ashen to acquire the relevant experience as required under Note 2 to Rule

3.28 of the Listing Rules to duly discharge his duties. Given Ms. Chan Wing Yan (Vivian)'s professional qualifications and experience, she will be able to explain to both Mr. Aldiyar Ashen and the Company the relevant requirements under the Listing Rules. Ms. Chan Wing Yan (Vivian) will also assist Mr. Aldiyar Ashen in organizing Board meetings and Shareholders' meetings as well as other matters of the Company which are incidental to the duties of a company secretary. Ms. Chan Wing Yan (Vivian) is expected to work closely with Mr. Aldiyar Ashen, and will maintain regular contact with Mr. Aldiyar Ashen, the Company's Directors and senior management. In addition, Mr. Aldiyar Ashen will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the Waiver Period. Mr. Aldiyar Ashen will also be assisted by (i) the Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (ii) the Hong Kong legal adviser of the Company on matters concerning the Company's ongoing compliance with the Listing Rules and the applicable laws and regulations. The waiver will be revoked with immediate effect if Ms. Chan Wing Yan (Vivian) ceases to provide assistance to Mr. Aldiyar Ashen during the Waiver Period or there are material breaches of the Listing Rules by the Company. If Ms. Chan Wing Yan (Vivian) ceases to be a joint company secretary before the end of the Waiver Period, the Company will seek another waiver from the Stock Exchange in relation to appointing another Qualified Person as a replacement.

The Company will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Aldiyar Ashen, having had the benefit of Ms. Chan Wing Yan (Vivian)'s and, if applicable, another Qualified Person's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CANCELLATION OF [REDACTED] UPON REPURCHASE

Rule 19B.21 of the Listing Rules provides that if **[REDACTED]** are purchased by the listed issuer, the issuer shall surrender the purchased **[REDACTED]** to the **[REDACTED]**. The **[REDACTED]** shall then cancel the surrendered **[REDACTED]** and shall arrange for the shares which the surrendered **[REDACTED]** represent to be transferred to the issuer and such shares shall be cancelled by the issuer.

Under Kazakhstan law, a joint stock company may repurchase its own issued shares (treasury shares). Repurchase at the initiative of the company is made with the consent of the relevant shareholder, for the purpose of subsequent sale or for other purposes not contrary to Kazakhstan law and the company's charter (Article 26(1) of the JSC Law). Such repurchases are carried out upon the decision of the board of directors (unless otherwise provided in the JSC Law or the Company's charter) and, save for open-market purchases on a stock exchange, must follow the share valuation methodology approved in accordance with the JSC Law.

Repurchased (treasury) shares do not carry voting rights and are excluded from the count of voting shares of the company (Articles 1(8) and 28(2) of the JSC Law). Treasury shares are also not taken into account in the quorum of the GMS and treasury shares are not entitled to receive dividends (Article 22(4) of the JSC Law).

The total number of repurchased shares (aggregated with previously repurchased shares) must not exceed 25% of the total number of issued shares, and the cost of such repurchased shares must not exceed 10% of the company's equity capital (Article 28(1) of the JSC Law). In addition, under Article 26(3) of the JSC Law, a company may not repurchase its issued shares in a number of circumstances, including: (i) before the first GMS; (ii) before adoption of the first report on allotment of shares among the founders; (iii) if, following the repurchase, the company's equity capital would fall below the statutory minimum; (iv) if at the time of the repurchase, the company shows signs of insolvency in accordance with the legislation of the

Republic of Kazakhstan on rehabilitation and bankruptcy, or such signs would appear as a result of the repurchase; or (v) if the court or the GMS has resolved to liquidate the company.

While the Company does not hold any treasury shares as of the Latest Practicable Date, the Company may repurchase its shares and hold repurchased shares as treasury shares (including shares represented by **[REDACTED]**) in compliance with the JSC Law. Pursuant to Rule 10.06(5) of the Listing Rules and the Guidance Letter 119-24 as published by the Stock Exchange, the Stock Exchange allows shares to be repurchased by an issuer and could be held as treasury shares or cancelled and the **[REDACTED]** of all shares which are held as treasury shares shall be retained so long as the issuer ensures that treasury shares are appropriately identified and segregated.

On the basis of the above, the Company has applied for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with Rule 19B.21 of the Listing Rules on the following conditions:

(a) [the Company shall comply with any applicable requirements in the event of any changes to the Hong Kong regulatory regime or the Listing Rules on treasury shares (subject to any waiver which may be sought by the Company and granted by the Stock Exchange or other relevant regulatory authorities);

(b) the Company shall promptly notify the Stock Exchange of any failure to comply with waiver conditions or any changes being made to the treasury regime in Kazakhstan;

(c) the Company shall comply with the relevant Kazakhstan laws in relation to treasury shares. The Company shall only repurchase its shares to the extent that it has the ability to hold treasury shares under the relevant Kazakhstan laws;

(d) the Company shall confirm the compliance with the waiver conditions in successive annual reports and any notice convening shareholders meetings seeking approval for share repurchase after **[REDACTED]** on the **[REDACTED]**.]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Director		
Mr. Talgat Aldybergenov *(Chairman of the Management Board)*	Building 8, St. E-662, Astana 010000, Republic of Kazakhstan	Kazakhstani
Non-executive Directors		
Mr. Aidar Ryskulov *(Chairman of the Board)*	2 Parassat street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Kuat Irubayev	5 Baytursynov street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Yelzhas Otynshiyev	2 R. Koshkarbayev street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Rakhmetolla Kudaibergenov	58/1 Syganak street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Independent non-executive Directors		
Ms. Natalya Godunova	2/1 Kolsai street, Saraishyk district, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Ulf Wokurka	Schuetzenplatz 12, 01067, Dresden, Germany	German
Dr. Alexander Andreas Schierhuber	Street: Zeiselweg 3 Stg. 1 /13 Postal Code: 3430 Municipality: Tulln an der Donau (GKZ 32135) Salzburg, Austria	Austrian
Mr. John Smillie McKay	Firthview, Redland Road Finstown, Orkney, United Kingdom KW172ER	British

For more information on the Directors, see "Directors, Senior Management and Corporate Governance" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

[REDACTED]	**[REDACTED]**
	[REDACTED]
	[REDACTED]
	[REDACTED]
[REDACTED]	**[REDACTED]**
	[REDACTED]
	[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Auditors	**Ernst & Young LLP** State Audit License of the Republic of Kazakhstan *No. 0000003, type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan dated 15 July 2005* 77/7 Al-Farabi Avenue Almaty 050060 Republic of Kazakhstan **Deloitte LLP.** *State Audit License of the Republic of Kazakhstan No. 0000015, type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan dated 13 September 2006.* 36 Al Farabi Avenue Almaty 050059 Republic of Kazakhstan
Reporting Accountants	**Ernst & Young** *Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance* 27/F One Taikoo Place 979 King's Road Quarry Bay Hong Kong **Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance* 35/F One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Company	*As to Hong Kong laws:* **Reed Smith Richards Butler LLP** 17/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong

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As to specific matters under Kazakhstani laws:

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Legal Advisors to the Sole Sponsor and the [REDACTED]

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	As to U.S. and English laws: **Dentons UK and Middle East LLP** One Fleet Place London EC4M 7WS United Kingdom *As to Kazakhstani laws:* **Dentons Kazakhstan LLP** 110E, Al-Farabi Ave Almaty 050040 Republic of Kazakhstan
[REDACTED]	**[REDACTED]** **[REDACTED]**
Legal Advisors to the [REDACTED]	*As to Hong Kong laws:* **Mayer Brown Hong Kong LLP** 19th Floor, Prince's Building 10 Chater Road Central Hong Kong *As to English laws:* **Baker & McKenzie LLP** 280 Bishopsgate London EC2M 4AG United Kingdom
Industry Consultant	**KPMG Tax and Advisory LLC** Koktem Business Center 180 Dostyk Avenue Almaty A25D6T5 Republic of Kazakhstan

Compliance Advisor	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong
[REDACTED]	[●]

CORPORATE INFORMATION

Registered Office and Principal Place of Business in Kazakhstan	6 Konaev Street Esil District Astana 010000 Republic of Kazakhstan
Principal Place of Business in Hong Kong	[46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong]
Company's Website	**www.railways.kz** *(Information contained on this website does not form part of this Document)*
Joint Company Secretaries	**Mr. Aldiyar Ashen** 52/2 Turan Avenue Nura District Astana 010000 Republic of Kazakhstan **Ms. Chan Wing Yan (Vivian)** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Authorised Representatives	**Mr. Talgat Aldybergenov** Building 8, St. E-662 Astana 010000 Republic of Kazakhstan **Mr. Aldiyar Ashen** 52/2 Turan Avenue Nura District Astana 010000 Republic of Kazakhstan
Audit Committee	Ms. Natalya Godunova *(Chairperson)* Mr. Ulf Wokurka Dr. Alexander Andreas Schierhuber Mr. John Smillie McKay
Remuneration Committee	Mr. John Smillie McKay *(Chairperson)* Mr. Ulf Wokurka Mr. Yelzhas Otynshiyev Ms. Natalya Godunova
Nomination Committee	Mr. John Smillie McKay *(Chairperson)* Mr. Ulf Wokurka Mr. Yelzhas Otynshiyev Ms. Natalya Godunova

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
Principal Bank	**JSC Halyk Bank** 17 Kabanbay Batyr Avenue Astana Republic of Kazakhstan

*The information and statistics set out in this section and other sections of this Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by KPMG (the "**KPMG Report**"). We engaged KPMG to prepare the KPMG Report, an independent industry report, in connection with the* **[REDACTED]**. *The Company believes that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Company has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources, including government data and statistics, has not been independently verified by us, the Sole Sponsor, the Sponsor-***[REDACTED]**, *the* **[REDACTED]** *or any other party involved in the* **[REDACTED]** *and no representation is given as to its accuracy.*

1. GLOBAL LOGISTICS SECTOR AND GLOBAL RAILWAY MARKET

Global Logistics Sector

The global logistics sector serves as the critical backbone of the international economy, enabling the cross-border flow of goods, commodities. According to ITF Transport Outlook, maritime shipping carried approximately 70% of global freight tonne-kilometres in 2019, followed by road (22%) and rail (7%). Rail is expected to be the fastest-growing major freight mode in the coming decades: under the ITF's decarbonisation scenarios, its share is projected to rise to 10–13% by 2050, supported by policy-driven modal shift towards lower-carbon land transport.

Rail freight plays a distinct role in long-distance inland transportation, particularly across large land masses and major industrial corridors, where it provides high-capacity transport for bulk commodities and intermodal cargo. According to UIC's 2024 Global Rail Sustainability Report, the global rail network comprised approximately 1.17 million km of track in 2023 and transported approximately 12 trillion tonne-kilometres of freight in the same year.

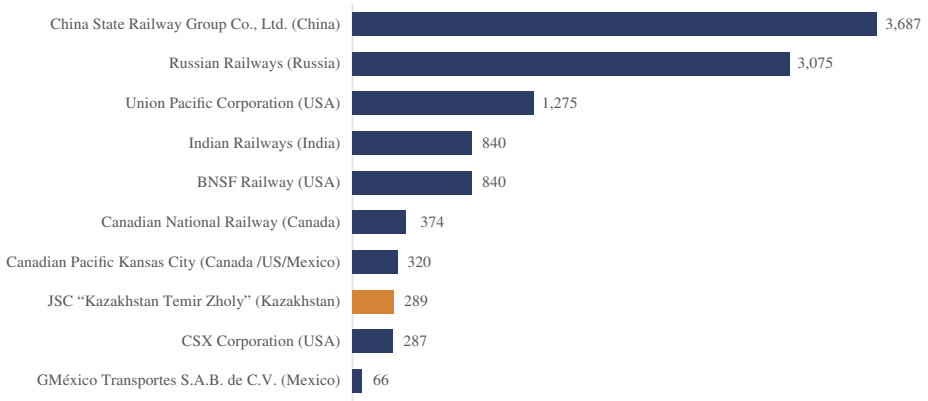
The global freight transportation market is highly diversified across regions, reflecting differences in geography, trade structures, infrastructure development and economic specialization. These variations drive the integration of multimodal logistics networks, within which railway systems serve as the primary overland link connecting major global corridors.

Growth across these corridors is driven by several structural catalysts, including the exponential acceleration of ecommerce logistics, rapid integration of advanced supply chain technologies, and government-led multi-modal infrastructure upgrades.

Global Railway Market

The global railway market is characterized by a mix of large, state-backed networks and highly consolidated commercial operators.

Figure 1. Top 10 railways by freight turnover, billion tonne-km (2025)



Source: Company annual reports (2025): GMéxico Transportes, CSX Corporation, Canadian Pacific Kansas City, BNSF Railway, Indian Railways, Union Pacific, Federal State Statistics Service (Rosstat), National Bureau of Statistics of China, Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

In 2025, the aggregate revenue of the 24 largest railway operators analyzed reached US$511.0 billion. The top ten operators represented 75.9% of the aggregate revenue of the peer group, indicating a relatively concentrated global railway operator landscape. The table below compares leading international railway operators in terms of revenue, operating model, and ownership structure.

Table 1. Global ranking of the 24 largest railway operators by revenue in 2025

Ranking	Company	Headquarter	Revenue, billion USD	Revenue Share, %	Operating model	Independence
1	Company A	China	145.0	28.4%	Vertically Integrated (Mixed)	State-owned
2	Company B	France	49.3	9.7%	Vertically Integrated (Mixed)	State-owned
3	Company C	Russian Federation	37.0	7.2%	Vertically Integrated (Mixed)	State-owned
4	Company D	Germany	31.0	6.1%	Vertically Integrated (Mixed)	State-owned
5	Company E	India	29.7	5.8%	Vertically Integrated (Mixed)	State-owned
6	Company F	USA	24.5	4.8%	Vertically Integrated (Freight-focused)	Independent
7	Company G	USA	23.4	4.6%	Vertically Integrated (Freight-focused)	Affiliated to Investment Conglomerate

Ranking	Company	Headquarter	Revenue, billion USD	Revenue Share, %	Operating model	Independence
8	Company H	Japan	19.3	3.8%	Vertically Integrated (Passenger-focused)	Independent
9	Company I	Poland	14.6	2.9%	Vertically Integrated (Mixed)	State-owned
10	Company J	USA	14.1	2.8%	Vertically Integrated (Freight-focused)	Independent
	Others		123.2	24.1%		
	Total		**511.0**	**100.0%**		

Source: operator annual reports (FY2025) on a consolidated basis, KPMG analysis.

Company A: a national railway operator. It mainly provides passenger and freight transportation, railway network construction, and infrastructure management solutions. It operates primarily across China with extensive international cross-border connections. It is a state-owned enterprise;

Company B: a global transport and logistics company. It specializes in high-speed passenger rail, regional transit, rail freight, and comprehensive logistics solutions. It operates worldwide, with a strong focus on European markets, and is a state-owned enterprise;

Company C: a national rail infrastructure and transportation company. It offers freight forwarding, passenger rail transport, and heavy infrastructure maintenance. It operates nationwide and across transcontinental Eurasian corridors. It is a state-owned enterprise;

Company D: a global mobility and logistics provider. It offers passenger rail transport, international rail freight forwarding, and extensive infrastructure management solutions. It operates globally and is a state-owned enterprise;

Company E: a state-governed railway transit and logistics entity. It provides large-scale passenger transport, bulk freight shipping, and comprehensive rail network management solutions. It operates primarily within India and is a state-owned enterprise;

Company F: a freight transportation company. It specializes in comprehensive rail freight operations, intermodal shipping, and supply chain logistics for diverse industrial sectors. It operates throughout the western two-thirds of the United States and is a publicly listed company;

Company G: a freight transportation company. It specializes in intermodal, agricultural, industrial, and energy rail freight shipping solutions. It operates across the Western and Mid-Western regions of the United States. It is a non-independent company, operating as a subsidiary of an investment conglomerate;

Company H: a passenger transport and lifestyle services company. It focuses on high-speed rail, regional passenger transit, and commercial real estate integration. It operates in the eastern region of Japan and is a publicly listed company;

Company I: a state-owned railway holding company. It manages railway infrastructure and provides passenger rail transportation, rail freight transportation, intermodal logistics, rolling stock management and related railway services across Poland. It is a state-owned company;

Company J: a freight rail transportation company. It provides rail freight transportation, intermodal services, rail-to-truck transloading and related logistics solutions across the eastern United States. It is a publicly listed company.

The operators in the peer group above include BNSF Railway Company, China State Railway Group Co., Ltd., CSX Corporation, Deutsche Bahn AG, East Japan Railway Company, Indian Railways, Polskie Koleje Państwowe S.A., Russian Railways, SNCF Group and Union Pacific Corporation.

2. EURASIAN RAILWAY TRANSPORTATION MARKET AND EURASIAN CORRIDORS

Eurasian Rail Transportation Market

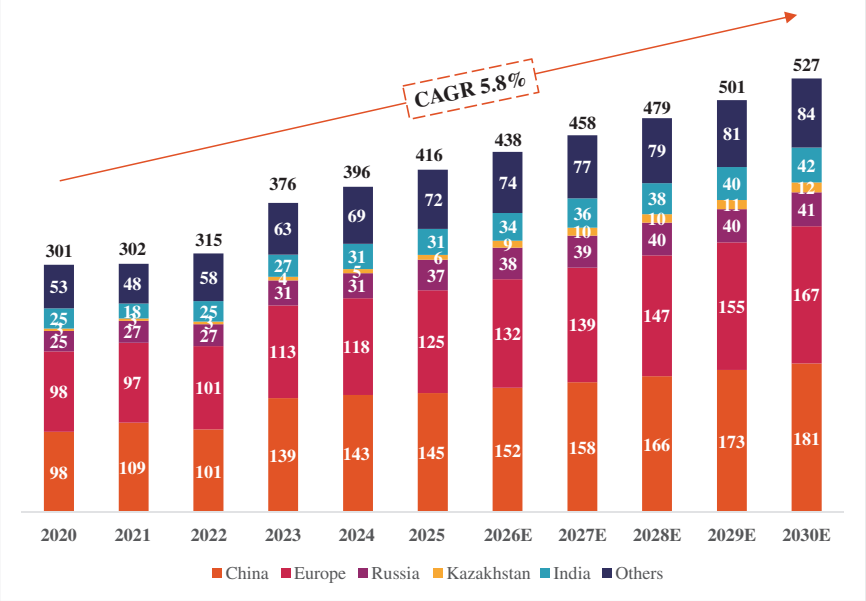
Rail transport is a structurally critical component of the Eurasian logistics system. For inland transportation over distances above 500–700 km, rail is the dominant mode for bulk cargo, containerized freight and transit flows, particularly across the China-Europe corridor. Unlike maritime transport, rail provides direct inland connectivity between industrial centres, dry ports and border crossings without dependence on sea access – a decisive advantage for Kazakhstan and other landlocked economies.

In the Eurasian context, rail transport simultaneously: (i) supports export-oriented commodity flows, (ii) enables long-distance container transit between Asia and Europe, (iii) connects landlocked economies to global trade routes, and (iv) provides transport resilience during geopolitical and supply chain disruption. Recent events – including COVID-19, Red Sea security incidents, and broader geopolitical fragmentation – have highlighted the strategic importance of rail corridors as an alternative to maritime routes for time-sensitive cargo.

The rail transportation market size represents total revenue from freight rail, passenger rail and ancillary rail-related services, including terminal and intermodal handling, warehousing, freight forwarding and operational support services.

The total Eurasian rail transportation market grew from approximately US$301.1 billion in 2020 to approximately US$416.5 billion in 2025, a CAGR of approximately 6.7%. The market is further projected to reach approximately US$527.4 billion by 2030, representing a CAGR of approximately 4.8% (2025–2030). Growth is supported by increasing Eurasian trade volumes, expansion of rail-based transit transportation, infrastructure modernisation, containerization, and rising demand for diversified land-based logistics routes between China, Central Asia and Europe.

Figure 2. Eurasian Rail Transportation Market Size, 2020–2030E (billion USD)



Source: Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of Kazakhstan, others modeled in InfraForecast Software

Key Eurasian Market Trends

- **Accelerated Modal Shift Driven by Decarbonization:** As global supply chains face increasing pressure to reduce GHG emissions, railways are increasingly prioritized as the most carbon-efficient land-based logistics mode. EU climate policy is moving toward a binding 2040 target of reducing net GHG emissions by 90% compared with 1990 levels. CER projects that European rail activity could expand by 67% by 2040 relative to 2015, creating structural demand for reliable, low-emission transcontinental corridors (CER, 2024).

- **Network Electrification and Clean Traction Energy:** Comprehensive infrastructure electrification is a central pillar of modern railway development. Approximately 56.9% of EU railway lines were electrified in 2022, with over 52% of traction electricity from renewable sources (CER, 2024). China's national rail network has surpassed 76.8% electrification (Ministry of Transport of the PRC, 2026). These upgrades can support long-term cost stability and enhanced environmental compliance across Silk Road transit corridors.

- **Globalization and Market Consolidation:** The global railway sector is becoming increasingly concentrated, with a limited number of large operators controlling extensive rail, logistics, and intermodal networks across multiple countries. Growing trade connectivity and the development of international freight corridors are driving demand for integrated cross-border transport solutions, encouraging consolidation and vertical integration across the railway value chain. In Eurasia, this trend is reflected in the expansion of integrated railway groups such as Deutsche Bahn and SNCF, which have developed international logistics platforms extending beyond their domestic markets, as well as the increasing role of large state-owned railway operators across the Eurasian region.

- **Digitalization of Rail Infrastructure:** Integration of advanced digital systems is reshaping railway operations, enabling capacity expansion without capital-intensive physical track upgrades. Key trends include deployment of next-generation signaling architectures (ERTMS), Digital Automatic Coupling (DAC), automated terminal handling, predictive maintenance analytics, and digitized customs interfaces – all creating the supply chain visibility increasingly demanded by international shippers.

- **Expansion of High-Speed Rail Networks:** High-speed rail is becoming a key driver of passenger rail growth, supported by increasing urbanization, rising mobility demand, and government investment in sustainable transport infrastructure. High-speed rail networks continue to expand globally, particularly in China, Europe, and selected Asian markets, offering a competitive alternative to short and medium haul air travel. The continued development of high-speed corridors is improving connectivity between major economic centers, increasing rail modal share, and strengthening the long-term competitiveness of passenger rail transport.

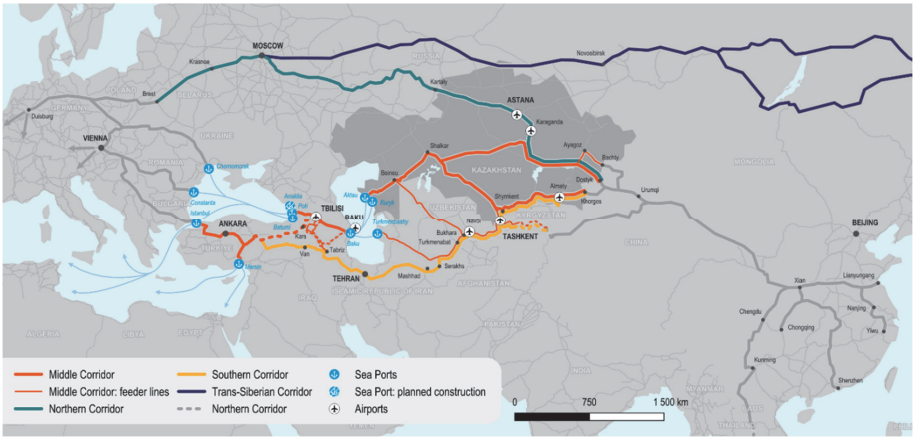
Eurasian East-West Rail Corridors

While several international transport corridors operate across Eurasia, this section focuses on the principal East-West rail corridors connecting China, Central Asia and Europe, as they represent the primary routes for long-distance Asia-Europe rail freight transportation and provide the most relevant framework for assessing Kazakhstan's strategic role in Eurasian transit. Eurasian East-West rail transportation is organized around four major international land corridors connecting China, Central Asia and Europe:

- **Trans-Siberian Corridor** – connects Asia and Europe through Russia.
- **Northern Corridor (UTLC ERA)** – connects Western Europe with the Korean peninsula and Japan through Russia and Kazakhstan.
- **Middle Corridor (Trans-Caspian International Transport Route, TITR)** – connects Eastern Europe to Central Asia through the Black Sea, Caucasus and the Caspian Sea. In Kazakhstan, the Trans-Caspian International Transport Route is 3,836 kilometres long and includes the cities of Dostyk, Almaty and Aktau.
- **Southern Corridor** – connects Southeast Europe with China and Southeast Asia through Turkey, Iran and Central Asia.

Three of these four corridors pass through Kazakhstan, making it a unique transit hub with high resilience owing to the diversity of trade flows crossing its territory.

Figure 3. Eurasian East-West rail corridor positioning



Source: *compiled by KPMG based on publicly available data*

Note: The dashed corridor segments indicate alternative, non-primary corridor routes.

Table 2. Comparison of China-Europe Transportation Corridors, 2025

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/ FEU
Northern Corridor	Xian – Duisburg (via Kazakhstan, Russia, Belarus)	18	6,650

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/ FEU
Middle Corridor (TITR)	Xian – Duisburg (via Trans – Caspian: Kazakhstan, Caspian, Azerbaijan, Georgia)	12–15	8,200
Sea Route	Shenzhen – Hamburg/Rotterdam	32–37	1,700–3,900[1]
Southern Corridor	China – Türkiye/Iran via Central Asia	26	5,500

Source: ERAI, Container Trades Statistics, Drewry (WCI), Middle Corridor TITR, Maersk and a survey of market participants and open sources. The Southern Corridor is indicative (no consolidated official source).

[1] Maritime freight rates have fluctuated significantly in recent years, declining materially before increasing again. The Drewry World Container Index for Shanghai–Rotterdam route stood at US$3,768/FEU in June 2026.

Corridor-Based Competition

Competition in the Eurasian rail transportation market operates on two levels. At the primary level, all overland Eurasian corridors compete for the same cargo flows against deep-sea shipping on the Asia-Europe trade lane: sea freight offers lower cost per unit but transit times of 32–37 days, while rail offers 12–26 days at a cost premium justified when ocean freight rates are elevated. Total addressable rail transit volume therefore expands and contracts with sea freight rate cycles. Furthermore, as rail volumes scale, the parallel development of a specialized logistics ecosystem including dry ports, automated transshipment hubs, and integrated digital tracking creates substantial ancillary benefits for freight owners. This maturity embeds rail corridors into corporate supply chains, generating high switching costs that protect rail market share even during maritime deflation cycles.

At the secondary level, competition occurs between corridors. No single railway company controls an entire China-Europe route end to end, each corridor depends on coordination across multiple national systems, border crossings and tariff mechanisms. Kazakhstan's position across both the Northern and Middle Corridors provides structural resilience and diversified volume exposure across competing routes.

Kazakhstan's Role in Eurasian Rail Corridors

Kazakhstan's geographical footprint underlines its strategically important role within Eurasian rail networks. On the Northern Corridor, Kazakhstan accounts for 1,910 km, extending from the Dostyk/Altynkol border crossings with China to the Mamlyutka/Petukhovo border crossing with the Russian Federation. On the Middle Corridor, the domestic rail section covers 3,836 km of the rail and sea route from the Dostyk/Altynkol border crossings with China to the Ports of Aktau and Kuryk on the Caspian Sea.

While the Northern Corridor remains a critical artery, the Middle Corridor has emerged as a vital strategic alternative, underpinned by a distinct structural framework:

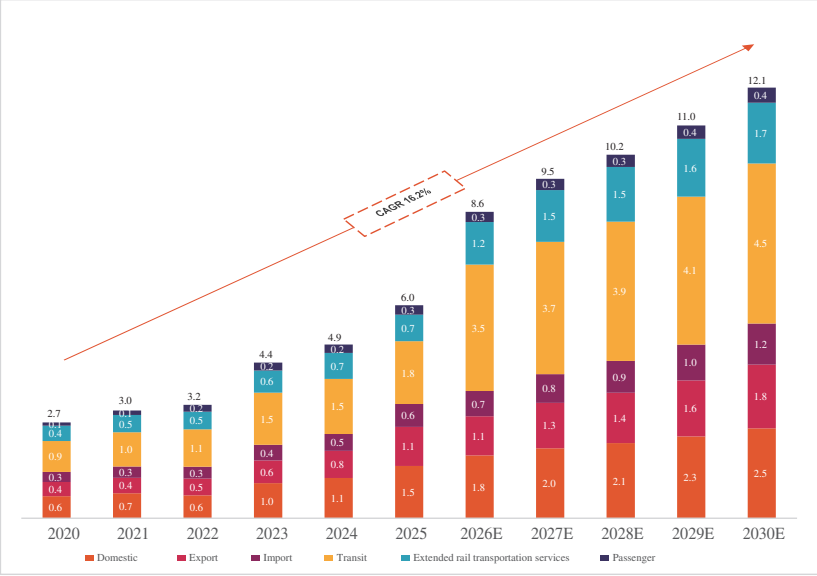
- **Geopolitical:** As global supply chains increasingly seek route diversification and greater resilience, the Middle Corridor has gained strategic importance as an alternative Eurasian transport route. By providing an additional multimodal connection between Central Asia, the Caucasus and Europe, the corridor expands routing options and supports greater flexibility for international freight flows.
- **Transit Time:** Infrastructure upgrades, including the expansion of the Caspian Sea ports (Aktau and Kuryk) and the implementation of unified digital customs platforms, are intended to reduce corridor bottlenecks. Transit times across the Middle Corridor have decreased toward target levels of 12–15 days, supporting its role as a time-sensitive alternative to maritime shipping. By 2030, the Middle Corridor is expected to reach a handling capacity of up to 300 thousand TEU per annum, further strengthening its role as a key Eurasian transit route.
- **Volume Growth:** This operational optimization supports the corridor's growth trajectory, suggesting a broader reallocation of freight flows rather than solely a temporary diversion.
- **Strategic Partnerships:** The resilience of the route is anchored in deep institutional cooperation. Joint ventures and asset integrations among key regional players-including Kazakhstan, Azerbaijan, Georgia, and Türkiye have synchronized tariffs, streamlined border crossings, and created a more integrated corridor management system.

3. KAZAKHSTAN RAILWAY MARKET OVERVIEW

Railways hold a core position in Kazakhstan's freight logistics system, accounting for 88% of the country's total freight turnover (excluding pipelines) in 2025, equivalent to 361.3 billion tonne-km, according to the Bureau of National Statistics of the Republic of Kazakhstan.

Kazakhstan rail transportation market expanded from US$2.7 billion in 2020 to US$6.0 billion in 2025 (CAGR 17.3%), and is further projected to reach US$12.1 billion by 2030 (CAGR 15.1%). Kazakhstan represents one of the fastest-growing railway transportation markets in Eurasia, with both historical and projected potential growth rates significantly exceeding the global average.

Figure 4 Kazakhstan rail transportation market size by segment, billion USD



Source: *Bureau of National Statistics of Kazakhstan, modeled in InfraForecast Software, KPMG analysis*

Note: ancillary rail-related services comprise terminal and intermodal handling, warehousing, freight forwarding and operational support services

Future growth is expected to be supported by: (i) the continued expansion of Eurasian transit corridors that capture increasing East-West freight flows through transit time savings, (ii) expanding cross-border trade volumes and deeper industrial integration between China, Central Asia, and Europe, (iii) increasing containerization driven by e-commerce and regional manufacturing acting as a volume multiplier for intermodal rail services, (iv) large-scale infrastructure modernisation, including track duplication, electrification, and border capacity expansion to ease network bottlenecks, (v) accelerating digitalization and the deployment of advanced tracking and traffic management platforms to improve asset utilization and operational efficiency and (vi) ongoing regulatory reforms and cost-reflective tariff optimizations aimed at supporting long-term sector sustainability.

Key Trends in the Kazakhstan Rail Market

- **Expansion of Transit and Middle Corridor Traffic:** Kazakhstan is strengthening its position as a key Eurasian transit hub through the development of the Middle Corridor and other international transport routes. In 2025, Kazakhstan's total transit volumes reached 36.9 million tonnes, while rail transit traffic increased by more than 20% to 33 million tonnes. Growing trade flows between Asia and Europe continue to support demand for transit services and cross-border railway transportation through Kazakhstan.

- **Increasing Infrastructure Modernisation:** Kazakhstan continues to invest in railway infrastructure modernisation, including network expansion, border crossing upgrades, dry ports and logistics infrastructure development aimed at increasing corridor capacity and reducing bottlenecks. In 2025, more than 4,400 km of railway infrastructure was repaired and modernized, while capacity expansion projects continued across strategic freight corridors. These ongoing and planned capital expenditures are expected to support network throughput by enabling higher train density and reducing transit delays at border checkpoints.

- **Rolling Stock Modernisation and Fleet Renewal:** Kazakhstan's railway sector is undergoing a gradual renewal of locomotive and passenger rolling stock through ongoing fleet modernisation programmes. These investments are intended to improve operational efficiency, enhance service reliability, reduce the average age of rolling stock and support future growth in freight and passenger transportation demand.

- **Regulatory and Tariff Optimization:** The railway sector continues to undergo reforms aimed at improving tariff regulation, operational efficiency and long-term financial sustainability while maintaining the strategic importance of rail transportation within the national economy.

Competitive Landscape

The Kazakhstan freight rail market is characterized by high concentration, reflecting the structural dominance of the vertically integrated state-owned incumbent operator. Following the gradual introduction of limited private participation in freight operations from 2018, the market remains highly concentrated, with the national integrated operator accounting for the substantial majority of freight rail transportation revenue. In 2025, KTZ accounted for approximately 80% of Kazakhstan's total rail freight turnover (with a higher share of freight revenue, as shown in Table 3). Private operators hold a limited share, primarily focused on selected freight segments. KTZ is the largest owner of locomotives and freight and passenger rolling stock in Kazakhstan, and one of the country's largest employers.

Table 3. Kazakhstan Freight Rail Transportation Market Share by Revenue, 2025

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
1	NC KTZ JSC	5. 0	93.9%	Vertically Integrated (Mixed)	State-owned
2	Company K	0.2	4.1%	Non-integrated (Freight-focused)	Independent
3	Company L	0.1	2.1%	Non-integrated (Freight-focused)	Independent
	Total	**5.4**	**100%**		

Source: Samruk-Kazyna (Kazakhstan's sovereign wealth fund), KPMG analysis

National Rail Infrastructure and Network Capacity

In terms of railway length, Kazakhstan ranked third, with approximately 16 thousand kilometres of operational rail tracks, among the CIS and Baltic countries with a gauge of 1,520 mm (based on World Bank data, Rail lines (total route-km)). Electrification covers approximately 4,238 km (approximately 26.5% of the total network). The infrastructure profile is constrained by a high share of single-track lines (68.5% of the network), while double-track sections comprise only 31.5%.

Capacity pressure is concentrated on eastern border crossings with China (Dostyk and Altynkol), where freight reached 33.9 million tonnes in 2025. Container traffic reached 2.2 million TEU in 2025, increasing the network's containerization rate from 6.7% to 8.0%.

Infrastructure Investment Programme 2026–2030

Kazakhstan's railway infrastructure investment over 2026–2030 is expected to focus on network modernisation, track overhauls, border capacity expansion and rolling stock renewal, including the construction and modernisation of over 1,100 km of railway lines. These investments are expected to reduce network bottlenecks and support the long-term capacity of transcontinental corridors and regional cargo flows.

Transit Rail Market Size and Economics

Transit rail transportation represents the largest and structurally most vital segment of Kazakhstan's rail transportation market, supported by increasing Eurasian trade flows, supply chain diversification and the growing role of land-based transportation corridors between Asia and Europe. While transit accounts for approximately 20% of total freight turnover in 2025, it generates approximately 29% of total freight revenues, reflecting its international pricing structure and strategic corridor importance.

The Kazakhstan transit rail transportation market increased from approximately US$0.9 billion in 2020 to approximately US$1.8 billion in 2025, representing a CAGR of approximately 14.9%. The market is further projected to reach approximately US$4.5 billion by 2030, implying a CAGR of approximately 20.1% during 2025–2030.

China-Europe transportation remains one of the most strategically important transit segments due to the high value-added and time-sensitive nature of transported goods. Rail transport through Kazakhstan is increasingly focused on higher-value and containerized cargo, including machinery, chemicals, automotive products, metals and agricultural goods, reflecting broader Eurasian trade diversification and growing demand for reliable logistics solutions.

Transit market revenue is driven by both freight volumes and pricing. Volume growth is supported by Kazakhstan's role as a Eurasian transit hub, the development of international rail corridors and expanding transit routes, while transit tariffs are influenced by market conditions, corridor competitiveness, network capacity and global logistics dynamics.

Tariff Regulation and Transit Pricing

Kazakhstan's railway tariff framework comprises both regulated and market-based segments. Domestic freight transportation, socially significant passenger services and certain infrastructure-related services are regulated by the Committee for Regulation of Natural Monopolies (CRNM), while international transit tariffs are generally determined on a commercial basis.

The current tariff framework is characterized by three key features:

- **Regulated tariff evolution:** As part of the Government's railway reform programme, regulated tariffs are being gradually adjusted to improve the financial sustainability of the sector and support long-term investment in railway infrastructure.
- **Market-based transit pricing:** Transit tariffs are determined by commercial factors, including corridor competitiveness, customer demand, cargo characteristics and international freight market conditions.
- **Corridor coordination:** Tariff coordination across major Eurasian transport corridors supports pricing transparency and more competitive end-to-end transport solutions, while network capacity constraints may influence pricing during periods of elevated demand.

Key Success Factors

Kazakhstan's railway industry is characterized by high capital intensity, long investment cycles and the strategic importance of railway infrastructure for domestic freight and Eurasian transit. These characteristics support relatively high entry barriers, stable freight demand and an integrated operating model spanning infrastructure, freight transportation and logistics.

Key success factors include:

Infrastructure Management: Extensive network coverage, effective asset maintenance and timely infrastructure investment are essential to ensure network capacity, reliability and long-term operational performance.

Freight and Transit Operations: Competitive positioning depends on operational efficiency, fleet availability, transit speed, service reliability and effective cross-border coordination across major Eurasian transport corridors.

Logistics and Intermodal Services: Growth is supported by expanding terminal capacity, digital integration and the development of intermodal logistics solutions that improve end-to-end supply chain efficiency.

The integration of infrastructure management, freight transportation and logistics enables operational synergies, improves asset utilization and supports the development of higher-value transit services across Eurasian transport corridors.

Market Entry Barriers and Industry Structure

Entry into the Kazakhstan railway transport market is constrained by high structural and regulatory barriers, resulting in a highly concentrated sector structure.

- **Capital Intensity:** The sector requires significant upfront capital for network infrastructure and locomotives, with asset payback periods ranging from 20 to 40 years. These intensive capital demands and extended investment horizons present a high entry threshold for prospective operators.
- **Infrastructure Constraints:** Developing parallel nationwide track networks is generally considered commercially unviable. As a result, third-party operators rely on managed access to the unified 16,008.5 km national network backbone, which functions as a central structural constraint for new market participants.
- **Technical and Gauge Specifications:** The regional 1,520 mm track gauge differs from the 1,435 mm international standard, necessitating transshipment or bogie exchange at border crossings. Additionally, strict national safety certifications increase the compliance burden for entities seeking access to key corridors.
- **Cross-Border Coordination:** Operating transcontinental transit corridors requires complex institutional coordination with neighboring railway administrations and customs authorities. Developing synchronized bilateral frameworks and tariff structures demands substantial time, limiting the ability of new entrants to effectively compete at scale.

4. REGULATORY FRAMEWORK

The railway industry in Kazakhstan operates under a centralized, state-controlled regulatory model characterized by high vertical integration, with the Ministry of Transport responsible for sector policy, the Committee for Regulation of Natural Monopolies overseeing tariff regulation, and the Transport Control Committee ensuring safety oversight and regulatory compliance.

Value Chain Segmentation & Liberalization

In line with national economic modernisation, the sector is undergoing a phased and regulated liberalization process aimed at opening selected commercial segments while maintaining state control over core strategic assets:

- **Infrastructure Management:** Operates under a natural monopoly regime managed exclusively by the National Infrastructure Operator. Duplication of the national network is generally commercially impractical and subject to strict regulatory constraints, supporting a relatively predictable infrastructure asset base.
- **Locomotive Traction & Freight:** Freight operations feature a dominant state incumbent alongside private operators. Locomotive traction remains highly centralized to maintain optimal asset utilization across Kazakhstan's extensive railway network.
- **Rolling Stock:** The wagon and container segment has been substantially liberalized and operates under a more demand-driven market regime, with performance linked to freight volumes, cargo mix and broader macroeconomic cycles.
- **Passenger Services:** Socially important intercity routes are subject to fare regulation, with operational costs supported by state subsidy and internal cross-subsidization mechanisms where applicable.

5. SOURCES AND METHODOLOGY

This industry overview has been prepared by KPMG, KPMG Tax and Advisory LLC, a company incorporated under the laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The market estimates, historical analysis and forecasts contained in this Industry Overview were prepared by KPMG using publicly available data and analysis based on available assumptions..

In preparing this Industry Overview, KPMG relied primarily on publicly available information obtained from official statistical agencies, railway operators, international organisations and other reputable public sources. Principal sources include the World Bank, OECD/ITF, UIC, Eurostat, National Bureau of Statistics of China, Rosstat, Russian Railways, NC KTZ JSC, the Bureau of National Statistics of the Republic of Kazakhstan, Indian Railways, Türkiye State Railways (TCDD), UTLC ERA, ERAI Portal, TITR Association, UN Comtrade and the IMF World Economic Outlook.

Where appropriate, publicly available corporate disclosures, annual reports, tariff publications and regulatory information were also used. Historical market estimates for Kazakhstan are based primarily on publicly reported financial and operating information of KTZ Group. Cross-country market estimates were derived from publicly available freight and passenger transport statistics, average revenue indicators and KPMG's analytical framework.

Forecasts contained in this Industry Overview were prepared using macroeconomic assumptions, projected trade flows, transport demand modelling and infrastructure capacity constraints incorporated within the InfraForecast™ model. Forecasts are based on assumptions regarding economic growth, trade development, tariff evolution, infrastructure implementation and geopolitical conditions that InfraEconomy Group considers reasonable as of the date of this report. Actual results may differ materially from those projected due to changes in these assumptions or other factors beyond InfraEconomy Group's control.

Unless otherwise indicated, all market data, estimates and forecasts contained in this Industry Overview represent the views of KPMG.

EXCHANGE RATES APPLIED

Unless otherwise indicated, amounts denominated in currencies other than U.S. dollars in this Industry Overview have been translated into U.S. dollars using the following exchange rates for illustration only: USD/CNY 7.1875, USD/JPY 161.3, USD/KRW 1,540.6, EUR/USD 1.147, USD/CHF 0.804, USD/PLN 3.8, USD/AUD 0.7019, USD/ZAR 16.4, USD/RUB 83.8 and USD/CAD 1.4.

Source: Foreign Exchange Rates (H.10), Board of Governors of the Federal Reserve System (exchange rates as of 18 June 2026); Federal Reserve Bank of St. Louis (FRED), annual average exchange rates for 2025.

OVERVIEW

This section sets out a summary of the main laws, regulations and policies to which the Company is subject to.

General

The Company and the Group are engaged in vast variety of regulated activity ranging from freight and passenger transportation, port, freight forwarding and terminal operations, mainline railway network services, militarized railway security, wagon operator services and other regulated activity.

Regulation of Railway Transportation under the Law on Railway Transport

The railway sector in Kazakhstan is primarily governed by the Law on Railway Transport. The Law on Railway Transport regulates the operation of railway infrastructure, freight and passenger transportation services, access to the main railway network, safety requirements, tariff regulation and the relationships among carriers, infrastructure operators, customers and public authorities.

The Law on Railway Transport establishes the legal framework for the operation of the national railway system and is based on principles including preserving and strengthening the Kazakhstan's common socio-economic space, ensuring the coordinated operation of the unified transport system of Kazakhstan, preservation of the integrity and uninterrupted functioning of railway infrastructure, unrestricted access for all participants in the transportation market to provide and receive rail transportation services, safety continuity, and uninterrupted operation of the transportation processes, protection of economic interests of Kazakhstan.

The Law on Railway Transport defines and regulates the activities of the National Railway Company and the National Infrastructure Operator, the functions of both of which are currently carried out by the Company.

Regulation of the Mainline Railway Network

The mainline railway network constitutes a strategic transport infrastructure of Kazakhstan and includes mainline and station rail tracks, signalling, communication, power supply and other infrastructure necessary for railway operations. The mainline railway network is not subject to privatization and remains under state control through the national management holding and National Railway Company and/or National Infrastructure Operator. The Law on Railway Transport prohibits the disposal or encumbrance of the mainline railway network and imposes restrictions on the transfer of ownership interests in the Company as the National Railway Company. According to article 5-2 of the Law on Railway Transport, the Samruk-Kazyna's holding in the Company as the National Railway Company shall not be less than 75%.

The Company as the National Infrastructure Operator provides mainline railway network services, including traffic dispatching and control on mainline and station tracks, and enters into agreements with railway carriers in accordance with the Rules for the Use of the Mainline Railway Network, approved by Order No. 366 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 27 March 2015.

Railway carriers obtain access to the network through the Company and are required to pay infrastructure access charges established in accordance with Kazakhstan legislation. The Company as the National Infrastructure Operator is required to provide non-discriminatory access to the mainline railway network and equal access rights to railway carriers.

Freight Transportation

The Law on Railway Transport establishes a comprehensive framework governing freight transportation, including carriage contracts, organization of freight transportation, multimodal transportation, loading and unloading operations, freight planning, freight documentation, transportation charges and delivery periods.

Freight transportation is performed pursuant to carriage agreements evidenced by railway consignment notes and other transportation documents prescribed by law. Freight shippers are responsible for the accuracy and completeness of information provided in transportation documents. The Law on Railway Transport also regulates liability for cargo loss, shortage, damage, delays in delivery and other breaches of transportation obligations.

Freight transportation is subject to the Rules for the Carriage of Goods by Rail, approved by Order No. 612 of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 2 August 2019.

Passenger Transportation

Passenger transportation services are also subject to regulatory requirements. The Law on Railway Transport governs passenger carriage contracts, passenger rights and obligations, baggage transportation, ticketing procedures, passenger service standards and operation of railway stations and passenger facilities.

The organization of international and interregional passenger transportation is determined by the competent state authority, while local authorities play a role in organizing certain regional and suburban passenger services. Opening new passenger routes generally requires coordination with the competent authority.

The Law on Railway Transport also provides a framework for socially significant passenger services, which may be supported through state subsidy mechanisms. In addition, Kazakhstan legislation contemplates the designation of a National Passenger Carrier responsible for providing passenger transportation services across the railway network, including certain strategic and socially significant routes. The Rules for the Carriage of Passengers, Baggage, Cargo Baggage and Postal Items by Rail, approved by Order No. 545 of the Minister for Investment and Development of the Republic of Kazakhstan dated 30 April 2015 determine the procedures for the organization of passenger transportation services on interregional and international routes.

National Carriers

The Law on Railway Transport provides for the existence of "national carriers" and regulates their activities within the general legal framework governing railway transportation, including requirements relating to access to the mainline railway network, transportation operations and safety.

Pursuant to Resolution of the Government of the Republic of Kazakhstan No. 1389 dated 25 December 2004 "On Certain Matters of the National Railway Company and National Carriers", the following entities have been designated as national carriers:

(i) KTZ-FT, as the national freight carrier; and

(ii) Passenger Transportation, as the national carrier for the transportation of passengers, baggage, cargo baggage and postal items.

The status of a national carrier primarily entails additional public-service obligations rather than material regulatory privileges. The national freight carrier is responsible for implementing

the train formation plan across the entire mainline railway network of Kazakhstan. National carriers are required, in coordination with the National Infrastructure Operator and other participants in the transportation process, to ensure that military transportation is carried out and to perform such transportation on a priority basis.

Safety and Regulatory Oversight

Railway operations are subject to extensive safety requirements. The Law on Railway Transport establishes the framework for mandatory safety standards applicable to railway infrastructure, rolling stock, transportation processes and participants in the transportation process. Carriers are required to maintain safety management systems and comply with regulatory requirements designed to ensure safe railway operations.

Participants in the transportation process shall comply with the safety requirements established by the applicable technical regulations and shall ensure safe conditions for the life and health of individuals, the transportation of passengers, and compliance with traffic safety requirements on mainline railway tracks, station tracks and access railway tracks. Safety requirements are established by a number of regulatory legal acts, including the Safety Rules for Railway Transport approved by Order No. 334 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 26 March 2015, the Rules for the Investigation of Railway Traffic Safety Violations approved by Order No. 604 of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 1 August 2019, the Rules for the Technical Operation of Railway Transport approved by Order No. 544 of the Minister for Investment and Development of the Republic of Kazakhstan dated 30 April 2015, the Instructions on Train Movement and Shunting Operations in Railway Transport approved by Order No. 291 of the Minister of Transport and Communications of the Republic of Kazakhstan dated 19 May 2011, the Instructions on Signalling in Railway Transport approved by Order No. 209 of the Minister of Transport and Communications of the Republic of Kazakhstan dated 18 April 2011, and other regulatory legal acts.

The competent state authority exercises regulatory oversight and control over compliance with railway legislation and safety requirements. The Law on Railway Transport provides for inspections, investigations of railway incidents and accidents, and liability for violations of transportation and safety requirements.

Tariffs and State Regulation under the Law on Railway Transport

Certain railway services, including services provided by the National Infrastructure Operator, are subject to tariff regulation under Kazakhstan law. The Law on Railway Transport authorizes state regulation of tariffs for specified railway services and establishes a framework for state support and subsidization of certain passenger transportation activities and railway development projects. The authorized state body establishes maximum tariff levels for passenger transportation services on socially significant interregional routes. Local executive bodies establish maximum tariff levels for passenger transportation services on socially significant interdistrict (intra-regional long-distance) and suburban routes. See "Business Overview – Government Regulation and Tariffs – Freight and Passenger Transportation Regulation" in this Document for further details.

The rules governing the application of tariffs (freight charges) for international transportation are established by the international treaties of the Republic of Kazakhstan. See "EEU Regulation" and "Other International Treaties" in this section for further details.

Natural Monopolies Regulation

Certain activities of the Group are subject to regulation under the Natural Monopolies Law.

The Natural Monopolies Law defines a natural monopoly as a market condition in which the establishment of competitive conditions to satisfy demand for a particular category of goods, works or services is impossible or economically impracticable due to the technological characteristics associated with the production or provision of such goods, works or services.

The Natural Monopolies Law establishes the legal framework for state regulation of entities operating in natural monopoly sectors. Such regulation includes, among other things, the maintenance of the State Register of Natural Monopoly Entities, tariff setting and approval, determination of tariff regulation methodologies, approval of certain actions of regulated entities and establishment of the list of regulated services.

Entities providing regulated services are required to be included in the State Register of Natural Monopoly Entities. The provision of regulated services by persons not included in the register is not permitted under Kazakhstan law. The register is maintained by the authorized regulatory authority and is divided into national and local sections depending on the geographical scope of the regulated services provided. According to the Order of the Chairman of the Agency of the Republic of Kazakhstan for Regulation of Natural Monopolies No. 16-OD "On the Republican Section of the State Register of Natural Monopolies" dated 24 January 2005, (i) the Company is included in the state register of natural monopoly entities in respect of, inter alia, services of the mainline railway network, provision of the mainline railway network for use and organisation of train traffic thereon, services of access railway tracks, and electricity transmission services; (ii) Passenger Transportation is included in respect of access railway track services, and (iii) International Sea Trade Port of Aktau is included in respect of port services related to vessel calls for transshipment of oil and oil products.

The authorized regulatory authority exercises broad supervisory powers over natural monopoly entities, including approval of tariffs and tariff estimates, approval and monitoring of investment programmes, establishment of tariff regulation methodologies, monitoring compliance with regulatory requirements and reviewing the performance of regulated entities.

Tariff Regulation of Natural Monopolies

Under the Natural Monopolies Law, tariffs for regulated services are subject to approval by the authorized regulatory authority. Tariffs are intended to ensure recovery of the costs incurred in providing regulated services and to allow the natural monopoly entity to earn a profit directed towards development, efficient operation and other purposes permitted by law. Tariffs are generally approved for a period of five years or longer, except in cases expressly provided by law.

The Natural Monopolies Law provides for several methods of tariff regulation, including the cost-based method, the incentive-based method, the indexation method and tariff determination based on a public-private partnership agreement. The applicable tariff regulation methodology is determined by the authorized regulatory authority.

With respect to regulated services relating to the mainline railway network, the authorized regulatory authority is empowered to approve price caps for such services and to adjust those price caps annually in accordance with the Tariff Formation Rules, approved by Order No. 90 of the Minister of National Economy of the Republic of Kazakhstan dated 19 November 2019.

The Natural Monopolies Law also imposes certain restrictions on regulated entities, including requirements to obtain regulatory approval for specified transactions involving assets used in the provision of regulated services, raising loans and for certain corporate actions, including reorganization and liquidation. Please see also "Business Overview – Government Regulation and Tariffs".

Sea Ports Regulation

Under the Law of the Republic of Kazakhstan No. 284-II of 17 January 2002 "On Merchant Shipping", as amended (the "**Law on Merchant Shipping**"), sea ports are governed by the law and other applicable regulatory acts. Sea ports may be owned by the state, individuals or private legal entities. Sea ports designated as being of international significance are not subject to privatisation. Such status is determined by the competent authority.

Sea ports constitute public-use facilities and are classified according to their purpose as commercial ports or specialised ports (including fishing, oil and other specialised ports). The boundaries of a sea port, including its water area, are determined by the relevant local executive authorities.

While in a sea port, vessel crews must comply with Kazakhstan legislation relating to navigation safety and with the requirements of governmental authorities exercising supervisory and control functions. Port owners and marine terminal operators must provide governmental authorities with access to vessels calling at the port for the performance of transport, border control, customs, sanitary, phytosanitary and other regulatory functions.

Sea ports provide cargo handling, vessel servicing, freight forwarding, storage and transshipment services, passenger services and other port-related operations. Cargo handling and certain technical operations may be performed by marine terminal operators. In state-owned sea ports, at least two marine terminal operators must be present.

The list of mandatory port services is established by the competent authority. At present, such services are set out in the List of Mandatory Sea Port Services approved by Order No. 77 of the Minister for Investment and Development of the Republic of Kazakhstan dated 30 January 2015, as amended. The list includes, among other things, pilotage services, vessel traffic control services, navigation services, mooring services, berth services and anchorage services. Prices (tariffs) for mandatory port services, including maximum tariff levels, are regulated in accordance with Kazakhstan legislation. Charges for non-mandatory services are determined contractually.

Environmental Compliance

The Group conducts its operations in accordance with Kazakhstan environmental legislation, including the Code No. 400-VI of the Republic of Kazakhstan dated 2 January 2021, the Environmental Code of the Republic of Kazakhstan (the "**Environmental Code**"), and other relevant laws, regulations and international conventions.

Like other transportation companies, the Group's operations are subject to variety of Kazakhstan's environmental laws, regulations and requirements that govern emissions, water use and disposal, waste management, impacts on wildlife, as well as transportation of products that are hazardous to the environment.

The Environmental Code is a major law that governs the activities of the Company and sets environmental requirements for the protection of atmospheric air during the operation of transport and other vehicles, for zoning and use of land for transport purposes, for the transportation of plant protection products, mineral fertilizers and other agents, for the protection, conservation and use of protective plantings on the right-of-way of railways, and also regulates waste transportation.

The Environmental Code provides for environmental impact assessment procedures and state environmental review in respect of activities and projects subject to environmental regulation. The Environmental Code also provides for public hearings and public environmental review procedures in relation to certain activities and projects.

The Environmental Code establishes environmental requirements relating to emissions into the environment, environmental monitoring and compliance with environmental quality standards. Operators of certain facilities are required to implement measures aimed at reducing adverse environmental impacts and complying with applicable environmental requirements. Under the Environmental Code, companies are obligated to obtain permits (as described below) for the contamination of the environment and must observe all requirements set out in such permits.

The Environmental Code contains comprehensive rules governing waste management, including the classification of waste, ownership of waste, management of hazardous waste and obligations relating to the transportation and disposal of hazardous waste. Waste generators are required to provide copies of hazardous waste passports to persons transporting hazardous waste and to recipients of such waste.

The Environmental Code is based on several binding principles, such as a "polluter pays" principle, which involves the introduction of several measures including the elimination of environmental damage in kind and the introduction of criminal liability for responsible individuals. The Environmental Code also establishes requirements relating to the prevention, remediation and liability for environmental damage, including historical pollution, and provides for state environmental control and enforcement measures in respect of violations of environmental legislation. The Environmental Code targets entities that contribute most heavily to pollution, including those in the oil and gas sector, and imposes charges on such entities which will increase gradually and substantially. The aim is to encourage such enterprises to transition to environmentally friendly technologies with an aim to minimise harmful substance emissions.

In addition, the Environmental Code contains provisions relating to the protection of water resources, land, atmospheric air, biodiversity and the marine environment, including requirements applicable to activities carried out in marine areas of the Republic of Kazakhstan.

Environmental Permits

The concept of an environmental permit was developed as a means for the Government to regulate pollution. An environmental permit is a special permit that grants a company a temporary right to emit or disperse emissions into the atmosphere and the discharge of waste substances into surface and underground waters. Environmental permits contain the conditions governing the user's impact on the environment. Companies whose operations may have negative impact the environment are required to obtain an environmental permit.

The Environmental Code classifies facilities that have a negative impact on the environment into four categories: I, II, III, and IV. Category I includes facilities with the highest environmental impact, such as hydrocarbon extraction and processing plants, metallurgical and chemical industries, large power plants, and other high-risk enterprises. Category II facilities also have significant, but less intense, environmental impacts. Obtaining an environmental permit is mandatory for operators of Category I and II facilities. An environmental permit is a document confirming the operator's right to cause negative environmental impacts and establishing specific environmental conditions that must be complied with during the construction, reconstruction, or operation of the facility. Permits are not required for facilities of Categories III and IV, except when such facilities are located within the industrial site of a Category I or II facility and are technologically linked to it. Operators of Category III facilities are required to submit an environmental impact declaration. Two types of environmental permits exist: integrated environmental permits and permits for environmental impact. Operators of Category I facilities must obtain integrated environmental permits. A key condition for obtaining an integrated permit is the implementation of the Best Available Techniques (BAT). Integrated environmental permits are indefinite in duration unless there is a change in the primary

production method or new BAT conclusions are approved with requirements that the facility does not meet. In such cases, the operator must apply for a permit review within the established timeframe. Failure to review the permit results in its expiration one year after the new BAT conclusions are approved. Operators of Category II facilities must obtain permits for environmental impact. Fees for negative environmental impacts are regulated by the Tax Code and may be increased by local representative bodies (Maslikhats). The object of taxation includes the actual volumes of emissions, discharges, waste disposal, determined within the limits of permitted standards or declared volumes.

Statute of Limitations on Proceedings

The statute of limitations for bringing civil proceedings for breach of environmental requirements is governed by the general statute of limitation provisions under the Civil Code which provides for a three-year limitation period which starts running from the time when a person learns or should have learned of a breach. This limitation does not apply to regulatory proceedings, criminal or administrative prosecutions in connection with breaches of environmental requirements, which are subject to separate limitation periods of up to 30 years.

Environmental and Other Mandatory Insurance

Kazakhstan law establishes a number of mandatory insurances to be obtained by any entity conducting certain types of activities.

Environmental Insurance

Pursuant to the Law "On Mandatory Environmental Insurance" No. 93-III dated 13 December 2005, any entity carrying out environmentally hazardous activities should insure against the risks associated with such activities.

According to Clause 7(3) of the List of Environmentally Hazardous Businesses and Other Activities, approved by Order of the Acting Minister of Ecology, Geology, and Natural Resources No. 271 dated 27 July 2021, such activities include hazardous waste management, including transboundary transportation of hazardous waste in connection with the fulfillment of obligations of the Republic of Kazakhstan. The purpose of the insurance is to ensure compensation for environmental damage resulting from accidents occurring in the course of such activities. The insurance is formalised through a mandatory insurance agreement between the insurer and the insured and must be concluded with a licensed insurer before the commencement of any environmentally hazardous operations. The agreement covers the insured's civil liability for environmental damage caused by accidents and remains valid for at least 12 months unless terminated earlier.

Other lines of mandatory insurance, which are required by Kazakhstan law and applicable to the Group's activities, are as follows:

Insurance of the Employees against Accidents at Work

Pursuant to the Law No. 30-III dated 7 February 2005 "On Mandatory Insurance of an Employee Against Accidents While Performing Labour (Service) Duties", as amended, all employers in Republic of Kazakhstan are required to insure employees against accidents that occur when they are carrying out their employment duties. The insurance covers harm to life or health resulting in death or a loss of professional capacity. The insurance agreement must be signed with a licensed insurer before employment begins and remains valid for at least 12 months or for the duration of the work, if shorter.

Health and Safety Compliance

The Groups's activities are subject to laws and regulations of Kazakhstan relating to safety and health matters, including industry specific health and safety requirements, and are regulated by various government authorities, including the Ministry of Transport, the Ministry of Labour and Social Protection of the Population and the Ministry of Health.

Such laws and normative acts include, amongst others: (a) Law of the Republic of Kazakhstan No. 188-V of 11 April 2014 "On Civil Protection", which stipulates rules and procedures related to regulation of the safety of railway transportation; (b) the Railway Transport Safety Rules approved by the Order of the Acting Minister for Investments and Development of the Republic of Kazakhstan No. 334 dated 26 March 2015, and (c) other normative acts setting out requirements for railway transportation and operation safety. The laws and regulations require transportation process participants to ensure environmental, fire and sanitary and epidemiological safety, to ensure safety of human life and health, and passenger travel safety, safety of transportation of cargo, baggage, and over-the-counter baggage, traffic safety during the operation, maintenance, repair, and servicing of rolling stock, switches, tracks, and railway equipment, and provide security of railway facilities.

As employer, the Group companies have to ensure workforce discipline, provide its employees with properly functioning and safe equipment, and ensure their professional training and education on health and safety requirements, to constantly improve the quality of repair and maintenance of facilities, including tracks, rolling stock, signaling and communication devices, power supply, railway crossings and other technical means of transport, to perform periodic medical examinations of its employees.

Samruk-Kazyna Procurement Rules

Pursuant to the Law of the Sovereign Wealth Fund Law, the Company is not subject to the general state procurement rules (established by the Law of the Republic of Kazakhstan No. 106-VIII dated 1 July 2024 "On Public Procurement" (the "State Procurement Law")) and conducts its procurement in accordance with Samruk-Kazyna Procurement Rules.

The Samruk-Kazyna Procurement Rules were approved by the minutes of the board of directors of Samruk-Kazyna No. 193 dated 3 March 2022 as amended from time to time. The Samruk-Kazyna Procurement Rules are generally similar to the state procurement rules and provide for mandatory procedures for the procurement of goods, work and services by Samruk-Kazyna and companies in which Samruk-Kazyna has a 50% or more direct or indirect ownership. The Samruk-Kazyna Procurement Rules require such companies to conduct formal public tenders in order to procure most types of goods, works and services, subject to certain limited exceptions. The procurement of certain limited categories of goods, works and services, as well as goods, works and services provided by companies within the Samruk-Kazyna group, are conducted by way of direct trades without involving the tendering procedures. Samruk-Kazyna exercises overall supervision over compliance with the Samruk-Kazyna Procurement Rules under the Samruk-Kazyna Procurement Control Rules adopted on 9 December 2021, which became effective on 1 January 2022. See also *"Business Overview – Customers and Suppliers"* in this Document for further details.

Licensing of Railway Transportation and other activities

The Law No. 202-V dated 16 May 2014 "On Permits and Notifications", as amended, (the "**Permits and Notifications Law**") consolidates and streamlines various regulations in relation to licences, permits, consents and other government approvals. A permitting or notification

regime is introduced depending on the level of risk associated with the activities or actions (operations) to be undertaken and is divided into the following categories:

1. First-category permits – licences, which are required for types (subtypes) of activities or actions (operations) associated with a high level of risk;

2. Second-category permits – all permits other than licences, which are required for types (subtypes) of activities or actions (operations) associated with a medium level of risk;

3. Notifications are required for activities or actions associated with a low level of risk, where state authorities nevertheless require information regarding the commencement or cessation of such activities or actions.

The Permits and Notifications Law provides that, for instance, freight transportation by rail, transportation, including transit, of certain types of goods, such as nuclear materials, radioactive substances, radioisotope sources of ionizing radiation, radioactive waste within the territory of the Republic of Kazakhstan, construction and installation works, medical activities require license.

The licence for transportation, including transit, of nuclear materials, radioactive substances, radioisotope sources of ionizing radiation, radioactive waste within the territory of the Republic of Kazakhstan is granted for the period of five years; and the license for transportation of goods by rail, construction and installation works, medical activities is granted for an unlimited period of time by the relevant government authority after submission of the required documentation confirming that the facility fulfils all applicable requirements and the payment of a fee. A licence is not transferable from one person (licensee) to another.

If a legal entity conducts activities without the relevant licence, as required by the Permits and Notifications Law, such entity and its officers are subject to administrative and criminal liability.

Anti-monopoly Regulation

The status of some of the Group companies, 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 Antimonopoly Agency.

In accordance with the Entrepreneurial Code, a company is deemed to occupy a dominant position if its market share is equal to or exceeds a threshold of 35%, provided that all of the following circumstances are true in respect of such entity: (i) there is a possibility of such entity unilaterally determining prices and having a decisive influence on the general conditions of a product's sale in the market; (ii) there are economic, technological, administrative or any other restrictions for others to access the market; and (iii) the possibility of such entity to have a decisive influence on the general conditions of a product's sale in the market is lasting. Companies with a market share of 50% or more are considered to occupy a dominant position whether or not they fulfil the above criteria.

In addition, if not more than three entities in a relevant market hold an aggregate market share of 50% or more, or if not more than four entities in a relevant market hold an aggregate market share of 70% or more, each is deemed to hold a dominant market position, provided that such entities meet all of the following criteria: (i) the relative shares of market participants remain the same or change insignificantly for a long period (at least a year or, if such term is less than a year, the term of a certain market existence); (ii) the product sold or purchased by such entities cannot be replaced with another product during its consumption; and (iii) the information on the price for such product and (or) the conditions of its sale is available to the general public. At the same time, if an entity holds a market share not exceeding 15% of the relevant market, such entity shall not be deemed to hold a dominant market position.

In addition, under the Entrepreneurial Code, a conglomerate is defined as a market participant (or a group of persons) holding a dominant or monopoly position in the relevant commodity market and in an adjacent commodity market. An adjacent commodity market is a commodity market where the sale of a product is not possible without the use of another product sold in the relevant commodity market. The Antimonopoly Agency maintains the State Register of Conglomerates and exercises oversight over conglomerates through analysis and monitoring of their activities. The procedures for such analysis and monitoring are established by regulations adopted by the antimonopoly authority. KTZ-FT and KTZ Express is included in the State Register of Conglomerates in connection with their activities in the railway transportation sector (State Register of Conglomerates approved by Order No. 286/NQ of the Acting Chairman of the Agency for Protection and Development of Competition of the Republic of Kazakhstan dated 20 December 2024).

The Entrepreneurial Code prohibits actions (or omissions) by market participants holding a dominant or monopoly position that have resulted or may result in restricting access to the relevant commodity market, preventing, restricting or eliminating competition, and/or infringing the lawful rights of a market participant or an indefinite group of consumers, including *inter alia*:

1. establishing or maintaining monopolistically high (low) prices or monopsonistically low prices;
2. applying different prices or different terms to equivalent agreements with market participants or consumers;
3. making the conclusion of an agreement conditional upon, or imposing, the acceptance by a market participant or consumer of additional obligations which, by their nature or in accordance with customary business practices, are unrelated to the subject matter of such agreement;
4. an unjustified refusal to enter into a contract or to sell goods to certain buyers when, at the time of the request, the seller had the capacity to produce or sell the relevant goods; or evasion, manifested by a failure to respond to a proposal to enter into such a contract within a period exceeding thirty calendar days;
5. imposing on a counterparty economically or technologically unjustified contractual terms that are unrelated to the subject matter of the agreement;
6. the setting of different prices (rates) for the same product without economic, technological, or other justification, or the creation of discriminatory conditions.

Where a market participant holding a dominant or monopoly position has been held administratively liable on two occasions within the same calendar year for violating the above prohibitions and continues to engage in conduct restricting competition, the Antimonopoly Agency may, for the purpose of promoting competition, apply to a court seeking the compulsory division of such market participant or the separation from it of one or more legal entities established on the basis of its structural subdivisions.

Market participants that intend to engage or have engaged in an economic concentration must obtain approval from the Antimonopoly Agency or properly notify it of the engagement, depending on the type of concentration.

According to the Entrepreneurial Code, an economic concentration is:

(1) a reorganisation of a market participant through a merger or consolidation;

(2) the acquisition by a person (or a group of persons) of voting shares (or participation interests in charter capital or participatory shares) in a market participant where such person (or group of persons) gains the right to dispose of more than 50% of such shares (or participation interests in charter capital or participatory shares) if, prior to such acquisition, such person (or group of persons) did not have right to dispose of shares (or participation interests in charter capital or participatory shares) in such market participant or had right to dispose of 50% or less of the voting shares (or participation interests in charter capital or participatory shares) in the charter capital of such market participant. This, however, does not apply to a new company set-up;

(3) the acquisition by a market participant (or a group of persons) of right of ownership, possession and use, including in payment for (transfer of) charter capital for fixed production assets (save for certain assets listed in the relevant provision of the Entrepreneurial Code) located on the territory of the Republic of Kazakhstan and (or) intangible assets of another market participant if the book value of the property constituting the subject of the transaction (inter-related transactions) exceeds 20% of the book value of the fixed production assets and intangible assets of the market participant alienating or transferring the property;

(4) the acquisition by a market participant (including on the basis of a trust management agreement, joint operation agreement or agency agreement) of rights which allow such market participant to issue binding instructions to the other market participant in conduct by such other market participant of its business activities; or

(5) the participation of the same individuals in the executive bodies, boards of directors, supervisory boards or other management bodies of two or more market participants, provided that such individuals determine the terms of business activities conducted by such market participants.

Either of the above transactions effected within one group of entities is not considered to be an economic concentration and as such does not require approval from or notification to the Antimonopoly Agency.

Approval by the Antimonopoly Agency (for transaction(s) numbered 1) to 3) immediately above) or the notification to the Antimonopoly Agency (for transactions numbered 4) and 5)) is required when the aggregate book value of assets of the reorganised market participants (or group of persons) or the acquirer (or group of persons) and the market participant whose voting shares (or participation interests in charter capital or participatory shares) are acquired, or their aggregate volume of sales of goods in the most recent financial year, exceed ten million times the size of the monthly calculation index in effect at the date of filing an application for approval (notification).

In general, it is the responsibility of the purchaser, which acquires shares (participation interests, stocks), fixed production assets, intangible assets or respective rights, to obtain prior approval from the Antimonopoly Agency.

A company which engages in an economic concentration without the applicable approval of or notification to the Antimonopoly Agency in violation of the Entrepreneurial Code may be subject to administrative fines and penalties.

Economic concentration conducted in the absence of the Antimonopoly Agency's consent that results in the creation of a monopoly position of a market participant (or a group of entities) and (or) restriction of competition may be invalidated by a court on the basis of an action brought by the Antimonopoly Agency.

In addition, state registration, re-registration of a market participant and rights to real estate in violation of the requirements of the Entrepreneurial Code may be invalidated and cancelled by a court on the basis of an action brought by the Antimonopoly Agency.

Personal Data Protection

The purpose of the Law of the Republic of Kazakhstan No. 94-V "On Personal Data and Its Protection" dated 21 May 2013, as amended (the "**Personal Data Law**") is to ensure the protection of the rights and freedoms of individuals during the collection and processing of their personal data. In particular, the Personal Data Law requires that an individual must consent to the processing (i.e., any action on the accumulation, storage, modification, addition, use, distribution, depersonalisation, blocking and destruction) of their personal data and must provide such consent prior to the personal data being processed, unless otherwise provided by the laws of the Republic of Kazakhstan. In particular, the Personal Data Law permits the collection and processing of personal data without such consent in certain cases expressly provided by law, including, among others, where such processing is carried out by state authorities in the performance of their statutory functions (for example, in connection with law enforcement, regulatory supervision, statistical activities or tax administration), where personal data are published in accordance with applicable laws, where processing is required for the implementation of international treaties ratified by the Republic of Kazakhstan, or where it is necessary to protect constitutional rights and freedoms and obtaining consent is not possible. Under the Personal Data Law, personal data processing consent may be provided in several forms, most commonly in writing. Cross-border transfer of data is permitted subject to the consent of the subject of personal data to this. The Personal Data Law also requires that the collection and processing of personal data be limited to specific, predetermined and lawful purposes and prohibits the collection and processing of personal data for purposes that may cause material or moral harm to the data subject or restrict the exercise of his or her rights and legitimate interests.

The storage of personal data by owners and operators of databases containing personal data, as well as by relevant third parties, must be carried out in a database located in the Republic of Kazakhstan. Cross-border transfer of personal data is generally permitted only where the receiving jurisdiction ensures protection of personal data, although transfers to jurisdictions that do not ensure such protection may still be permitted in certain cases, including where the data subject has consented. Owners and operators of databases containing personal data, as well as relevant third parties, are required to implement legal, organisational and technical measures to protect personal data in accordance with the Personal Data Law and the Law of the Republic of Kazakhstan No. 418-V "On Informatization" dated 24 November 2015, as amended. Kazakhstani law also provides for certain notification obligations in the event of personal data security breaches.

Employment

Employment matters in Kazakhstan are governed mainly by the Labour Code. The Labour Code sets out minimum rights of employees that must be complied with by any employer in Kazakhstan. Employment is required to be documented by an employment agreement that may be entered into either for an indefinite term or a fixed term (generally not less than one year). Foreigners may be employed in Kazakhstan equally as Kazakhstan citizens. However, as a general rule, a work permit is required prior to employment of foreign citizens. The permits are issued within the annual quota limits for employing foreigners in Kazakhstan established by the Ministry of Labour and Social Protection of the Republic of Kazakhstan. In addition, employers are required to register employment agreements and certain related employment information in the Unified System of Labour Contracts (the electronic labour exchange platform). This includes, among other things, employment agreements, amendments to such agreements and

information on termination of employment, and such registration constitutes a mandatory requirement under applicable legislation.

Under the Labour Code, employees are granted certain rights and protections. For instance, a regular duration of working hours must not exceed forty hours a week. Overtime work must not exceed two hours a day for each employee and must be compensated. The total duration of overtime work must not exceed 12 a month and 120 a year. The paid annual leave must be at least 24 calendar days. Employees also have the right to establish and join trade unions. Trade unions may represent employees in collective bargaining and in resolving labour disputes with employers.

An employment agreement may be terminated, among others, by mutual consent of the employer and the employee, upon expiration of the employment agreement, at the employee's initiative, or at the employer's initiative. Unilateral early termination of employment agreements by an employer is possible only for certain reasons expressly outlined in the Labour Code. The Labour Code establishes cases when early termination of employment agreements by an employer is prohibited, including during the period of temporary disability of employee and during the annual leave, as well as in relation to pregnant women, women with children under the age of three and single mothers of children under the age of 14 or children with disabilities under the age of eighteen.

Entering into a collective bargaining agreement is allowed by the Labour Code but is not compulsory. An employer must maintain a compulsory occupational accident insurance and social insurance. Employers are also required to make mandatory payroll-related contributions, including mandatory pension contributions, social insurance contributions, contributions to the Social Health Insurance Fund and social tax payments in accordance with the applicable legislation of Kazakhstan. Employers must also ensure compliance with occupational health and safety requirements, including the provision of safe working conditions, training of employees on occupational safety rules and the investigation of workplace accidents.

The Law on Railway Transport establishes additional grounds for suspending a railway transport employee from work, namely: (i) failure to comply with instructions issued by the dispatching service or the National Infrastructure Operator in connection with the management of the transportation process and train operations; and (ii) violation of working time regulations. Besides, railway transport employees engaged in serving passengers, consignors and consignees, as well as those directly involved in train operations, must be provided by their employer, at the employer's expense, with uniforms (without shoulder insignia) bearing the appropriate distinguishing insignia.

Arbitration Law

There are the following limitation established in the Law of the Republic of Kazakhstan No. 488-V dated 8 April 2016 "On Arbitration" (the "**Arbitration Law**"):

1. Article 8.8 of the Arbitration Law envisages that an arbitration court shall not have jurisdiction over, among others, the disputes which are between state bodies and between quasi-state sector entities. Article 3.1.31 of the Budget Code provides a very broad definition for the term "quasi-state sector entities". The Company falls under falls under this definition. Accordingly, any disputes which are solely between the Company and other Kazakhstan quasi-state sector entities or governmental authorities may be submitted only to the state courts of Kazakhstan.

2. Article 8.10 of the Arbitration Law further provides that, an arbitration tribunal is not entitled to consider disputes between Kazakhstan individuals and/or legal entities, on the one side, and government authorities, state enterprises, as well as legal entities,

50% or more of voting shares (participation interests in the charter capital) of which are directly or indirectly owned by the state, on the other side, in the absence of a consent of the authorised body of the relevant industry (in relation to republican property) or the local executive authority (in relation to the municipal property). The government authorities, state enterprises, as well as legal entities (such as the Issuer), 50% or more of voting shares (participation interests in the charter capital) of which are directly or indirectly owned by the state, intending to conclude an arbitration agreement, must send to the authorised body of the relevant industry (or local executive authority) a request for granting a consent to conclude such arbitration agreement, with an indication of the estimated costs of the arbitration proceedings. When considering the request, the authorised body (or the local executive authority) must take into account the economic security and interests of the state. In order to submit its disputes with Kazakhstan individuals or legal entities to arbitration, the Company must obtain this consent.

In other cases when choosing an arbitration court, the parties are free to choose Kazakhstan-based (*e.g.,* the International Arbitration Centre (the "**IAC**") within the AIFC, the Arbitration Centre of the National Chamber of Entrepreneurs Atameken, etc.) or international arbitration courts (*e.g.,* the London Court of International Arbitration, the ICC International Court of Arbitration, etc.).

IAC Arbitration

The AIFC is a financial hub in Astana, Kazakhstan, which was officially launched in 2018 and which has a special legal regime. The IAC is functioning in the territory of the AIFC and is intended to provide an independent, economical and expeditious alternative to court litigation, operating to the highest international standards to resolve civil and commercial disputes in the AIFC. Parties may agree for the IAC to administer their arbitration according to the IAC Arbitration and Mediation Rules, UNCITRAL Arbitration Rules or *ad hoc* arbitration rules and administer their mediations according to the IAC Arbitration and Mediation Rules or *ad hoc* mediation rules. The parties to a dispute may provide other forms of alternative dispute resolution.

The IAC's panel of arbitrators consists of over thirty professionals from over ten different countries, including the United Kingdom, the United States, China, Hong Kong, Japan, India, Singapore, Russia, and certain countries of the European Union.

The Regulatory Authorities

The Ministry of Transport

The Ministry of Transport is the main state body which exercises overall management and oversight in the railway transport sector and develops and implements state policy in the railway transportation area and is the competent authority in the railway transportation sphere in Kazakhstan in accordance with the Law on Railway Transport and the resolution of the Government of the Republic of Kazakhstan No. 862 dated 4 October 2023 (the "**Resolution 862**") which approved the Regulations on the Ministry of Transport of the Republic of Kazakhstan.

According to the Resolution 862, the Ministry of Transport represents the interests of the Republic of Kazakhstan and implements the state policy in the sphere of railway transportation through:

(1) adopting regulations governing railway transportation, railway safety and operation of railway infrastructure;

(2) establishing procedures for the organization of passenger transportation services, including interregional and international passenger routes;

(3) regulating access to and use of the mainline railway network;

(4) overseeing compliance with railway transport legislation and safety requirements;

(5) coordinating the operation and development of the railway transport system;

(6) participating in the regulation of international railway transportation and implementation of Kazakhstan's international obligations in the railway sector; and

(7) exercising other powers assigned to it under the Law on Railway Transport and related legislation.

In addition, under the Law on Merchant Shipping, the Ministry of Transport is the authorized state agency for the purposes of this law and its powers *inter alia* include: approval of the rules for granting seaport status; approval of the rules governing the application of prices (tariffs) for mandatory seaport services, etc.

The Ministry of National Economy

The Ministry of National Economy of the Republic of Kazakhstan is the central executive authority responsible for, among other matters, the implementation of state policy and intersectoral coordination in the field of state regulation and supervision of natural monopolies. Through the Natural Monopoly Committee, the Ministry of National Economy performs the following principal functions:

(1) maintaining the State Register of Natural Monopoly Entities;

(2) approving tariffs, tariff estimates and tariff methodologies for regulated services;

(3) approving temporary compensatory tariffs and monitoring compliance with approved tariffs;

(4) approving and monitoring the implementation of investment programmes of natural monopoly entities;

(5) adopting regulatory acts governing tariff formation and the provision of regulated services;

(6) approving certain transactions and corporate actions of natural monopoly entities in cases prescribed by law;

(7) conducting regulatory oversight and monitoring compliance with natural monopoly legislation; and

(8) investigating violations of natural monopoly legislation and applying enforcement measures within its competence.

Antimonopoly Agency

The Antimonopoly Agency carries out management in the area of competition protection and restriction of monopolistic activity, control and regulation of activities related to the sphere of state monopoly. Its principal powers include:

(1) exercising state control over compliance with the legislation of the Republic of Kazakhstan in the field of competition protection;

(2) reviewing applications for consent to economic concentration;

(3) preventing and eliminating abuses of a dominant or monopolistic position in the relevant commodity market;

(4) preventing and suppressing anticompetitive agreements, concerted practices and unfair competition;

(5) conducting analyses of competition conditions in commodity markets;

(6) identifying monopolistically high (low) prices established by entities holding a dominant or monopolistic position;

(7) conducting investigations into violations of competition legislation;

(8) monitoring the activities of state-owned enterprises, legal entities more than 50% of whose shares are owned by the state, and their affiliates, including with respect to obtaining antimonopoly approval for the creation, expansion or modification of business activities;

(9) issuing binding orders requiring the cessation of violations of competition legislation and the elimination of their consequences; and

(10) considering administrative offence cases and imposing administrative sanctions in accordance with applicable legislation.

Environmental Agency

The Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, the state authority in the sphere of environmental protection responsible for formation and implementation of the state environmental protection policy, as well as for coordination of processes in the development of 'green economy' and waste management areas. This ministry is responsible for, amongst others, environmental regulation and permitting, environmental impact assessment, state environmental control and supervision, regulation of atmospheric emissions, waste management, water use and environmental protection requirements applicable to railway operators and railway infrastructure facilities. The Ministry also oversees compliance with environmental legislation and may impose administrative measures for violations of applicable environmental requirements.

The Ministry of Labour and Social Protection of the Population

The Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan is responsible for management in the social and labour sphere, as well as migration, and develops and approves procedures and conditions for issuing or extending permits for foreign workforce.

EEU Regulation

The EEU Treaty was signed on 29 May 2014 and entered into force on 1 January 2015. The EEU Treaty established the EEU, within which the free movement of goods, services, capital and labour is ensured, and coordinated, agreed or unified policies are implemented in the sectors of the economy specified by the EEU Treaty and international agreements concluded within the framework of the EEU.

The EEU is an international organization of regional economic integration possessing international legal personality. The member states of the EEU are Kazakhstan, Russia, Belarus, Armenia and Kyrgyzstan.

A coordinated (harmonized) transport policy is implemented within the EEU with a view to promoting economic integration and the gradual and phased development of a single transport area based on the principles of competition, openness, safety, reliability, accessibility and environmental sustainability. The objectives of the coordinated (harmonized) transport policy are:

1. the establishment of a common market for transport services;
2. the adoption of coordinated measures to secure common benefits in the field of transport and implement best practices;
3. the integration of the transport systems of the Member States into the global transport system;
4. the efficient utilization of the transit potential of the Member States;
5. the improvement of the quality of transport services;
6. the promotion of transport safety and security;
7. the reduction of the adverse impact of transport on the environment and human health; and
8. the creation of a favourable investment climate.

Pursuant to the EEU Treaty, the Procedure for Regulating Access to Railway Transport Services, Including the Fundamentals of Tariff Policy, was adopted. The Procedure sets out the rules governing access to railway transport services, including the fundamentals of tariff policy, and applies to relations between railway transport organizations, consumers and the authorized authorities of the Member States responsible for railway transport services. In accordance with the Procedure with respect to the transportation of goods from the territory of one Member State to third countries and in the reverse direction, in transit through the territory of another Member State (except for the transportation of goods through the seaports of the Member States), as well as the transportation of goods from third countries to third countries in transit through the territories of the Member States, a coordinated (harmonized) tariff policy is implemented in accordance with the Concept for the Establishment of a Coordinated Tariff Policy in Railway Transport of the States Parties to the CIS, dated 18 October 1996.

In the framework of the EEU Treaty and pursuant to Resolution of the Board of the EEU No. 175 dated 26 October 2021, a list of Eurasian transport corridors and routes was approved, identifying the principal transport corridors and routes of strategic importance within the EEU.

Other International Treaties

There are also several international treaties (agreements) which govern certain activities of the Group.

For example technical conditions for the placement and securing of cargo, the procedure and conditions for the transportation of bulk liquid cargo, dangerous goods, which are not governed by the Rules for the Transportation of Goods by Rail, are established by international agreements (treaties) adopted within the framework of the OSJD and the Council for Railway Transport of the Member States of the CIS, Georgia, the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia and other international agreements (treaties) to which the Republic of Kazakhstan is a party.

Such treaties include, for example:

- The Agreement on the Regulation of Access to Railway Transport Services, including the Principles of Tariff Policy between the Government of the Republic of Belarus, the Government of the Republic of Kazakhstan and the Government of the Russian Federation entered in Moscow on 9 December 2010 and ratifies by the Law of the Republic of Kazakhstan No. 446-IV dated 28 June 2011.

  The Agreement is aimed at (i) ensuring access for consumers of the parties to rail transport services for transportation within the territory of each party on terms no less favorable than those created for consumers of that Party, (ii) maintaining a balance of economic interests between consumers of rail transport services and the railway transport organizations of the parties, and (iii) ensuring conditions for access by railway transport organizations of one party to the domestic market for rail transport services of the other party.

  The Republic of Kazakhstan is also a party to the Agreement between the Railway Administrations of the Member States of the CIS, Georgia, the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia on the Special Application of Certain Provisions of the Agreement on International Railway Freight Communication (OP SMGS) dated 1 October 1997.

- The Agreement on International Railway Freight Transport to which the Republic of Kazakhstan acceded by Order of the Prime Minister of the Republic of Kazakhstan No. 19071 dated 9 November 1992.

  The Agreement establishes uniform legal norms in the contract for transportation of goods in direct international rail traffic and in direct international rail-ferry traffic. The Resolution of the Cabinet of Ministers of the Republic of Kazakhstan No. 474 dated 4 May 1994 "On the Transition of the Railways of the Republic of Kazakhstan to the Organisation of International and Inter-State Transportation of Goods on the Basis of the Agreement on International Railway Freight Communication" established that from 1 May 1994, delivery and interstate transportation of goods by rail shall be carried out under the conditions provided for by the Agreement on International Railway Freight Transport.

Pursuant to the Law of the Republic of Kazakhstan No. 480-V dated 6 April 2016 "On Legal Acts", international treaties ratified by the Republic of Kazakhstan prevail over its laws and are directly applicable, except where an international treaty provides that the enactment of a law is required for its implementation.

OVERVIEW

The Company's history can be traced back to 1997 when its predecessor, Kazakhstan Temir Zholy Republican State Enterprise, was established in Kazakhstan on 31 January 1997 by resolution of the Government through the merger of the following republican state enterprises: Almaty Railway Administration, Tselinny Railway Administration, and West Kazakhstan Railway Administration.

On 15 May 2002, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed on the basis of resolution of the Government through the merger of Kazakhstan Temir Zholy Republican State Enterprise and its state-owned subsidiaries.

On 1 April 2004, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was reorganised into Joint Stock Company《National Company《Kazakhstan Temir Zholy》. As of the Latest Practicable Date, the Company was wholly-owned by Samruk-Kazyna which, in turn, is wholly owned by Government.

KEY MILESTONES OF THE COMPANY

The following is a summary of the Company's key business development milestones:

Year	Event
1997	The Company's predecessor, Kazakhstan Temir Zholy Republican State Enterprise, was established through the merger of the three existing railway networks in Kazakhstan at that time.
2001	The launch of the Aksu-Degelen railway line, spanning 187 km, which established the shortest rail connection between the Semey region and Pavlodar.
2002	The Company was formed as a closed joint stock company.
2004	The Company was reorganised into a joint stock company.
2004	The launch of the Khromtau-Altynsarino railway line, spanning 404 km, which established a direct rail connection between the Kostanay and Aktobe regions.
2008	The launch of the Shar-Ust-Kamenogorsk railway line, spanning 150 km, which connected the national railway network within the borders of Kazakhstan. The railway lines provided the shortest ways of freight transport on TransKazakhstan routes in the West-East and North-South directions.
2012	The launch of the Zhetygen-Altynkol (Khorgos) railway line, which links the China-Kazakhstan border with China's inland railways. From the border, the railway is extended west, joining the Sary-Ozek railway line to become the second cross-border rail link between the two countries.

Year	Event
2014	The launch of a 930 km rail link, running from Ozen, western Kazakhstan through Turkmenistan to Gorgan in north-western Iran. The new link opens up access to the Middle East and its ports through Iran for Kazakhstan and Turkmenistan, and to China and the Pacific Ocean through Kazakhstan for Iran and Turkmenistan.
2014	The launch of the Zhezkazgan-Beineu railway line, reducing the distance from China to Europe by approximately 1,200 km.
2015	The launch of the Khorgos dry port, the largest dry port and multimodal logistics hub in Central Asia.
2015	The launch of the Arkalyk-Shubarkol railway line, spanning 214 km, which reduced the distance of transportation from Central Kazakhstan to the Northern regions by an average of 550 km.
2018	The launch of the Kuryk seaport, which is nestled in a natural bay strategically located on the eastern coast of the Caspian Sea, south of the Aktau seaport.
2025	The launch of the second line of the Dostyk-Moiynty railway, spanning 836 km, with the objective of expanding capacity along the eastern international transit corridor to China.
2025	Completion of the construction of the first phase of the international container hub at the Aktau seaport.
2026	The Company established the MTN Programme for the issuance of up to US$3,000,000,000 in aggregate principal amount of Notes, and issued two series of Notes thereunder in April 2026.

CORPORATE DEVELOPMENT

Early development of the predecessor of the Company

The Kazakhstan railway system originally formed part of the Soviet Union's rail network and was divided into three railways operated under the control of the Soviet Railway Ministry. Following the dissolution of the Soviet Union in 1991, economic disruption led to a sharp decline in rail transport volumes during the 1990s. In 1997, the Government restructured the sector by merging the three railways to consolidate operations and stabilize finances. As part of this reform, the Company's predecessor, Kazakhstan Temir Zholy Republican State Enterprise, was established on 31 January 1997 by resolution of the Government through the merger of the following republican state enterprises: Almaty Railway Administration, Tselinny Railway Administration and West Kazakhstan Railway Administration, with the Government, acting through the Ministry of Transport, as the sole owner of the property of the state enterprise.

Transformation into a closed joint stock company

In 2002, the Government established National Company Kazakhstan Temir Zholy Closed Joint Stock Company that was formed through the merger of the Company's predecessor, Kazakhstan Temir Zholy Republican State Enterprise, and its state-owned subsidiaries.

Reorganisation into a joint stock company and subsequent restructuring

In 2004, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was reorganised into Joint Stock Company《National Company《Kazakhstan Temir Zholy》. In January 2006, all of the Company's shares were transferred from the Government to Samruk, the predecessor of Samruk-Kazyna, which then succeeded to ownership by operation of law. Since then, Samruk-Kazyna has remained the sole shareholder of the Company.

In subsequent years, the Government and Samruk-Kazyna continued to implement reforms aimed at optimizing corporate governance within portfolio companies, gradually divesting non-core assets and clarifying roles and responsibilities across operating subsidiaries. Under this mandate, the Company carried out an extensive disposal programme between 2014 and 2021, which significantly streamlined the Group's structure.

Shareholding changes of the Company

As at the Latest Practicable Date, the Company had 502,040,458 authorised Shares, of which 496,695,676 were placed and paid-in and are held by Samruk-Kazyna.

During the two years immediately preceding the date of this Document, the Company had the following shareholding changes:

- on 11 December 2024, the Company placed 1,000 Shares to Samruk-Kazyna for a cash consideration of KZT13,272,667,000;
- on 8 August 2025, the Company placed 1,000 Shares to Samruk-Kazyna for a total consideration of KZT24,936,502,000, such consideration having been satisfied by the injection of certain railway related assets by Samruk-Kazyna; and
- on 11 November 2025, the Company placed ten Shares to Samruk-Kazyna for a total consideration of KZT3,855,053,000, such consideration having been satisfied by the injection of certain railway related assets by Samruk-Kazyna.

MAJOR SUBSIDIARIES OF THE COMPANY

During the Track Record Period, the Group carried out its business principally through the Company (as the operator of the mainline railway network) and nine Major Subsidiaries (covering freight transportation, transport and logistics services, passenger transportation and other support services). Details of the nine Major Subsidiaries are set out below:

Name of subsidiary	Date of establishment	Place of establishment	Percentage of equity interest held by the Group	Principal business activities
KTZ-FT	14 October 2003	Kazakhstan	100%	Freight transportation and locomotive haulage
KTZ Express	24 May 2002	Kazakhstan	100%	Multimodal transportation

Name of subsidiary	Date of establishment	Place of establishment	Percentage of equity interest held by the Group	Principal business activities
Kaztemirtrans	21 October 2003	Kazakhstan	100%	Freight carriage operation
Kedentransservice	24 August 1999	Kazakhstan	100%	Freight forwarding services, rolling stock operation and terminal services
KTZE – Khorgos Gateway	1 December 2009	Kazakhstan	51%	Dry port services
International Sea Trade Port of Aktau[(1)]	11 October 1996	Kazakhstan	100%[(1)]	Vessel loading and unloading work and vessel servicing
Port Kuryk	23 July 2012	Kazakhstan	100%	Freight transhipment and vessel servicing
Passenger Transportation	21 May 2002	Kazakhstan	100%	Passenger transportation
KTZ-Passenger Locomotives	31 August 2021	Kazakhstan	100%	Locomotive rolling stock services

Note:

(1) The shares in International Sea Trade Port of Aktau are legally owned by Samruk-Kazyna and have been transferred to the Company under a trust management agreement dated 29 November 2013. Pursuant to this arrangement, the Company, as trustee, is entitled to exercise certain shareholder rights in respect of International Sea Trade Port of Aktau, including the right to manage its activities and the right to receive dividends attributable to such shares. Accordingly, for operational and financial reporting purposes, the Company treats International Sea Trade Port of Aktau as a subsidiary.

KTZ-FT

The Group operates its freight transportation business through KTZ-FT which was designated by the resolution of the Government as the national carrier of cargo in September 2017. KTZ-FT (formerly JSC Lokomotiv) is a limited liability partnership organised under the laws of Kazakhstan. KTZ-FT was registered with the Ministry of Justice of Kazakhstan as a joint stock company on 14 October 2003 under the name JSC Lokomotiv. In August 2020, by a decision of the Company, KTZ-FT was transformed from a joint stock company into a limited liability partnership. As at the Latest Practicable Date, KTZ-FT had a charter capital of KZT78,064,127,171. The Company is the sole participant of KTZ-FT and holds 100% participation interest in the charter capital of KTZ-FT. During the two years immediately preceding the date of this Document, the charter capital of KTZ-FT had the following changes:

– the charter capital of KTZ-FT was increased to KZT 64,791,460,171 in October 2024; and

– the charter capital of KTZ-FT was increased to KZT 78,064,127,171 in November 2024.

KTZ Express

The Group operates its logistics and transportation business through KTZ Express. KTZ Express is a joint stock company organised under the laws of Kazakhstan. KTZ Express was registered with the Ministry of Justice of Kazakhstan on 24 May 2002. As at the Latest Practicable Date, KTZ Express had 12,822,011 authorised ordinary shares, of which 3,773,042 were placed and paid-in and held by the Company. As at the Latest Practicable Date, the charter capital of KTZ Express was KZT 41,313,563,000. There has been no change in KTZ Express's issued share capital within the two years immediately preceding the date of this Document. The Company is the sole shareholder of KTZ Express.

Kaztemirtrans

The Group's freight railcar fleet is owned by Kaztemirtrans. Kaztemirtrans is a joint stock company organised under the laws of Kazakhstan. Kaztemirtrans was registered with the Ministry of Justice of Kazakhstan on 21 October 2003. As at the Latest Practicable Date, Kaztemirtrans had 123,000,000,000 authorised ordinary shares, of which 64,669,773 were placed and paid-in and held by the Company. As at the Latest Practicable Date, the charter capital of Kaztemirtrans was KZT 70,238,739,000. There has been no change in Kaztemirtrans's issued share capital within the two years immediately preceding the date of this Document.

Kedentransservice

The Group operates logistics terminals through Kedentransservice. Kedentransservice was established on 24 August 1999. As at the Latest Practicable Date, Kedentransservice had 1,455,242 authorised ordinary shares, of which 1,297,384 were placed and paid-in and held by the Company. As at the Latest Practicable Date, the charter capital of Kedentransservice was KZT 3,401,403,000. There has been no change in Kedentransservice's issued share capital within the two years immediately preceding the date of this Document.

KTZE – Khorgos Gateway

The Group operates the Khorgos dry port through KTZE – Khorgos Gateway. KTZE – Khorgos Gateway is a limited liability partnership organised under the laws of Kazakhstan. KTZE – Khorgos Gateway was established on 1 December 2009 by KTZ Express as part of the implementation of the Khorgos – Eastern Gate SEZ project. In May 2017, KTZ Express entered into an agreement with COSCO Container Lines (Hong Kong) Co., Limited and Shanhai (Hong Kong) Investment & Development Company Limited for the sale of a 49% participation interest in KTZE-Khorgos Gateway. In June 2017, KTZ Express registered the transfer of 24.5% and 24.5% participation interests in KTZE – Khorgos Gateway's charter capital to Shanhai (Hong Kong) Investment & Development Company Limited and COSCO Container Lines (Hong Kong) Co., Limited, respectively. As at the Latest Practicable Date, KTZE – Khorgos Gateway's participants were (i) KTZ Express (as to 51% participation interest), Shanhai (Hong Kong) Investment & Development Company Limited (as to 24.5% participation interest) and COSCO Container Lines (Hong Kong) Co., Limited (as to 24.5% participation interest). As at the Latest Practicable Date, KTZE – Khorgos Gateway's charter capital amounted to KZT 36,380,316,000. There has been no change in KTZE – Khorgos Gateway's charter capital within the two years immediately preceding the date of this Document.

International Sea Trade Port of Aktau

The Group operates the Aktau seaport through International Sea Trade Port of Aktau. International Sea Trade Port of Aktau was originally established on 11 October 1996 as a republican state enterprise. On 4 December 2012, it was transformed into a joint stock company. In January 2025, it changed its name from Aktau Sea Commercial Port National Company JSC to Joint Stock Company «National Company «International Sea Trade Port of Aktau».

Samruk-Kazyna is the legal owner of 100% of the shares in International Sea Trade Port of Aktau. Pursuant to a trust management agreement dated 29 November 2013 between Samruk-Kazyna and the Company, Samruk-Kazyna transferred International Sea Trade Port of Aktau to the trust management of the Company in order to facilitate the management of transportation and logistics through the Aktau seaport. Under the arrangement, the Company, as trustee, is entitled to exercise certain shareholder rights in respect of International Sea Trade Port of Aktau, including the right to manage its activities and the right to receive dividends attributable to such shares.

As at the Latest Practicable Date, International Sea Trade Port of Aktau had 25,479,890 authorised ordinary shares, all of which were placed and fully paid and are owned by Samruk-Kazyna and under the Company's trust management. As at the Latest Practicable Date, the charter capital of International Sea Trade Port of Aktau was KZT 25,479,890,000. There has been no change in International Sea Trade Port of Aktau's issued share capital within the two years immediately preceding the date of this Document.

Port Kuryk

The Group operates the Kuryk seaport through Port Kuryk. Port Kuryk is a limited liability partnership organised under the laws of Kazakhstan. Port Kuryk was established on 23 July 2012 by the Company. As at the Latest Practicable Date, Port Kuryk had a charter capital of KZT 98,469,275,371. The Company is the sole participant of Port Kuryk and holds 100% participation interest in the charter capital of Port Kuryk. On 19 March 2026, Port Kuryk's charter capital was increased by KZT 32,161,719,635 and constituted the amount of KZT 98,469,275,371. Save as disclosed above, there has been no change in Port Kuryk's charter capital within the two years immediately preceding the date of this Document.

Passenger Transportation

The Group operates its passenger transportation business through Passenger Transportation, which was granted the status of national carrier in December 2004. Passenger Transportation is a joint stock company organised under the laws of Kazakhstan. Passenger Transportation was registered with the Ministry of Justice of Kazakhstan on 21 May 2002. As at the Latest Practicable Date, Passenger Transportation had 80,133,127 authorised ordinary shares, of which 69,760,455 were placed and paid-in and held by the Company. As at the Latest Practicable Date, the charter capital of Passenger Transportation was KZT 93,865,834,000. On 12 March 2025, one ordinary share of Passenger Transportation was placed to the Company. Save as disclosed above, there has been no change in Passenger Transportation's issued share capital within the two years immediately preceding the date of this Document.

KTZ-Passenger Locomotives

The Group's passenger locomotives are owned by KTZ-Passenger Locomotives. KTZ-Passenger Locomotives is a limited liability partnership organised under the laws of Kazakhstan. KTZ-Passenger Locomotives was registered with the Ministry of Justice of Kazakhstan on 31 August 2021. As at the Latest Practicable Date, KTZ-Passenger Locomotives had a charter capital of KZT 96,890,536,000. The Company is the sole participant of KTZ-Passenger Locomotives and holds 100% participation interest in the charter capital of KTZ-Passenger Locomotives. There has been no change in KTZ-Passenger Locomotives's charter capital within the two years immediately preceding the date of this Document.

PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of listing exceeds HK$6,000,000,000 but does not exceed HK$30,000,000,000, the minimum percentage of such securities that must be held by the public at the time of listing is the higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%. Based on (i) the indicative **[REDACTED]** range of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the low end, mid-point and high end of the **[REDACTED]** range, respectively), and (ii) **[REDACTED]** are expected to be in issue immediately upon completion of **[REDACTED]**, it is expected that the market value of the **[REDACTED]** at the time of **[REDACTED]** will be HK$**[REDACTED]** million, HK$**[REDACTED]** million, and HK$**[REDACTED]** million, respectively.

The Shares held by Samruk-Kazyna, representing approximately **[REDACTED]**% of the total issued Shares upon the completion of the **[REDACTED]**, will not be counted towards public float. Save as disclosed above, no other Shareholder is a core connected person of the Company as defined in the Listing Rules. Therefore, the Shares held by the other Shareholders, representing approximately **[REDACTED]**% of the issued share capital of the Company upon the completion of the **[REDACTED]**, will count towards the public float for the purposes of Rule 8.08 of the Listing Rules, which is in compliance with the requirement under Rule 8.08(1) of the Listing Rules.

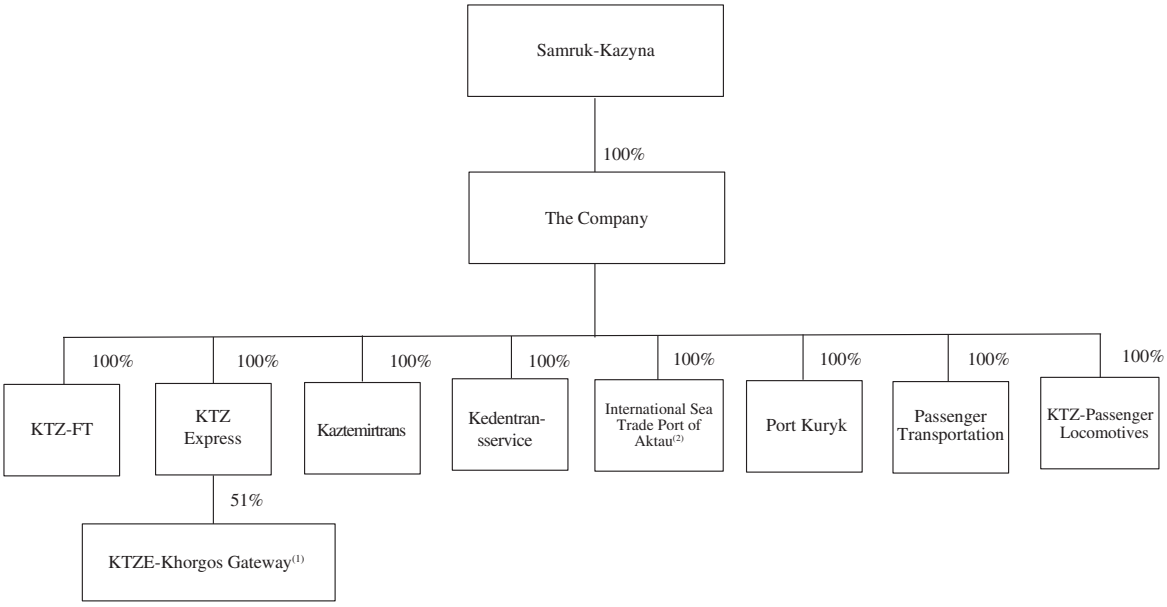
FREE FLOAT

Rule 8.08A of the Listing Rules provides that, there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (i) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (ii) have an expected market value at the time of listing of not less than HK$600,000,000. The Company is expected to satisfy the free float requirement under Rule 8.08A(1) of the Listing Rules.

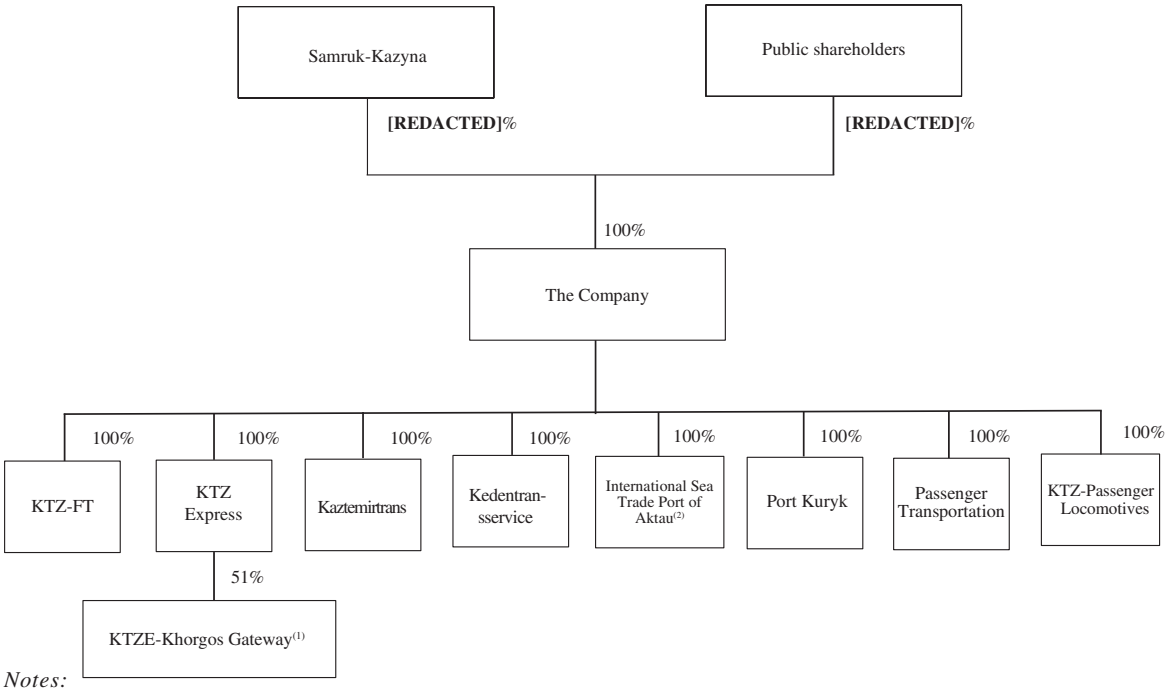
CORPORATE STRUCTURE

The following diagrams illustrate a simplified shareholding and corporate structure of the Group (comprising the Company and the Major Subsidiaries) (1) as at the Latest Practicable Date and immediately before completion of the **[REDACTED]** and (2) immediately following completion of the **[REDACTED]**.

1. Immediately prior to completion of the [REDACTED]



2. Immediately following completion of the [REDACTED]



Notes:

(1) The remaining 49% participation interest in KTZE – Khorgos Gateway is held by Shanhai (Hong Kong) Investment & Development Company Limited (as to 24.5% participation interest) and COSCO Container Lines (Hong Kong) Co., Limited (as to 24.5% participation interest), both independent third parties to the Group.

(2) The entire equity capital of International Sea Trade Port of Aktau is legally owned by Samruk-Kazyna and under trust management by the Company.

REASONS FOR [REDACTED], [REDACTED]

The Company is currently **[REDACTED]**. The Directors consider that, in addition to the importance of obtaining **[REDACTED]** status, it would be beneficial for the Company and in the interests of the Shareholders as a whole to have the **[REDACTED]**, **[REDACTED]** and **[REDACTED]** in Hong Kong, London and Kazakhstan for the following reasons:

(i) the **[REDACTED]** in Hong Kong and Kazakhstan can facilitate the "High-quality Development of the Belt and Road Initiative" and promote closer ties between the PRC and Kazakhstan;

(ii) the **[REDACTED]** in Hong Kong, London and Kazakhstan attract different **[REDACTED]**. A triple **[REDACTED]** across these three jurisdictions will provide the Company with ready access to three distinct equity markets. The Stock Exchange and the London Stock Exchange, as leading international financial markets, offer the Company direct access to international capital, enhancing its fund-raising capabilities and broadening its shareholder base. The AIX, as a leading stock exchange in Kazakhstan, enables local **[REDACTED]** who are familiar with the Company's business and operations to **[REDACTED]** directly in the Company. Accordingly, **[REDACTED]** would provide the Company with diverse and viable sources of capital to support its business growth; and

(iii) **[REDACTED]** status on the Stock Exchange and the London Stock Exchange will further enhance the Company's business profile internationally, thereby strengthening its ability to attract customers, business partners and strategic **[REDACTED]**, as well as to recruit, motivate and retain key management personnel.

OUR VISION

National transport backbone connecting Kazakhstan regionally and globally.

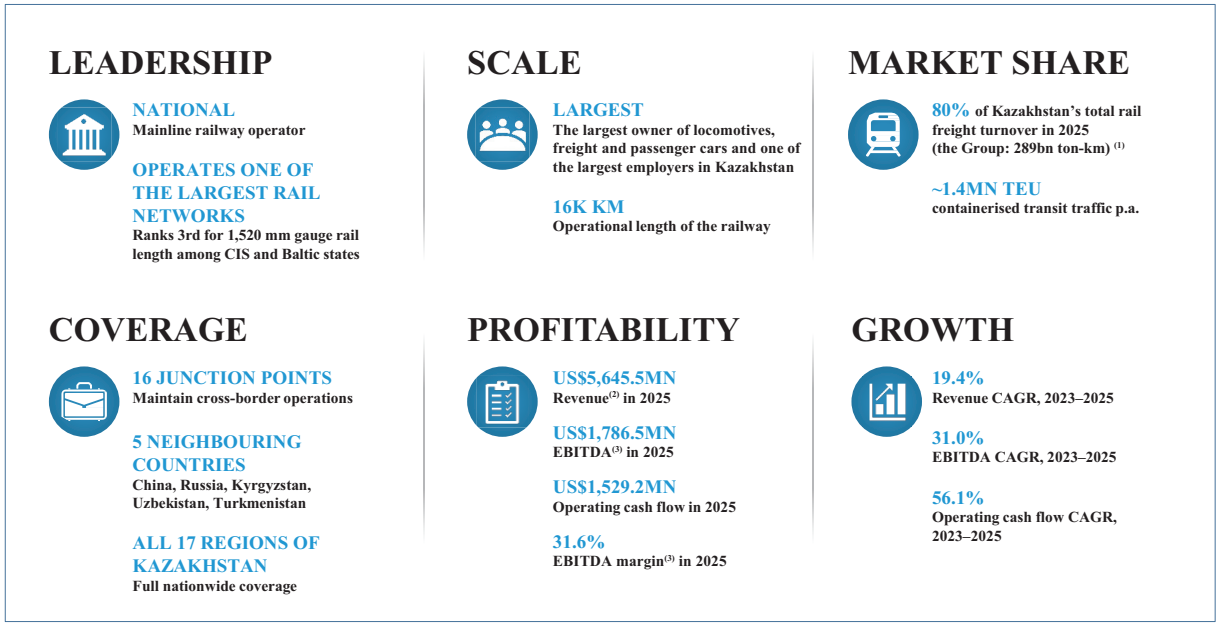
OUR MISSION

We move freight and passengers safely and reliably, supporting Kazakhstan's economy and strengthening its role as a Eurasian transit and logistics hub.

OVERVIEW

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

The Group is one of the largest employers in Kazakhstan, with 119,542 employees as at 1 April 2026. It provides essential freight and passenger transportation services within a landlocked economy that spans the world's ninth-largest territory. Rail transport is critical to the movement of bulk commodities, industrial inputs, agricultural products, manufactured goods and passengers, particularly given Kazakhstan's vast territory, dispersed population centres and limited access to navigable waterways. Kazakhstan's fundamentals, including rising urbanisation, population growth and a medium-term growth projection of approximately 3.5%, support continued demand for reliable freight and passenger transportation services. In terms of railway length, Kazakhstan ranked third, with approximately 16,000 km of operational rail track, among the CIS and Baltic countries with a gauge of 1,520 mm.



Notes:

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

(2) Revenue represents total revenue and other income.

(3) All EBITDA-related figures referred to represent Adjusted Group EBITDA (a non-IFRS measure).

The Group operates an integrated rail and logistics network including mainline railway infrastructure, freight transportation, multimodal logistics, ports, dry ports, terminals, transport

and logistics centres and passenger transportation. Its integrated asset base includes 16,008.5 km of operational rail track, approximately 1,900 locomotives, approximately 47,000 freight cars including fitting platforms, approximately 2,200 passenger cars, approximately 830 stations, 30 locomotive sheds, 17 car sheds, two seaports and key dry port and terminal assets. This integrated network enables the Group to coordinate infrastructure, rolling stock, port, terminal and logistics operations across the transport value chain and provide customers with rail, sea and multimodal transportation solutions.

In 2025, the Group transported 320 million tonnes of cargo and 13.3 million passengers, generating freight turnover of 288.8 billion tonne-kilometres. Freight and passenger transportation revenue amounted to KZT 2,463.2 billion (US$5,043.7 million) and KZT 129.3 billion (US$264.7 million), respectively, representing 89% and 5% of the Group's total revenue and other income in 2025, with other revenue and income for the remaining 6%. In the same year, the Group generated Group revenue and other income of KZT 2,757.1 billion (US$5,645.5 million), Adjusted Group EBITDA (non-IFRS measure) of KZT 872 billion (US$1,786.5 million) and an Adjusted Group EBITDA margin (non-IFRS measure) of 31.6%, compared to Group revenue and other income of KZT 2,164 billion and an Adjusted Group EBITDA margin (non-IFRS measure) of 27.5% in 2024 and Group revenue and other income of KZT 1,934 billion and an Adjusted Group EBITDA margin (non-IFRS measure) of 26.3% in 2023, representing year-on-year revenue and other income growth of 27.4% in 2025 and 11.9% in 2024. The Group's long-term credit ratings are Baa2 by Moody's and BBB- by Fitch, in each case with a Stable outlook.

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

KEY STRENGTHS

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

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

The Group is Kazakhstan's national transport and logistics operator with an integrated railway network combining mainline railway infrastructure, freight transportation, multimodal logistics, port and dry port assets and passenger transportation services. It operates Kazakhstan's mainline railway network and owns a substantial fleet of locomotives, freight cars and passenger cars. According to the KPMG Report, in 2025, Kazakhstan ranked third with approximately 16,000 km of operational rail track among the CIS and Baltic countries with a gauge of 1,520 mm. According to the KPMG Report, the Group accounted for approximately 80% of Kazakhstan's total rail freight turnover. The Group transported 320 million tonnes of cargo and 13.3 million passengers in 2025. The volume of the Group's container transit has grown sixfold to 1.4 million TEU in 2025 over the past ten years. The scale and breadth of the Group's integrated network enable it to provide reliable end-to-end transportation services and coordinate infrastructure, rolling stock, terminals, ports and logistics operations across the transport value chain.

The Group's position is supported by significant barriers to entry, including the scale and replacement value of Kazakhstan's national railway network, the capital intensity of railway

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

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

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

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

The Group's freight business benefits from Kazakhstan's position as a regional producer and exporter of commodities and manufactured goods, with a cargo base including coal, metal ores, oil and petroleum products, construction materials, grain, fertilisers, chemicals and ferrous metals. In 2025, transit freight represented 10% of the Group's freight transportation volume and 23% of freight turnover, reflecting longer average haul distances and the tariff framework applicable to transit transportation. According to the KPMG Report, in 2025, transit transportation through Kazakhstan reached 33 million tonnes, an increase of 20% compared with 2024, making transit a strategically important component of the Group's freight business.

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

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

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

The Group has delivered strong recent financial performance, supported by regulated tariff increases, robust freight demand, increased transit and export activity and a favourable mix shift towards enhanced capacity driven by network expansion initiatives, higher-yield freight segments. The Group's revenue base comprises freight transportation (89% of 2025 revenue and other income), passenger transportation (5%) and other revenue and income (6%). Within the freight segment, revenue is diversified across domestic transportation (serving Kazakhstan's mining, industrial and agricultural sectors), export transportation (linking Kazakh producers to international markets), import transportation (supporting industrial inputs and consumer goods) and transit transportation (leveraging Kazakhstan's position on key Eurasian corridors). This diversification across cargo types, geographies and customer segments provides resilience against commodity-specific or route-specific demand fluctuations.

Other drivers have included increase in efficiency, allowing the Company to reach higher utilisation of infrastructure and rolling stock, disciplined cost management, government support for socially important services and access to external financing to support investment in capacity and reliability. Group revenue and other income increased from KZT 1,934.1 billion in 2023 to KZT 2,164.0 billion in 2024 and KZT 2,757.1 billion in 2025. Adjusted Group EBITDA (non-IFRS measure) increased from KZT 508.1 billion in 2023 to KZT 595.7 billion in 2024 and KZT 872.5 billion in 2025, while Adjusted Group EBITDA margin (non-IFRS measure) increased from 26.3% in 2023 to 27.5% in 2024 and 31.6% in 2025.

The Group also generated operating cash flow of KZT 306.3 billion in 2023, KZT 336.6 billion in 2024 and KZT 746.8 billion in 2025. This cash flow generation, together with the approved regulated tariff trajectory and access to capital markets, supports the Group's ability to fund its investment programme and strengthen its financial profile.

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

The Group is implementing a multi-year capital investment programme focused on railway infrastructure, rolling stock renewal, logistics assets, digitalisation and capacity expansion. In 2025, the Group purchased 149 new locomotives and 161 passenger carriages and it plans to acquire a total of more than 1,000 locomotives on a phased basis between 2026 and 2036. The Group's investment programme also includes priority railway infrastructure projects aimed at removing bottlenecks, improving network resilience, increasing throughput and reducing delivery times on key corridors. Key infrastructure projects include the construction of new railway lines (including the Moiynty-Kyzylzhar and Bakhty-Ayagoz lines), second tracks (including on the Dostyk-Moiynty section with targeted capacity enhancement from 30 million tonnes to 50 million tonnes per annum) and the modernisation of stations. Port infrastructure investments include the expansion of the Aktau container hub and capacity enhancements at Kuryk seaport, with targeted capacity upgrade of 21.8 million tonnes to 30 million tonnes per annum, and the development of dry port and terminal facilities at Khorgos.

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

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

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

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

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

STRATEGY

The Group's Development Strategy sets out its mission, vision and six strategic goals. In implementing this strategy, the Group intends to focus on network capacity, transit growth, service quality, operating efficiency, ESG performance and safety over a ten-year period. The approved regulated tariff trajectory from 2024 to 2026, together with the Group's investment programme and operational efficiency initiatives, is targeted to support service quality, network maintenance and the approved capital investment programme.

Improving rail transportation efficiency and network capacity

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

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

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

China-Europe trade remains one of the key drivers of rail transit demand with trade turnover in 2025 reaching approximately EUR760 billion according to the KPMG Report. The Group's investment programme targets approximately 745,000 TEU per annum of China-Europe transit through Kazakhstan by 2030 and a total of 3,950,000 TEU per annum by 2030 (compared to approximately one million TEU per annum in 2025) for transit through Kazakhstan across all container routes. These targets are forward-looking and depend on, among other things, corridor capacity, project execution, market demand, geopolitical developments and the competitiveness of alternative routes. The Group also pursues international partnerships to support transit growth. For example, Middle Corridor Multimodal Ltd. was established in 2023 with the railway administrations of Azerbaijan and Georgia to support Trans-Caspian multimodal services and was subsequently joined by China Railway Container Transport in 2025. Gulflink Ltd. was established in November 2024 with entities affiliated with AD Ports Group to support North-South freight forwarding and logistics services and the Middle Corridor.

Enhancing service quality and customer experience across freight and passenger services

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

Accelerating digitalisation to improve planning, utilisation and border processing

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

Embedding ESG Principles into decarbonisation, workforce development and governance

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

These targets include reducing direct diesel locomotive emissions from 1.8 million tonnes of CO_2 in 2020 to 1.3 million tonnes by 2030, which would represent a reduction of approximately 25%. The Group has also improved its carbon intensity from approximately 116 to 103 kg CO_2-eq per 10,000 gross tonne-km between 2023 and 2025.

Ensuring railway safety and operational resilience

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

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

OVERVIEW OF THE BUSINESS OPERATIONS OF THE GROUP

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

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

each segment incorporating associated infrastructure and support services.

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

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Revenue from freight transportation	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	101,682	110,523	129,250
Government grants	38,912	41,124	43,275
Other revenue	110,951	136,737	121,361
Total revenue and other income	**1,934,095**	**2,163,942**	**2,757,083**

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

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

FREIGHT TRANSPORTATION

Freight Transportation Services

The Group carries out 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 includes local transportation within Kazakhstan, export transportation from Kazakhstan to destinations outside the country, import transportation into Kazakhstan and transit transportation between foreign countries through Kazakhstan.

In 2025, the Group transported 320 million tonnes of cargo and generated freight turnover of 288.8 billion tonne-kilometres. Freight revenue is generated from a diverse cargo base, including coal, metal ores, oil and petroleum products, construction materials, grain, fertilisers, chemicals, soda, ferrous metals and other industrial and agricultural products. The Group's freight operations therefore support a broad range of customers, including commodity producers, industrial companies, exporters, importers, freight forwarders and logistics operators.

Local freight consists of movements within Kazakhstan's mainline railway network and is driven principally by the transportation of coal, ores, construction materials, industrial inputs and agricultural products between production, processing and consumption centres. Export freight consists of cargo transported from Kazakhstan to destinations outside the country, including coal, iron ore and grain. Import freight consists of cargo transported into Kazakhstan from foreign markets, including ferrous metals, chemicals and petroleum products.

Transit freight is a strategically important component of the Group's freight business, despite representing a smaller proportion of total transported volume than domestic and export freight. In 2025, transit freight accounted for 10% of freight transportation volume and 23% of the Group's freight turnover but contributed 33.6% of freight revenue, reflecting the significantly longer average transportation distances associated with transit movements. In addition, transit tariffs are not subject to local state price regulation and are set under the tariff policy applicable to railways of CIS member states, with tariffs denominated in Swiss Francs and converted into U.S. dollars. The combination of longer haul distances, a distinct tariff framework and Kazakhstan's role as a key Eurasian transit corridor makes transit transportation an important driver of freight revenue, profitability and long-term growth. See "*Government Regulation and Tariffs*" in this section for further information.

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

	Year ended 31 December					
	2023	% of total	2024	% of total	2025	% of total
	(KZT millions, except percentages)					
International (Transit)	655,888	39.0%	698,797	37.3%	827,178	33.6%
Domestic	439,857	26.1%	507,501	27.1%	687,325	27.9%
International (Export)	274,069	16.3%	322,631	17.2%	489,375	19.9%
International (Import)	185,758	11.0%	194,279	10.4%	276,243	11.2%
Additional charges related to the transportation process	60,675	3.6%	67,769	3.6%	65,194	2.6%
Other[(1)]	66,303	3.9%	84,581	4.5%	117,882	4.8%
Total	**1,682,550**	**100.0%**	**1,875,558**	**100.0%**	**2,463,197**	**100.0%**

Note:

(1) Mainly includes revenue for use of freight cars by third parties and revenue for locomotive haulage and additional charges, including support services such as loading, cleaning, storage, shunting and other services, which do not form part of the freight tariff.

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

	Year ended 31 December														
	2023					2024					2025				
	Volume *(millions of tonnes)*	% of Total Volume *(%)*	Turnover *(billions of tonnes-km)*	% of Total Turnover *(%)*	Average Distance *(km)*	Volume *(millions of tonnes)*	% of Total Volume *(%)*	Turnover *(billions of tonnes-km)*	% of Total Turnover *(%)*	Average Distance *(km)*	Volume *(millions of tonnes)*	% of Total Volume *(%)*	Turnover *(billions of tonnes-km)*	% of Total Turnover *(%)*	Average Distance *(km)*
Export	85.7	29	96.3	37	1,124	83.3	27	92.3	35	1,109	89.2	28	104.5	36	1,171
Domestic	164.2	55	89.1	34	543	172.2	57	90.8	35	527	176.9	55	93.6	32	529
Transit	27.3	9	52.6	20	1,924	27.5	9	54.8	21	1,996	33.0	10	65.5	23	1984
Import	20.2	7	24.4	9	1,209	20.2	7	23.8	9	1,173	20.8	6	25.2	9	1,211
	297.4	**100.0**	**262.4**	**100.0**		**303.2**	**100.0**	**261.7**	**100.0**		**319.9**	**100.0**	**288.8**	**100.0**	

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

The Group's freight transportation services include the transportation of cargo in conventional wagons, specialised wagons and containers. The use of containerised freight enables customers to move cargo in sealed, standardised units across rail, sea and road networks without repeated unloading and reloading at each transfer point. This supports faster and more reliable multimodal transportation, particularly for cargo moving between China, Kazakhstan, Central Asia, the Caspian region and Europe.

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

Container transportation forms part of the Group's broader multimodal logistics offering. In 2025, total container traffic across all routes was 1.4 million TEU. The Group operates and supports container transportation on routes connecting China, Kazakhstan, Central Asia, Russia, the Caspian Sea region and Europe, including China-Europe-China and China-Russia-China routes. The Group's container operations are supported by fitting platforms, terminals, dry ports, port infrastructure and cooperation with international railway administrations and logistics partners.

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

Multimodal Transportation and Logistics Services

Within its freight transportation segment, the Group provides multimodal transportation and logistics services as part of its integrated railway network. These services combine rail, road, sea, terminal, warehousing, cargo handling and freight forwarding capabilities and are designed to support domestic, export, import and transit freight flows. The Group's logistics assets and services include dry ports, seaports, terminals, transport and logistics centres, warehouses, fitting platforms and containers, which together support the Group's ability to offer rail-sea-rail, rail-road and other multimodal solutions.

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

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

Establishment of a cargo air carrier

The Government considers the development of air cargo transportation to be one of the strategic priorities for the transport and logistics sector. As a result, Air Cargo was established on 28 October 2025. Its activities are exclusively focused on the development of the air cargo segment, the expansion of the Group's multimodal transport and logistics services and the strengthening of Kazakhstan's role as a transit and logistics hub between Europe and Asia. Air Cargo does not currently own or lease any aircraft and has no current operational activities as it prepares for certification.

In order to further develop Air Cargo, the Company has attracted a private investor, LLP Turlov Private Holding, which holds 50.98% of the shares in the charter capital of Air Cargo, with the Group holding the remaining 49.02%.

International Partnerships

The Group is implementing a strategy to expand the international transport and logistics network, with the objective of strengthening Kazakhstan's role as a transit hub between Asia and Europe. These initiatives integrate rail, maritime and warehousing services and focus on strategic routes, including the Middle Corridor and the Central-Asian Corridor and are intended to improve the efficiency of multimodal freight transportation across Central Asia. For example, KPMC Ltd. is a joint venture established in 2022 with PSA Eagle Pte. Ltd. (Singapore) engaged in logistics related activities connected with the TITR, including the development of digital logistics solutions and cargo handling services. China–Kazakhstan Trade and Logistics Company LLC (Xi'an) was established in 2023 jointly with Xi'an Free Trade Port (PRC). The company operates a logistics terminal (dry port) in Xi'an, providing warehousing and cargo handling services. Kazakh–Chinese Trade and Logistics Company (Almaty) Ltd. is a joint venture with Xi'an Free Trade Port (PRC). The company operates the Zhetysu logistics hub in Almaty, which commenced technical operations in June 2025.

Expansion of Aktau Seaport

Aktau Seaport is Kazakhstan's principal maritime outlet on the Caspian Sea and a key node for international freight flows across the Caspian region, including routes forming part of the Middle Corridor and the North-South Corridor. Although Aktau Seaport is owned by Samruk-Kazyna, it is managed by the Group under an unspecified term trust management arrangement and is consolidated in the Group's financial statements. Under the laws of Kazakhstan, Samruk-Kazyna, as founder of the trust management, may terminate the trust management arrangement and withdraw the shares of International Sea Trade Port of Aktau from trust management at its discretion, subject to compensating the Company, as trustee, for losses, damages and expenses arising from such termination. The port handles dry cargo, crude oil and oil products and supports the Group's ability to provide integrated rail-sea-rail logistics solutions.

Aktau Seaport has been developed to increase Kazakhstan's capacity to handle Caspian Sea cargo flows and to support the diversification of international routes for freight moving to and from Kazakhstan. As at 31 December 2025, Aktau Seaport had capacity of 11.8 million tonnes and was able to process up to seven vessels simultaneously.

The Group, through JSC NC Aktau International Container Hub has entered into a joint venture with Shanghai (Hongkong) Investment and Development Company Ltd (a wholly-owned subsidiary of the Lianyungang Port Group) for the construction and operation of a container terminal at the port of Aktau. The first stage of the container hub was launched on 20 March 2026.

The Group intends to use Aktau Seaport, together with Kuryk Seaport and related terminal and logistics infrastructure, to improve route flexibility, support transit and export cargo flows, and facilitate multimodal freight transportation across the Caspian Sea. In cooperation with the Government, the Company is developing Aktau and Kuryk ports, reconstructing and modernising berths, purchasing marine vessels and dredging the port area. The Group continues to seek to diversify the cargo handled at its port-linked logistics assets and to attract additional freight flows, including containerised freight and bulk cargo.

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

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

The Group's external logistics network includes terminal and dry port arrangements at key origin and consolidation points for cargo moving to and from Kazakhstan. These assets and arrangements support the consolidation of Kazakhstan-bound cargo, exports from Kazakhstan and transit freight moving through Kazakhstan to third countries.

Increasing the availability of fleet for fitting platforms

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

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

The Group is increasing the availability of fitting platforms, including 80-foot fitting platforms capable of carrying two 40-foot containers. Since 2024, a total of 1,627 flatcars have been delivered, comprising 205 40-foot flatcars and 1,422 80-foot flatcars for the transportation of large-capacity containers. The Group expects these assets to support growth in container transportation and reduce operating inefficiencies associated with empty returns.

The Group has also entered into finance lease arrangements for the supply of additional flatcars for the transportation of large-capacity containers in 2026 and 2027. These purchases are intended to support the expansion of container and multimodal freight services and the development of transit corridors through Kazakhstan.

JSC UTLC Eurasian Railway Alliance

The Group participates in UTLC ERA, a joint venture with Russian Railways and Belarusian Railways formed to support Eurasian transit corridors between China, South Asia and Europe. The Company, Russian Railways and Belarusian Railways each hold a 33.3% interest in UTLC ERA. The Group's involvement in UTLC ERA is subject to ongoing sanctions compliance monitoring and corridor risk management. As of 2025, UTLC ERA has a market share of 88% in China-Europe-China container traffic.

The Group's dealings with Russian Railways are conducted in Swiss Francs and, accordingly, do not involve U.S. correspondent banks or create a U.S. sanctions nexus. The Group closely monitors its payment practices to ensure no U.S. dollar transactions with Russian Railways are undertaken unless separately reviewed and cleared.

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

PASSENGER TRANSPORTATION

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

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

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Passenger transportation	89,866	94,003	110,746
Other revenue from passenger transportation[(1)]	11,816	16,520	18,504
Total	**101,682**	**110,523**	**129,250**

Note:

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

In 2025, the Group transported 13.3 million passengers and generated passenger turnover of 11.4 billion passenger-kilometres. Revenue from passenger transportation was KZT 101.7 billion in 2023, compared with KZT 110.5 billion in 2024 and KZT 129.3 billion in 2025. Passenger transportation accounted for 5% of the Group's revenue and other income in 2025.

The costs of the Group's passenger transportation business exceed revenue due to Government-mandated tariffs. However, losses are reduced by Government subsidies intended to support the continued operation of socially significant passenger routes. Government grants for passenger transportation totalled KZT 38.9 billion in 2023, compared with KZT 41.1 billion in 2024 and KZT 45.9 billion in 2025. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

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

INFRASTRUCTURE AND SUPPORT SERVICES

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

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

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

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

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

THE RAIL NETWORK AND ROLLING STOCK

Overview

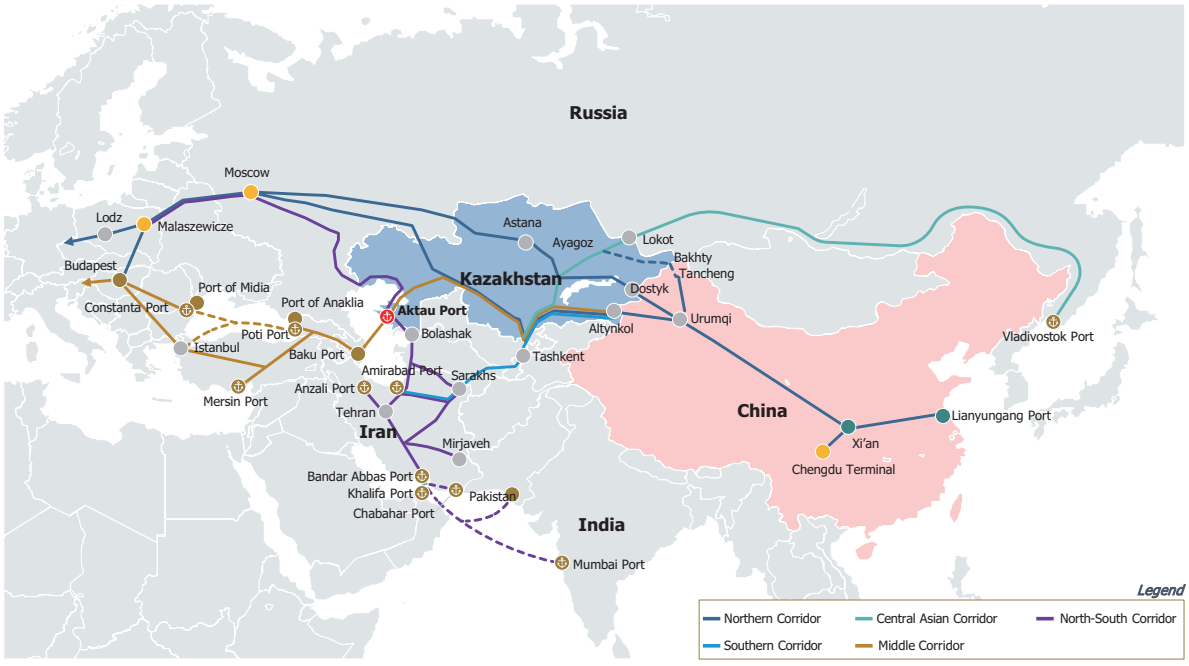
Kazakhstan's railway network is operated by the Group and consists of the mainline railway network and related ancillary tracks connecting Kazakhstan with the railway networks of Russia, the Kyrgyz Republic, Uzbekistan, Turkmenistan and China. As at 31 December 2025, the railway network had an expanded track length of 24,751.8 km, including 21,146 km of main tracks and an operational track length of 16,008.5 km. The operational track length includes double-track and triple-track sections, electrified sections, stations, bridges, tunnels, border facilities and related railway infrastructure required for freight and passenger operations.

Electrified tracks are used on sections of the network where electric haulage supports freight and passenger train operations at required speeds and capacity levels. The net operating freight turnover provided by electric locomotives on electrified tracks accounted for 52.6% of the total freight turnover in 2025 and 53.2% in 2024, with the remainder coming from diesel locomotives on non-electrified sections.

International Transit Corridors

Kazakhstan's railway network forms part of several international transport corridors that facilitate freight transportation between Asia, Central Asia, the Caspian region, Russia and

Europe. These corridors support the Group's transit, export and import freight operations and reinforce Kazakhstan's role as a regional transport and logistics hub.



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

- **Northern Corridor.** The Northern Corridor is the shortest overland route between East Asia and Europe.
- **Southern Corridor.** The Southern Corridor connects China with the countries of Central Asia through the territory of Kazakhstan.
- **Central Asian Corridor.** The Central Asian Corridor provides rail freight transportation between the Russian Federation and the countries of Central Asia through the territory of Kazakhstan.
- **Middle Corridor.** The Middle Corridor is a multimodal transport route connecting China and the Asia-Pacific region with Europe. It passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Türkiye, or alternatively via the Black Sea.
- **North–South Corridor.** The North–South Corridor connects Europe, Russia and Central Asia with the countries of the Persian Gulf.

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

Network Specifications and Land Leases

The Company is the only entity authorised to operate and manage the mainline railway network in Kazakhstan. Pursuant to Article 26 of the Land Code, the land underneath the mainline railway tracks is the property of Kazakhstan and is not subject to privatisation. The Company has entered into land lease contracts with local executive authorities in Kazakhstan for the use of the land underneath railway tracks. Lease payments are determined in accordance with

the Tax Code, which makes certain distinctions based on region, location and soil type. The term of these land lease contracts is typically five years and is renewable, and the Company has a priority right to renew for 49 years, and local executive authorities may not unilaterally terminate such land lease contracts or transfer the land lease rights to any third person unless and until the Group transfers the legal title to the immovable property located on the land, including the railway track, to such person. The Group owns all of the mainland railway tracks in Kazakhstan, and is the only entity leasing land underneath such railway tracks from local executive authorities. This legal framework supports the long-term operation and management of the national mainline railway network.

Existing Infrastructure, Investment Projects and Expansion

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

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

Projects Under Construction

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

Key projects include:

- **Almaty station bypass:** completion of the construction of a railway line bypassing Almaty station, with working rail movements having been launched on the Zhetigen-art. Kazybek Bek section in 2025. The project is intended to reduce congestion at the Almaty hub and shorten cargo delivery times;
- **Darbaza-State Border with Uzbekistan railway line:** completion of a railway line connecting Kazakhstan with Uzbekistan via the Maktaaral-Syrdarya checkpoint, with the objective of shortening transit routes towards Afghanistan, Pakistan and Turkmenistan and upgrading capacity from 40 million tonnes to 60 million tonnes per annum;
- **Altynkol-Zhetygen section modernisation:** completion of capacity upgrades from 50 million tonnes to 75 million tonnes per annum, including the construction of additional tracks and sidings and the development of Altynkol station;
- **Moiynty-Kyzylzhar railway line:** construction of a new branch line intended to increase capacity and strengthen transit capabilities;
- **Bakhty-Ayagoz railway line:** construction of a railway line and associated infrastructure to create an additional railway border crossing with the PRC, increasing capacity from 50 million tonnes to 100 million tonnes per annum; and
- installation of automatic signalling and interlocking systems on selected railway sections, aimed at improving operational safety, throughput and traffic management.

Rolling Stock and Other Investments

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

	As at 31 December		
	2023	2024	2025
Electric			
Mainline freight locomotives	532	546	567
Mainline passenger locomotives	83	97	109
Total electric locomotives	**615**	**643**	**676**
Diesel			
Mainline freight locomotives	706	678	740
Mainline passenger locomotives	57	83	83
Shunting* locomotives	425	429	439
Total diesel locomotives	**1,188**	**1,190**	**1,262**
Total	**1,803**	**1,833**	**1,938**

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

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

	As at 31 December		
	2023	2024	2025
Freight rail carriage			
Gondola	27,112	28,712	29,738
Platform	480	464	458
Box car	6,841	6,664	6,361
Hopper	312	3,089	3,067
Other	62	60	55
Total	**37,615**	**38,989**	**39,679**

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

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

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

As at 31 December 2025, the Group owned 4,101 large-capacity containers, including 200 autonomous refrigerated containers. These containers support the Group's containerised freight, multimodal logistics and transit services, including cargo flows between China, Kazakhstan, Central Asia, the Caspian Sea region and Europe.

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

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

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

During 2025, the Company made KZT 1,279.7 billion in capital expenditure investments for the modernisation and renewal of railway rolling stock and locomotives fleet and the modernisation and renewal of infrastructure, as compared to KZT 1,170.23 billion in 2024.

As a result of modernisation works undertaken by the Group, the asset deterioration ratio of the Group's locomotives decreased from 61.2% in 2023 to 57.9% in 2024 and 53.1% in 2025. The asset deterioration ratio for freight railcars was 55.6%, 56.5% and 58.4% in 2023, 2024 and 2025, respectively, and the ratio for passenger railcars and railway infrastructure was 47.5%, 43.9% and 41.7% in 2023, 2024 and 2025, respectively. The Group will continue to require significant expenditure to maintain, modernise and upgrade its railway and logistics infrastructure. See "Risk Factors – Risks Relating to Its Business and Industry – The Group may not have sufficient reliable operational capacity to meet business demand" in this Document for further details.

GOVERNMENT REGULATION AND TARIFFS

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

Relationship with the Government

The Government exercises indirect control over the Group through its ownership of Samruk-Kazyna and through its regulatory and legislative powers. The Group also performs functions of strategic importance to Kazakhstan's transport system, including operation of the mainline railway network, provision of freight and passenger transportation services and support for local and international transport corridors. The Government may influence the Group through sector policy, tariff regulation, investment priorities and subsidies for socially significant passenger services and other forms of state support, in each case subject to applicable law. See "Relationship with the Government" in this Document for further details.

Railway Sector Regulation

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

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

Freight and Passenger Transportation Regulation

Freight transportation is regulated under the Law on Railway Transport and related rules governing carriage contracts, freight documentation, loading and unloading operations, mixed-mode transportation, freight planning, transportation charges, delivery periods and liability for cargo loss, shortage, damage and delay. Passenger transportation is subject to separate rules governing passenger carriage contracts, passenger rights and obligations, baggage

transportation, ticketing procedures, service standards, railway stations and socially significant passenger services, which may be supported through state subsidy mechanisms.

National Carriers and Safety Oversight

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

Natural Monopoly and Tariff Regulation

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

Tariffs for regulated services are approved by the authorised regulatory authority and are intended to allow recovery of the costs of providing regulated services and a profit directed towards development, efficient operation and other purposes permitted by law. Tariffs are generally approved for a period of five years or longer. For regulated services relating to the mainline railway network, the authorised regulatory authority may approve price caps and adjust them annually in accordance with tariff formation rules.

The cost of transporting goods by rail is calculated by reference to a number of components, including mainline railway network services, locomotive traction services, freight and commercial work and charges for the use of freight wagons and containers. On average, for the transportation of bulk cargoes in universal rolling stock on domestic, export and import routes, these components represent approximately 29%, 20%, 1% and 49% of the total tariff, respectively, with the first three components subject to regulation by the Committee on Regulation of Natural Monopolies and the fourth determined by market rates. Domestic, export and import tariffs are generally subject to the Kazakhstan regulated tariff framework, while transit transportation is treated separately under the international tariff framework described below. The Group may experience a regulatory lag between increases in its cost base and corresponding tariff adjustments, which may affect timely cost recovery through regulated tariffs. The regulated tariffs of the Group for mainline railway network, locomotive traction and freight and commercial operation services are differentiated according to, amongst others, cargo categories, type of traction (electric or diesel), transportation distance, type of rolling stock, ownership of rolling stock, cargo type and wagon loading. The current tariff system provides for internal cross-subsidisation between cargo categories and transportation types. Regulated tariffs were historically subject to strict state regulation, which resulted in low tariff levels for transportation of core cargo categories such as coal, ferrous and non-ferrous ore and grain, at levels that did not permit full recovery of operating expenses. Since 2024, the Company jointly with state authorities has been implementing measures aimed at gradual increases in regulated freight transportation tariffs in order to achieve profitability. Regulated tariffs for the 2026–2030

period were approved by Order No. 105-OD of the Committee for Regulation of Natural Monopolies dated 29 November 2025. Approximately 80% of freight turnover is transported using regulated tariffs. See "Risk Factors – Risks Relating to Its Business and Industry – Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations" in this Document for further details.

Regulated Tariff Increases

Regulated MRN and locomotive traction tariffs for freight transportation are being increased under the approved 2024 to 2026 tariff trajectory, with planned annual increases of approximately 24% to support railway maintenance, modernisation, capacity expansion and the financial sustainability of regulated railway services. In 2024, regulated tariffs increased by approximately 24% in aggregate. In 2025, regulated tariffs increased by approximately 28% in aggregate.

As of the date of this Document, the Group continues to work with the Committee for Regulation of Natural Monopolies in connection with an increase in MRN tariffs for 2026 to reflect costs associated with financing obtained for the implementation of infrastructure projects, with the projected overall average increase currently estimated at 24%.

Transit and International Tariff Framework

The rules governing the application of tariffs for international transportation are established by international treaties of Kazakhstan. Transit transportation through Kazakhstan is not subject to local state price regulation and is conducted under the tariff policy applicable to railways of CIS member states, which is based on the International Transit Tariff and the Unified Transit Tariff. Transit tariffs are denominated in Swiss Francs and converted into U.S. dollars and participating railway administrations may grant discounts or establish special through rates in accordance with the applicable tariff framework. Transit tariffs are established in Swiss francs with quarterly announced conversion rates into US dollars and are therefore subject to foreign exchange fluctuations. Transit tariffs significantly exceed the level of regulated tariffs applicable to domestic, export and import transportation by 1.5 to 5.6 times in terms of Swiss Francs per tonne-km. This tariff premium means that transit freight, which accounted for approximately 20% of total freight turnover in the period, contributed approximately 38% of total freight revenue during the Track Record Period. Within the framework of implementation of the EAEU Treaty provisions, the Group is entitled to apply a price cap mechanism in respect of certain international transportation services, which is an instrument for increasing transportation profitability, the legislative purpose of which is the repayment of debt incurred for the implementation of large infrastructure projects.

EAEU and Other International Arrangements

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

Competition and Antimonopoly Regulation

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

Licensing, Permits and Other Regulatory Requirements

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

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

SALES AND MARKETING

As of 31 December 2025, the marketing department consisted of 19 employees, who are responsible for coordinating marketing activities for freight transportation. The Group conducts annual marketing roadshows in regions in China with a high volume of freight transportation, such as Xian, to develop customers in China and Europe through the China-Europe corridor.

CUSTOMERS AND SUPPLIERS

The Group's customers for freight transportation include suppliers of coal, oil and oil products, metals, ores, chemicals, fertilisers and agricultural products. The Group had approximately 1,700 customers for freight transportation during 2025. The Group's customers for passenger transportation are members of the public, with most passenger traffic generated from inter-regional routes. In 2023, 2024 and 2025, revenue from the five largest customers, which are customers from the Group's freight transportation segment, in each year of the Track Record Period amounted to KZT 307,327 million, KZT 392,156 million and KZT 491,050 million, respectively, accounting for 15.9%, 18.1% and 17.8% of the total revenue and other income for the respective year. Revenue from the largest customer in 2023, 2024 and 2025 accounted for 4.2%, 5.1% and 4.5% of total revenue and other income in the same years, respectively.

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

Year Ended 31 December 2023

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	81,864	4.2%	more than 10 years	advanced payment	bank transfer
2	Customer B	Freight Transportation	Russia	transit transportation of goods	71,994	3.7%	more than 10 years	advanced payment	bank transfer
3	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	63,790	3.3%	more than 8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	50,936	2.6%	more than 8 years	advanced payment	bank transfer
5	Customer E	Freight Transportation	Kazakhstan	steel and mining company	38,743	2.0%	more than 10 years	advanced payment	bank transfer
	Total				**307,327**	**15.9%**			

Year Ended 31 December 2024

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer B	Freight Transportation	Russia	transit transportation of goods	110,226	5.1%	more than 10 years	advanced payment	bank transfer
2	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	100,529	4.6%	more than 10 years	advanced payment	bank transfer

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
3	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	70,278	3.2%	more than 8 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	65,656	3.0%	more than 8 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	freight rail transportation	45,466	2.1%	more than 8 years	advanced payment	bank transfer
	Total				**392,156**	**18.1%**			

Year Ended 31 December 2025

No.	Customer	Major Services Purchased	Location	Principal Business	Revenue *(million KZT)*	% of the Group's total revenue and other income	Years of business relationship	Credit Period	Payment Method
1	Customer A	Freight Transportation	Kazakhstan	mining and raw materials company	124,537	4.5%	more than 10 years	advanced payment	bank transfer
2	Customer C	Freight Transportation	Kazakhstan	freight rail transportation	114,225	4.1%	more than 8 years	advanced payment	bank transfer
3	Customer B	Freight Transportation	Russia	transit transportation of goods	100,517	3.6%	more than 10 years	advanced payment	bank transfer
4	Customer D	Freight Transportation	Kazakhstan	transport services	85,425	3.2%	more than 8 years	advanced payment	bank transfer
5	Customer F	Freight Transportation	Kazakhstan	freight rail transportation	66,346	2.4%	more than 8 years	advanced payment	bank transfer
	Total				**491,050**	**17.8%**			

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

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

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

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

Suppliers

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

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

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

Diesel fuel and electricity are procured under applicable procurement procedures. Other fuels and lubricants are procured through intra-group procurement and open tenders, depending on the relevant category and availability. Competitive procurement methods are used for a range of purchases, including railway track repair and reconstruction works and major and depot repairs of freight wagons. Single-source procurement, including intra-group procurement, may be used where permitted under the applicable procurement framework, including for rail freight transportation services, locomotive traction services and security services. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for a description of the sanctions risks relating to the Group's commercial relationship with Lukoil Lubricants Central Asia, including the status of applicable U.S. and U.K. general licences.

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

Purchases from the Group's five largest suppliers in 2023, 2024 and 2025 amounted to KZT 283,732 million, KZT 288,435 million and KZT 445,898 million, respectively, representing 38.5%, 38.9% and 48.8% of total purchase amount for the respective year. Purchases from the Group's largest supplier in 2023, 2024 and 2025 represented 13.0%, 10.8% and 22.0% of total purchase amount for the respective year.

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

Year Ended 31 December 2023

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(million KZT)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	95,913	13.0%	More than four years	one month	bank transfer
2	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	55,000	7.5%	More than ten years	one month	bank transfer
3	Supplier C	repair of wagons	Kazakhstan	repair of wagons	50,692	6.9%	More than five years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	41,214	5.6%	More than ten years	one month	bank transfer
5	Supplier E	diesel fuel	Kazakhstan	trade and distribution company	40,914	5.6%	More than three years	one month	bank transfer
	Total				283,732	38.5%			

Year Ended 31 December 2024

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(million KZT)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	80,213	10.8%	More than four years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	supply of utility	72,032	9.7%	More than one years	one month	bank transfer
3	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	59,019	8.0%	More than ten years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	43,338	5.8%	More than ten year	one month	bank transfer
5	Supplier C	repair of wagons	Kazakhstan	repair of wagons	33,834	4.6%	More than five years	one month	bank transfer
	Total				288,435	38.9%			

Year Ended 31 December 2025

No.	Supplier	Products/ Services Provided	Location	Principal Business	Purchase amount *(million KZT)*	% of the Group's purchase amount	Years of business relationship	Credit Period	Payment Method
1	Supplier A	diesel fuel	Kazakhstan	oil and gas	200,863	22.0%	More than four years	one month	bank transfer
2	Supplier F	electricity	Kazakhstan	supply of utility	114,409	12.5%	More than one year	one month	bank transfer
3	Supplier B	freight locomotives	Kazakhstan	production of diesel locomotives	65,965	7.2%	More than ten years	one month	bank transfer
4	Supplier D	locomotive maintenance	Kazakhstan	locomotive repairs	39,210	4.3%	More than ten years	one month	bank transfer
5	Supplier H	electric freight locomotives	Kazakhstan	production of electric locomotives	25,451	2.8%	More than ten years	one month	bank transfer
	Total				445,898	48.8%			

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

COMPETITION

Competition with Private Operators

The Group is a natural monopoly in Kazakhstan in the provision of mainline rail network services and holds a dominant position in freight and passenger rail transportation, as well as in wagon handling, terminal, transhipment and freight forwarding services.

Approximately 300 private wagon owners operate in Kazakhstan in the wagon and container handling and wagon leasing market, with a total fleet of approximately 147,000 wagons. The largest wagon owners are major freight companies that initially developed their wagon fleets to meet their own transportation needs. Major private wagon operators include Transkom LLC, Istkomtrans LLC, Bogatyr Trans LLC, Petroleum LLC and others.

The main private competitors from neighbouring countries are JSC Federal Freight Company and OJSC First Freight Company, both Russian wagon companies. Their share of the volume of cargo loaded in Kazakhstan is relatively small compared to the volume of cargo transported in the Group's freight cars. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for a description of the Group's broader Russia-related sanctions exposure.

From 2018 to 2022, a pilot project to provide access to rail infrastructure for two private freight carriers was conducted. Based on the results of the pilot project, work is ongoing to improve tariff policy for freight transportation and international railway services. The two private freight carriers that participated in the pilot project currently operate alongside the National Freight Carrier on limited routes within Kazakhstan. As of the end of 2025, the combined share of private freight carriers in total freight turnover was 5%.

Alongside the Group private carriers also provide passenger transportation services in Kazakhstan. In 2025, there were 13 private passenger carriers, with a combined passenger turnover share of 29%. The Group provides international and local passenger rail transportation services, while private passenger carriers provide local passenger transportation services.

As at 31 December 2025, the Group operates on 101 international and inter-regional routes and 60 inter-regional and intercity and suburban routes. Because the Group's passenger transportation operations are not profitable, it receives subsidies in respect of its passenger transportation services from the Ministry of Industry and Infrastructure Development and local authorities.

Competition with Other Modes of Transportation

Rail transportation competes favourably with other modes of transportation in terms of regularity of service, safety, speed and cost. The Kazakhstan railway system has a high carrying capacity at a relatively low cost for freight and passenger transportation and generally operates despite adverse weather conditions. For 2025, income from Government grants was KZT 43,275 million, as compared to KZT 41,124 million for 2024 and KZT 38,912 million for 2023. The railway system ranks third behind that of air and road transportation with respect to the speed of freight delivery. The railway transportation system also ranks third behind water (river) and pipeline transportation in terms of freight transportation costs.

The following table sets forth certain information published by the National Statistics Bureau regarding freight turnover in Kazakhstan by transportation type for 2025:

	2025	
Type of Transportation	**Million tonne-kilometres**	**Percentage** *(%)*
Railway[(1)]	361,265.2	61.8
Pipeline	173,599.2	29.7
Road	47,441.8	8.1
Water	72.7	0.0
Marine	1,860	0.3
Air	73.2	0.0
Total	**584,312.1**	**100**

Note:

(1) Freight turnover data provided by the Company

The following table sets forth certain information published by the National Statistics Bureau regarding passenger turnover in Kazakhstan by transportation type for the years indicated:

	Year ended 31 December					
	2023		2024		2025	
Type of Transportation	**Million passenger-kilometres**	**Percentage** *(%)*	**Million passenger-kilometres**	**Percentage** *(%)*	**Million passenger-kilometres**	**Percentage** *(%)*
Railway[(1)]	16,113.0	22.1	16,198.2	19.6	15,792.9	17.8
Motor vehicles and urban electric transport	30,739.8	42.3	38,306.8	46.3	43,158.9	48.5
Air	25,898.5	35.6	28,275.7	34.2	29,960.3	33.7
Water (river)	2.2	0.0	4.4	0.0	4.7	0.0
Marine	0.2	0.0	0.6	0.0	0.1	0.0
Total	**72,753.7**	**100**	**82,785.7**	**100**	**88,916.9**	**100**

Note:

(1) Passenger turnover data provided by the Company

Transportation by Pipeline

The substantial majority of oil produced in the Caspian Basin is transported via the pipeline network, and, in recent years, the volumes of crude oil transported by the Group has become immaterial, with almost all crude oil transported through oil pipelines. However, this pipeline competition only applies to crude oil, which is not currently a significant portion of the Group's total freight volumes. The transportation of oil products, which comprises the vast majority of the Group's liquid cargoes volumes cannot be transported by pipeline.

Transportation by Air

Kazakhstan is serviced by 21 airports, of which the airports of Almaty, Shymkent and Astana bear most of the freight and passenger transportation load. According to data published by the National Statistics Bureau, the level of freight and passenger transportation in Kazakhstan has increased in recent years. In 2025, 31.8 million passengers travelled through Kazakhstan airports, as compared to 29.7 million in 2024. The volume of freight transportation handled by Kazakhstan airports has also increased from 173.3 thousand tonnes in 2025 and 170.9 thousand tonnes in 2024. Air transportation, however, is generally more expensive than other modes of transportation and is subject to weather conditions. In addition, air transportation is more limited by the weight and dimension of the freight being carried than other modes of transportation.

Road and Water

Together, freight transportation by road and water accounted for 8.1% of total freight turnover in Kazakhstan in 2025. Rail is the dominant mode of freight transportation in Kazakhstan by turnover, accounting for 61.8% of total freight turnover in 2025 and 88% of total freight turnover excluding pipelines. This modal position reflects the suitability of rail for long-distance bulk, industrial, agricultural and transit freight across Kazakhstan's large landlocked territory.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

Board Oversight

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

Management-level Responsibility

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

ESG-related Strategic KPIs

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

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

Environmental Matters

Climate Change Management

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

To inform this oversight, the Group conducted a climate scenario analysis as part of its strategic and long-term planning, covering both physical and transition risks. The analysis applied the IPCC SSP2–4.5 and SSP5–8.5 scenarios for physical risks and the NGFS Below 2°C and Net Zero 2050 scenarios for transition risks, across the 2030 and 2050 time horizons.

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

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

Alongside adaptation, the Group is acting to reduce its own emissions, targeting carbon neutrality by 2060, with emission volumes that cannot be reduced to be offset. Under its Low-Carbon Development Concept, the Group plans to reduce direct emissions from diesel locomotives from 1.8 million tonnes of CO_2 to 1.3 million tonnes by 2030, a 25% reduction from the 2020 level. This commitment is reinforced in the Development Strategy up to 2032, which sets short-, medium- and long-term targets under the "Carbon Footprint" KPI, with annual reduction targets as follows:

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

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

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

Energy Efficiency and Energy Saving

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

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

		Year ended 31 December		
	Unit	**2023**	**2024**	**2025**
Total energy consumption	thousand GJ	41,599	41,928	43,661
Purchased electricity	thousand GJ	2,626	12,485	13,005
Coal	thousand GJ	1,232	1,162	1,006
Natural gas	thousand GJ	218	234	226

	Unit	Year ended 31 December 2023	2024	2025
Liquefied gas	thousand GJ	0.34	10	9
Petrol	thousand GJ	321	325	336
Diesel fuel	thousand GJ	27,030	27,541	28,911
Fuel oil	thousand GJ	172	171	168
Energy intensity	thousand GJ/billion gross tonne-km	88	88	86

Water Management

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

	Unit	Year ended 31 December 2023	2024	2025
Water consumption	thousand m^3	5,134.54	4,277.31	3,223.10

Waste Management

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

	Unit	Year ended 31 December 2023	2024	2025
Waste generation	tonnes	58,563	57,932	56,988
Waste diverted from landfill	kg	155,366	102,246	117,641

Social Matters

Workforce Composition

The Group employed 118,506 people, comprising production personnel of 111,839, (94%) and administrative and managerial personnel of 6,667, (6%).

	Unit	Year ended 31 December 2023	2024	2025
Total number of employees	Number	116,560	117,681	118,506
Permanent employees	Number	105,705	116,048	115,654
Women	Number	23,988	25,095	24,034
Men	Number	81,717	90,953	91,620
Temporary employees	Number	10,855	1,633	2,852

	Unit	Year ended 31 December 2023	2024	2025
Women	Number	2,095	961	1,736
Men	Number	8,760	672	1,116
Turnover rate	%	7.9	8.4	8.6

Employee Development

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

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

Occupational Health and Safety

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

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

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

Note:

(1) LTIR is calculated per 1 million hours worked

Fair Labour Practices

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

Inclusion Policy have also been established. A Corporate Ombudsman appointed by the Board assists in the resolution of labour disputes and business ethics matters.

Freedom of Association and Collective Bargaining

A Collective Bargaining Agreement for 2024 to 2026 has been concluded between the Group and its workforce, providing a comprehensive range of employee social support measures. These include financial assistance for employees' life events and recreation for their children, alongside voluntary medical insurance. As at 31 December 2025, 100% of the Group's employees were covered by collective bargaining agreements.

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

Employees Engagement, Satisfaction and Social Stability

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

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

		Year ended 31 December		
	Unit	**2023**	**2024**	**2025**
Social stability index	%	66	69	73
Survey coverage	% of employees participated in the survey	13	10	15

Community Investment

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

Railway Traffic Safety

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

The Group implements systematic measures across its divisions and subsidiaries to strengthen the safety management system, develop human resources and improve the reliability of infrastructure and rolling stock, supported by employee training, rolling-stock maintenance and major track overhaul. Continuous track diagnostics are carried out in accordance with the

Rules for Railway Track Diagnostics, monitoring technical condition and identifying defects that may threaten traffic safety. In 2025, the Board-set Railway Traffic Safety Level target was achieved.

Supply Chain Management

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

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

GOVERNANCE MATTERS

Business Ethics and Anti-Corruption

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

Whistleblowing and Reporting Channels

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

SEASONALITY

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

EMPLOYEES

The Group's workforce is primarily located in Kazakhstan, with less than 1% located in Russia, China, Turkey and the United Arab Emirates, and supports the operation, maintenance and development of the national railway and logistics network. As at 1 April 2026, the Group employed 119,542 employees. The following table sets forth a breakdown of the Group's employees by business function as of same date.

Business Function	Number of Employees	Percent (%)
Operational	**109,160**	**91.3**
– Train operations	15,695	13.1
– Locomotive operations	20,967	17.5
– Track maintenance	26,710	22.3

Business Function	Number of Employees	Percent (%)
– Signalling	11,812	9.9
– Technical maintenance	2,531	2.1
– Station operations	18,527	15.5
– Rolling stock maintenance	8,739	7.3
– Logistics	3,053	2.6
– Safety	925	0.8
– Security and infrastructure support	201	0.2
Administrative	**10,382**	**8.7**
– Administrative	7,481	6.3
– Finance	792	0.7
– Legal	182	0.2
– Procurement	449	0.4
– Information Technology	868	0.7
– Human Resources	510	0.4
– Management	100	0.1
Total	**119,542**	**100.0**

Staff turnover increased from 7.9% in 2023 to 8.4% in 2024 and 8.6% in 2025. The Company believes that this trend reflects, among other factors, competition for operational and technical employees in certain major cities and industrial regions. Since 2023, the Group has experienced local staff shortages in certain operational and technical roles, including track maintenance, signalling, technical maintenance and other operational areas. The shortages have been more pronounced for certain positions, including signalmen, track fitters and other operational roles in major cities.

The average age of the Group's workforce is approximately 42. In certain operational trades, including track fitter and track foreman roles, more than 30% of employees are aged between 46 and 55. The Company monitors the age profile of employees in safety-critical roles and seeks to manage workforce continuity through recruitment, training, succession planning, professional development and measures designed to improve retention in operational and technical roles.

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

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

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

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

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

LICENCES PERMITS AND APPROVALS

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

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

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

With the exception of licences for the transportation of precursors and for the transportation of nuclear and radioactive materials and substances, including radioactive waste, which are issued for five-year periods, the Group's licences are usually indefinite and almost all provide for annual or quarterly reporting requirements for activities carried out under the relevant licences.

The Kazakhstan Legal Adviser has advised the Company that, during the Track Record Period and up to the Latest Practicable Date, the Company had obtained all requisite licences, approvals and permits from the relevant government authorities that are material for its business operations and all such licences, approvals and permits have remained in full effect as at the Latest Practicable Date, and there are no existing circumstances that would render their revocation or cancellation. The Company is required to renew such certificates, permits and licences from time to time and does not expect any material difficulties in such renewals.

INSURANCE

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

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

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

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

INFORMATION TECHNOLOGY

The Group relies on information technology systems to increase the efficiency, safety and transparency of its railway operations. The Company has updated its information technology development strategy for the period from 2026 to 2030. Following an IT landscape audit and cyber audit conducted by BTS Digital LLP in the second half of 2025, a draft updated IT strategy has been prepared and is undergoing internal review and approval, including consideration by the Board of Directors.

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

The Group's flagship digital projects include the replacement of ASOUP, which is designed to automate core train and wagon-flow management processes across the network; the hardware and software complex "Alatau", which is intended to support the digital preparation of variant

and standard train schedules; and Smart Diagnostics with AI support, which is aimed at improving the planning and control of track repairs by using artificial intelligence technologies to reduce reporting timelines and improve the reliability and completeness of diagnostic data.

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

The Board has overall oversight of the Group's risk management and internal control systems, including through its review and approval of the Group's risk appetite, risk register and key risk indicators on an annual basis and monitoring of such matters on a quarterly basis. The Management Board and the Internal Audit Service have defined roles and responsibilities in ensuring and reporting to the Board the effectiveness of the risk management and internal control systems under the Group's Policy on Risk Management and Internal Control, including ensuring that risk management and internal control procedures are implemented by appropriately qualified and experienced employees, integrating risk management and internal control into business processes, reviewing consolidated risk reports and conducting independent assessments of the effectiveness of the risk management and internal control system. The Directors delegate the identification, reporting and monitoring of risks to the Risk Department, which reports to the CFO and the Management Board. Risk assessment is conducted at least quarterly, with reports submitted to the Management Board, the Audit Committee and the Board. Action plans are developed by risk owners to mitigate significant and critical risks identified, and the Risk Department consolidates such action plans for quarterly reporting to the Audit Committee and the Board.

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

The Group manages credit and customer-related risks through controls over customer registration, contract monitoring, sanctions screening, receivables review, doubtful debt provisioning and write-off approval. New customers register through the ASUDKR website and submit required application and supporting documents. Manual customer creation by employees is restricted. Prior to customer activation and periodically thereafter, sanctions-related risks are monitored using updated sanctions lists, with potential matches or high-risk customers escalated

and resolved in accordance with sanctions procedures before customer activation or continuation. Accounts receivable balances are monitored through monthly review by the Accounts Receivable and Accounts Payable Committee of KTZ-FT and written-off receivables are recorded in SAP only on the basis of a write-off act reviewed and approved by the Accounts Receivable and Accounts Payable Committee of KTZ-FT. See "Risk Factors – Risks Relating to Its Business and Industry – The Group could be adversely affected by dealings with countries or entities that are, or become subject to, sanctions administered by the U.K., the U.S. or other relevant jurisdictions" in this Document for further information regarding the Group's sanctions exposure.

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

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

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

In preparation for the **[REDACTED]**, an independent Internal Control Consultant was engaged to review the Group's internal controls over financial reporting for specified in-scope processes and sub-processes during the period from 1 April 2025 to 31 March 2026. The Internal Control Consultant's work included interviews with relevant management, documentation review, walkthrough testing, sample testing, identification of control deficiencies and observations for

improvement, discussions with management and follow-up assessment of remediation implemented by the Group. According to the Internal Control Consultant's internal control report, it did not identify any material deficiencies in our risk management and internal control system in its initial and follow-up reviews that would have had a material adverse impact on our business, financial condition or results of operations. These include the formation or updating of certain Board committees and terms of reference, establishment of an Investor Relations Department, updating or adoption of policies relating to ethics, directors' conduct, model code compliance, sanctions, anti-corruption, whistleblowing, connected transactions, notifiable transactions, shareholder communication and information security, and ongoing training for Directors, management and employees in relation to Listing Rules requirements.

PROPERTIES

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

LITIGATION

Legal Proceedings

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

However, the Company may from time to time become involved in various legal, arbitration or administrative proceedings and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in some costs and a diversion of the Company's resources, including the management's time and attention.

Compliance

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

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, multimodal logistics, ports, dry ports, terminals, transport and logistics centres and passenger transportation. The Group is the dominant providers 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 2025, the Group reported freight turnover of 288.8 billion tonne-kilometres, up from 261.7 billion tonne-kilometres in 2024, and revenue from freight transportation of KZT 2,463,197 million, representing 89.3% of total consolidated revenue and other income. Over the same period, passenger turnover was 11.4 billion passenger-kilometres, compared with 11.7 billion passenger-kilometres in 2024, and revenue from passenger transportation increased to KZT 129,250 million in 2025 from KZT 110,523 million in 2024. 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 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

  - provision of multimodal 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 years indicated, as Kazakhstan's economy continues to grow since 2021.

	Year ended 31 December		
	2023	**2024**	**2025**
Real GDP growth *(%)* (year-on-year percentage change in gross domestic product at constant prices, adjusted for inflation)	5.1	5.0	6.5
Nominal GDP growth *(%)* (year-on-year percentage change in gross domestic product at current prices, without adjustment for inflation)	15.1	14.1	16.8
Inflation *(%)* (annual average change in consumer prices)	9.8	8.6	12.3
Unemployment rate *(%)* (percentage of unemployed persons in the labour force)	4.7	4.7	4.6

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.

Inflation and labour market conditions affect the Group principally through operating costs, including staff costs, fuel, electricity, maintenance and other input costs. Inflation moderated through 2023 and 2024 after peaking in 2022, but remains relevant to the Group's cost base. 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 4.1% in 2025, as compared with 3.6% in 2024 and 4.0% in 2023. The Group also received KZT 100.5 billion, KZT 110.2 billion and KZT 71.9 billion in 2025, 2024 and 2023, 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 two principal ways. First, 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. Secondly, 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.

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 31 December 2025, 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 Guarantees – 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 (as defined below), 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. For the years ended 31 December 2023, 2024 and 2025, the Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million and KZT 19,990 million, respectively. 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 years indicated:

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Coal	107,695	119,961	180,173
Ore	48,518	48,018	74,767
Crude oil	20,477	19,648	26,627
Refined oil products	280,069	307,092	447,529
Construction materials	45,195	53,191	78,214
Grain and grain products	52,662	56,288	90,623
Ferrous scrap	5,543	5,016	6,097
Chemicals and sodium carbonate	66,436	81,371	118,928
Chemical and mineral fertilisers	33,533	44,481	58,440
Coloured ore	35,543	42,690	58,650
Nonferrous metals	19,054	18,278	23,846
Ferrous metals	110,091	121,878	187,317
Other	857,735	957,645	1,111,986
Total	**1,682,550**	**1,875,558**	**2,463,197**

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. Unlike crude oil, due to their nature, oil products can be transported only by certain dedicated pipelines, which are limited in number, and the capacity for the shipment of oil products by pipeline is not expected to increase significantly in the foreseeable future. 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 94.1% of the Group's total volume of transported oil and oil products for the year ended 31 December 2025, as compared to 92.6% and 93.6% in 2024 and 2023, 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% and 4% of the Group's revenue from coal

transportation for the years ended 31 December 2023, 2024 and 2025, 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 and 64.0% in 2025, 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		
	2023	**2024**	**2025**
Group's freight transportation revenue attributable to international transit routes *(KZT millions)*	655,888	698,797	827,178
International transit revenue as a percentage of the Group's freight transportation revenue *(%)*	35.0	37.3	33.6

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, income from Government grants was KZT 38,912 million, KZT 41,124 million and KZT 43,275 million, respectively. In real terms, the 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% and 43.6% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, 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% and 13.8% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, respectively. Electrical power accounted for 4.3%, 5.6% and 7.2% of the Group's total cost of sales in the years ended 31 December 2023, 2024 and 2025, 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 liabilities 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 liabilities 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 liabilities depends on project schedules, contractual payment terms and the extent to which obligations are settled through lease financing. Where investment liabilities 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 liabilities 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 Guarantees" 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.

DESCRIPTION OF SELECTED COMPONENTS 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 years indicated:

	Year ended 31 December		
	2023	2024	2025
	(KZT millions)		
Revenue and other income			
Revenue from freight transportation	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	101,682	110,523	129,250
Government grants	38,912	41,124	43,275
Other revenue	110,951	136,737	121,361
Total revenue and other income	1,934,095	2,163,942	2,757,083
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)
Gross profit	435,512	543,925	833,032
General and administrative expenses	(106,494)	(128,390)	(145,837)
Finance income	32,221	52,955	88,618
Finance costs	(208,365)	(184,984)	(245,844)
Foreign exchange loss	(14,124)	(69,620)	(19,990)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–
Share of profit of associates and joint ventures	8,144	10,772	1,634
Reversal of impairment/(impairment) of financial assets and contract assets	2,662	1,601	(3,893)
Reversal of impairment/(impairment) of non-financial assets	1,149	(7,336)	(11,480)
Other profit and losses	4,395	4,606	2,781
Profit before tax	161,383	223,529	499,021
Income tax expenses	(24,599)	(62,724)	(155,375)
Profit for the year	**136,784**	**160,805**	**343,646**

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 years indicated:

	Year ended 31 December					
	2023		**2024**		**2025**	
	(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
Revenue from passenger transportation	101,682	5.3	110,523	5.1	129,250	4.7
Government grants	38,912	2.0	41,124	1.9	43,275	1.6
Other revenue	110,951	5.7	136,737	6.3	121,361	4.4
Total	**1,934,095**	**100.0**	**2,163,942**	**100.0**	**2,757,083**	**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 years indicated:

	Year ended 31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
International (transit) routes	655,888	39.0	698,797	37.2	827,178	33.6
Domestic routes	439,857	26.2	507,501	27.1	687,325	27.9
International (export) routes	274,069	16.3	322,631	17.2	489,375	19.9
International (import) routes	185,758	11.0	194,279	10.4	276,243	11.2
Additional charges related to the transportation process	60,675	3.6	67,769	3.6	65,194	2.6
Other revenue from freight transportation[(1)]	66,303	3.9	84,581	4.5	117,882	4.8
Total	**1,682,550**	**100.0**	**1,875,558**	**100.0**	**2,463,197**	**100.0**

Notes:

(1) Mainly includes income from cargo transshipment 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 years indicated:

	Year ended 31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Passenger transportation	89,866	88.4	94,003	85.1	110,746	85.7
Other revenue from passenger transportation[(1)]	11,816	11.6	16,520	14.9	18,504	14.3
Total	**101,682**	**100.0**	**110,523**	**100.0**	**129,250**	**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 organizing sales of travel and other tickets services.

Government grants

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

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 years indicated:

	Year ended 31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee costs and benefits	622,859	41.6	716,650	44.2	838,976	43.6
Fuel and lubricants	219,739	14.7	195,945	12.1	265,916	13.8
Repairs and maintenance	229,398	15.3	234,961	14.5	242,842	12.6
Depreciation and amortisation	151,593	10.1	165,925	10.2	192,897	10.0
Electrical power	64,980	4.3	90,967	5.6	139,014	7.2
Materials and supplies	58,190	3.9	62,300	3.8	78,083	4.1
Work and services of a production nature	77,113	5.1	71,246	4.4	76,540	4.0
Others	74,711	5.0	82,023	5.2	89,783	4.7
Total	**1,498,583**	**100.0**	**1,620,017**	**100.0**	**1,924,051**	**100.0**

Gross Profit and Gross Profit Margin

The Group's gross profit was KZT 435,512 million, KZT 543,925 million and KZT 833,032 million in 2023, 2024 and 2025, respectively. The Group's gross profit margin was 22.5%, 25.1% and 30.2% in 2023, 2024 and 2025, respectively.

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 years indicated:

	Year ended31 December					
	2023		2024		2025	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Employee expenses and benefits	67,761	63.6	78,985	61.5	94,735	65.0
Property tax and other taxes, excluding social tax and social contributions	7,853	7.4	17,942	14.0	15,458	10.6
Administrative and office expenses	8,648	8.1	12,253	9.5	12,354	8.5
Professional and other third-party service	5,860	5.5	6,682	5.2	11,275	7.7
Depreciation and amortisation	4,698	4.4	4,446	3.5	3,189	2.2
Others	11,674	11.0	8,082	6.3	8,826	6.0
Total	**106,494**	**100.0**	**128,390**	**100.0**	**145,837**	**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 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) income from guarantees issued 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 and KZT 88,618 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, the Group's finance costs primarily consisted of (i) interest costs and unwinding of discount 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 and KZT 245,844 million in 2023, 2024 and 2025, respectively.

Foreign Exchange Loss

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 and KZT 19,990 million in 2023, 2024 and 2025, respectively.

Share of Profit of Associates and Joint Ventures

Share of profit 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 and KZT 1,634 million in 2023, 2024 and 2025, respectively.

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 and KZT 11,480 million in 2024 and 2025, respectively.

Income Tax Expense

The Group's income tax expense was KZT 24,599 million, KZT 62,724 million and KZT 155,375 million in 2023, 2024 and 2025, 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.

DISCUSSION OF RESULTS OF OPERATIONS

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.

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 higher revenues driven by increased transportation volumes (freight turnover) and changes in average tariff levels.

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, together with increased transportation volumes (freight turnover).

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 growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

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 growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

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 growth in revenues driven by changes in average tariff levels and higher transportation volumes (freight turnover).

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 improved service speed, which resulted in lower charges 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.

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 attributable to regulated passenger tariff increases of 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%. In real terms, the 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.

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.

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.

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.

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 a 7% 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 due to the effect of modification of financial liabilities, being the extension of the maturity date of the eurobonds from 2025 to 2028 and to change coupon rate from 2% to 3%, that does not result in derecognition, the change in fair value of derivative financial instruments through profit or loss and an increase in interest income on cash and cash equivalents and guarantees issued.

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.

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.

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

Revenue and other income

For the 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 income resulting from exchange rate movements of the Swiss Franc in the calculation of transit transportation revenues and from changes in average tariff levels.

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 due to a 4.3% increase in traffic volumes and exchange rate movements of the Swiss Franc affecting transit revenue calculations.

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 due to a 1.9% increase in transit volumes and higher revenues resulting from changes in average tariff levels.

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 changes in the average tariff levels.

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 changes in the average tariff levels.

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 transshipment services, which is a service provided by seaports in relation to transferring cargo from sea vessels to rail transport.

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 attributable to regulated passenger tariff increases of 7.0% effective from 1 January 2024 and 19.9% effective from 1 October 2024, which were increased in order to cover significant costs in the provision of these services.

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 provisions of other services (including the provision of freight car rental services to third parties), partially offset by a decrease in revenue from fines.

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 a 7% increase in wages and a 10% increase in labour force participation bonuses, 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 39.9% 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.

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 a 7% increase in wages, as well as a 10% increase in labour participation rate bonuses.

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, as well as a reduction in costs associated with the certification of buildings, registration of land plots and related matters.

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 costs and unwinding of discount 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 costs and unwinding of discount 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.

(Impairment)/impairment reversal of non-financial assets

For 2024, (impairment)/impairment reversal of non financial assets amounted to a loss of 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.

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 of the dates indicated:

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Assets			
Non-current assets			
Property, plant and equipment	3,794,479	4,782,227	5,875,447
Goodwill	15,520	15,520	15,520
Intangible assets	13,824	11,250	11,022
Investments in joint ventures	1,579	1,396	11,637
Investments in associates	38,989	48,678	56,464
Deferred tax assets	60	21	312
Other non-current assets	690,159	647,483	1,136,788
Total non-current assets	**4,554,610**	**5,506,575**	**7,107,190**
Current assets			
Cash and cash equivalents	204,614	198,578	232,973
Inventories	64,362	57,820	86,422
VAT recoverable	49,618	120,475	48,789
Trade receivables	16,326	21,666	18,009
Corporate income tax prepaid	3,535	7,899	8,219
Asset under contracts with customers	1,153	336	1,071
Other current assets	45,988	45,407	95,839
Total current assets	**385,596**	**452,181**	**491,322**
Total assets	**4,940,206**	**5,958,756**	**7,598,512**

	As at 31 December		
	2023	2024	2025
	(KZT millions)		
Equity and Liabilities			
Equity			
Share capital	1,110,634	1,123,907	1,152,698
Hedging reserve	–	(38,570)	(52,012)
Foreign currency translation reserve	7,220	8,994	13,589
Retained earnings	623,698	856,709	1,255,462
Equity attributable to the Shareholder	1,741,552	1,951,040	2,369,737
Non-controlling interests	17,504	18,277	18,493
Total equity	**1,759,056**	**1,969,317**	**2,388,230**
Non-current liabilities			
Borrowings	1,763,432	1,840,423	2,697,359
Deferred tax liabilities	411,888	468,057	615,181
Lease liabilities	54,555	139,465	224,936
Employee benefit obligations	37,396	41,105	41,027
Derivative financial instruments	35,719	–	–
Other non-current liabilities	69,778	118,770	177,442
Total non-current liabilities	**2,372,768**	**2,607,820**	**3,755,945**
Current liabilities			
Borrowings	354,115	812,965	488,658
Trade accounts payable	200,969	231,351	525,770
Liabilities under contracts with customers	115,868	133,170	149,196
Lease liabilities	16,951	35,517	45,146
Derivative financial instruments	–	32,697	91,496
Other taxes payable	13,961	15,694	16,083
Employee benefit obligations	7,608	7,598	8,167
Other current liabilities	98,910	112,627	129,821
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**
Total liabilities	**3,181,150**	**3,989,439**	**5,210,282**
Total equity and liabilities	**4,940,206**	**5,958,756**	**7,598,512**

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; and (v) construction-in-progress. The following table sets forth a breakdown of the Group's property, plant and equipment as of the dates indicated:

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

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.

As at 31 December 2023, 2024 and 2025, the Group's property, plant and equipment, mainly with a carrying amount of KZT 10,881 million, KZT 95,258 million and KZT 82,275 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2024 and 2025, relevant collateral was mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank.

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 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.

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.

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 of the dates indicated:

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

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

	Year ended 31 December		
	2023	**2024**	**2025**
Inventory turnover days	13.3	13.8	13.7

Note:

(1) Inventory turnover days for a year equal the average of opening and closing balance of inventories for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days.

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, the Group recognised allowances for inventories of KZT 2,019 million, KZT 1,440 million and KZT 980 million, respectively, based on assessments of net realisable value.

As of 30 April 2026, KZT 15,486 million, or 17.9%, of the Group's inventories as of 31 December 2025 had been utilised.

Trade Receivables

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

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

The Group's trade 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 generally receives prepayment for transportation services, resulting in relatively low trade receivable balances.

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

	As at 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
0–30 days	9,991	18,683	9,619
31–90 days	4,708	1,441	5,695
91–180 days	1,262	1,049	2,291
181–365 days	952	426	405
Over 365 days	69	67	2
Total	**16,352**	**21,666**	**18,009**

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

	Year ended 31 December		
	2023	**2024**	**2025**
Trade receivables turnover days	4.0	3.8	3.2

Note:

(1) Trade receivables turnover days for a year equal the average of opening and closing balance of gross trade receivables for the relevant year divided by revenue for the relevant year and multiplied by 365 days.

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

As of 30 April 2026, KZT 18,009 million, or 100%, of the Group's trade receivables as of 31 December 2025 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 of the dates indicated:

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

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% 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 following table sets forth an aging analysis of the trade accounts payables based on the invoice date as at the dates indicated:

	As at 31 December		
	2023	2024	2025
		(KZT millions)	
0–30 days	157,159	209,240	376,893
31–90 days	30,562	13,669	128,990
91–180 days	5,973	4,546	1,180
181–365 days	5,759	1,958	15,059
Over 365 days	1,516	1,938	6,226
Total	**200,969**	**231,351**	**525,770**

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

	Year ended 31 December		
	2023	2024	2025
Trade accounts payable turnover days	38.7	48.7	71.8

Note:

(1) Trade accounts payable turnover days for a year equal the average of opening and closing balance of trade accounts payable for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days.

As of 30 April 2026, approximately KZT 276,555 million, or 52.6% of the Group's trade accounts payable as of 31 December 2025 had been settled.

Liabilities under Contracts with Customers

Liabilities under contracts with customers 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 liabilities under contracts with customers 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.

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.

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.

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

Deferred Tax Liabilities

The Group's deferred tax liabilities arised 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 net deferred tax liabilities of KZT 411,888 million, KZT 468,057 million and KZT 615,181 million as at 31 December 2023, 2024 and 2025, respectively.

Derivative Financial Instruments

Derivative financial instruments represent cross-currency swap transactions entered into with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) 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.

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. By way of an 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 – Operational Risks relating to the Group and its Business – Maintenance, modernisation and upgrades of the Group's railway and logistics infrastructure requires continuing funding" 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 years indicated:

	Year ended 31 December		
	2023	2024	2025
	(KZT millions)		
Net cash from operating activities	306,318	336,597	746,797
Net cash used in investing activities	(802,702)	(734,061)	(932,267)
Net cash flows from financing activities	434,271	393,367	228,039
Net increase/(decrease) in cash and cash equivalents	(62,113)	(4,097)	42,569
Cash and cash equivalents at the beginning of the year	267,032	204,614	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency	(322)	(1,945)	(8,166)
Effect of change in the allowance for expected credit losses	17	6	(8)
Cash and cash equivalents at the end of the year	204,614	198,578	232,973

Net cash from operating activities

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, 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, primarily comprising finance costs of KZT 184,984 million, depreciation and amortisation of KZT170,516 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, 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

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 repayment of 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

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 April
	2023	2024	2025	2026
				(Unaudited)
		(KZT millions)		
Current assets				
Cash and cash equivalents	204,614	198,578	232,973	641,189
Inventories	64,362	57,820	86,422	117,465
VAT recoverable	49,618	120,475	48,789	24,203
Trade receivables	16,326	21,666	18,009	24,232
Corporate income tax prepaid	3,535	7,899	8,219	8,684
Asset under contracts with customers	1,153	336	1,071	1,588
Other current assets	45,988	45,407	95,839	107,761
Total current assets	**385,596**	**452,181**	**491,322**	**925,122**
Current liabilities				
Borrowings	354,115	812,965	488,658	591,120
Trade accounts payable	200,969	231,351	525,770	435,041
Liabilities under contracts with customers	115,868	133,170	149,196	132,856
Lease liabilities	16,951	35,517	45,146	53,597
Derivative financial instruments	–	32,697	91,496	94,850
Other taxes payable	13,961	15,694	16,083	47,357
Employee benefit obligations	7,608	7,598	8,167	8,167
Other current liabilities	98,910	112,627	129,821	173,287
Total current liabilities	**808,382**	**1,381,619**	**1,454,337**	**1,536,275**
Net current liabilities	**422,786**	**929,438**	**963,015**	**611,153**

The Group's net current liabilities decreased by 36.5% from KZT 963,015 million as at 31 December 2025 to KZT 611,153 million as at 30 April 2026, primarily due to an increase in cash and cash equivalents of KZT 408,216 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) the increase in trade accounts payable of KZT 294,419 million; and (ii) the increase in derivative financial instruments of KZT 58,799 million, partially offset by (i) the decrease in borrowings of KZT 324,307 million; (ii) the increase in other current assets of KZT 50,432 million; (iii) the increase in cash and cash equivalents of KZT 34,395 million; and (iv) the 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) the increase in borrowings of KZT 458,850 million; (ii) the recognition of derivative financial instruments of KZT 32,697 million; and (iii) the increase in trade accounts payable of KZT 30,382 million, partially offset by the 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, current liabilities of the Group exceeded its current assets by KZT 422,786 million, KZT 929,438 million and KZT 963,015 million.

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

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. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid during 2026. The possibility of a positive decision from the discussions is considered to be high.

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 intends and is able to provide the Group with continued uninterrupted financial and operational support for the foreseeable future.

As at 31 December 2025, the Group had available credit lines with an undrawn balance in a total amount of KZT 259,680 million. As at 31 December 2025, part of the Group's liabilities are represented by loans from Samruk-Kazyna in the amount of KZT 975,160 million, including a current portion in the amount of KZT 37,630 million. Based on past experience, the Group's management believes that it will be able to negotiate changes in payment terms on its payables with 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.

On 2 March 2026, the Company received a letter from Samruk-Kazyna confirming its intention to provide ongoing financial and operational support to the Company for the foreseeable future and for at least 12 months from the date of approval of the 2025 consolidated financial statements. See "Risk Factors – Risks Relating to Its Business and Industry – The Group is dependent on continued 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.

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 April
	2023	2024	2025	2026
				(Unaudited)
		(KZT millions)		
Borrowings	2,117,547	2,653,388	3,186,017	3,784,550
Lease liabilities	71,506	174,982	270,082	308,317
Total indebtedness	**2,189,053**	**2,828,370**	**3,456,099**	**4,092,867**
Financial guarantee agreement liabilities	28,536	27,449	24,545	23,176
Total indebtedness and financial guarantee agreement liabilities	**2,217,589**	**2,855,819**	**3,480,644**	**4,116,043**

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 April
	2023	2024	2025	2026
				(Unaudited)
		(KZT millions)		
Non-current portion				
Long-term bank borrowings	646,557	908,653	1,419,829	1,485,140
Loan from shareholders	83,396	111,430	100,413	101,527
Debt securities	390,000	390,000	340,000	798,593
Debt securities from shareholders	643,479	430,340	837,117	808,170
Subtotal	**1,763,432**	**1,840,423**	**2,697,359**	**3,193,430**
Current portion				
Short-term bank borrowings	89,937	338,257	387,329	360,860
Loan from shareholders	32,100	3,156	2,214	1,943
Debt securities	222,438	13,903	63,699	59,007
Debt securities from shareholders	9,640	457,649	35,416	169,310
Subtotal	**354,115**	**812,965**	**488,658**	**591,120**
Total	**2,117,547**	**2,653,388**	**3,186,017**	**3,784,550**

The Group takes out short-term loans to finance its daily working capital. As at 31 December 2023, 2024 and 2025 and 30 April 2026, the Group's short-term borrowings were KZT 354,115 million, KZT 812,965 million, KZT 488,658 million and KZT 591,120 million, respectively.

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 18.8% from KZT 3,186,017 million as at 31 December 2025 to KZT 3,784,550 million as at 30 April 2026, primarily due to Notes issued to finance the Group's investment programme, including infrastructure development projects and rolling stock acquisition.

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 April 2026 (Unaudited)	
	2023		2024		2025			
	Amount	Weighted average *effective interest rate*	Amount	Weighted average *effective interest rate*	Amount	Weighted average *effective interest rate*	Amount	Weighted average *effective interest rate*
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Borrowings with a fixed interest rate								
Loans received	333,852		475,243		378,916		418,351	
– *in Tenge*	223,035	8.69	285,231	10.88	245,854	11,58	289,845	11.0
– *in Russian Roubles*	51,206	5.94	79,276	9.02	92,153	8.04	91,848	7.81
– *in Euros*	59,611	5.31	51,253	5.85	40,909	6.75	36,658	6.11%
– *in Swiss Francs*	–	–	59,483	3.40	–	–	–	–
Debt securities issued	1,079,764		1,207,802		1,192,346		1,627,950	
– *in Tenge/KZT*	707,590	11.41	759,017	11.78	783,334	12.16	792,896	12.67
– *in U.S dollars*	372,174	6.43	448,785	6.42	409,012	6.52	835,053	5.80
Floating interest rate borrowings								
Loans received	518,138		886,253		1,530,869		1,531,119	
– *in Tenge*	122,925	18.83	40,232	19.24	–	–	–	–
– *in Swiss Francs*	256,070	3.55	628,339	3.04	1,126,780	2.37	1,078,047	1.61
– *in Euro*	139,143	5.32	217,682	7.34	371,351	5.90	372,564	4.42
– *in Chinese Yuans*	–	–	–	–	32,738	5.61	80,508	4.05
Debt securities issued	185,793		84,090		83,886		207,131	
– *in Tenge*	185,793	19.02	84,090	14.78	83,886	13.63	55,710	11.42
– *in Chinese Yuans*	–	–	–	–	–	–	151,421	4.20
Current portion of borrowings	354,115		812,965		488,658		3,784,550	
Non-current portion of borrowings	1,763,432		1,840,423		2,697,359		591,120	
Total	**2,117,547**		**2,653,388**		**3,186,017**		**3,193,430**	

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

	Repayment date	Exchanges	As at 31 December 2023	2024	2025	As at 30 April 2026
			(KZT millions)			(Unaudited)
Debt securities, by price[1]						
3% Eurobonds (100%) in U.S. dollars[2]	28 October 2028	KASE	372,174	448,785	409,012	376,460
11.5% Bonds (100%) in Tenge	3 October 2034	KASE	308,433	308,433	308,433	302,683
4.875% Notes (99.453%) in U.S. dollars	29 April 2031	London Stock Exchange, AIX, KASE	–	–	–	229,771
5.25% Notes (99.043%) in U.S. dollars	29 April 2036	London Stock Exchange, LSE, AIX, KASE	–	–	–	228,822
LPR 1Y+1.2% Bonds (100%) in Chinese Yuan	15 December 2028	AIX	–	–	–	151,421
8.74% Bonds (100%) in Tenge	12 June 2043	KASE	136,146	136,717	137,356	142,627
9.25% Bonds (100%) in Tenge	24 June 2044	KASE	–	114,750	115,316	120,532
7.37% Bonds (100%) in Tenge	30 December 2042	KASE	100,855	101,717	96,698	101,012
Inflation rate + 2.52% (11.42%) Bonds (100%) in Tenge	25 April 2026	KASE	56,302	54,090	53,886	55,710
11.5% Bonds (100%) in Tenge	12 September 2034	KASE	41,380	41,380	41,380	40,613
NBRK Base rate+0.75% (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	27,688
11% Bonds (100%) in Tenge	23 July 2027	KASE	26,184	26,184	26,184	25,726
2% Bonds (100%) in Tenge	20 August 2034	KASE	17,761	18,947	20,271	20,611
1.8% Bonds (100%) in Tenge	10 July 2044	AIX	–	10,889	11,367	11,404
TONIA Compounded 6M + 3% margin (19.96%) 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**	**1,835,081**
Current portion of debt securities issued			232,078	471,552	99,115	228,317
Non-current portion of debt securities issued			1,033,479	820,340	1,177,117	1,606,764
Total			**1,265,557**	**1,291,893**	**1,276,232**	**1,835,081**

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 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 program "Subsidising the coupon rate on the carrier's bonds issued for the development of the main railway network and rolling stock of railway transport" (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 of 30 April 2026, the Group's unutilized banking facilities amounted to KZT 175 billion /CHF 150 million.

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			As at 30 April
	2023	2024	2025	2026 (Unaudited)
	(KZT millions)			
Non-current portion	54,555	139,465	224,936	254,719
Current portion	16,951	35,517	45,146	53,597
Total	**71,506**	**174,982**	**270,082**	**308,316**

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 14.2% from KZT 270,082 million as at 31 December 2025 to KZT 308,316 million as at 30 April 2026, primarily due to the Group's entering into of new lease agreements with JSC Industrial Development Fund.

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 and KZT 23,176 million as at 31 December 2023, 2024 and 2025 and 30 April 2026, respectively.

The Group is obliged to comply with various affirmative and negative 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 of 30 April 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.

Save as disclosed above, the Directors confirm that there was no material 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 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		
	2023	**2024**	**2025**
		(KZT millions)	
Freight transportation	628,238	1,006,018	1,239,973
Passenger transportation	76,151	110,003	37,323
Other	540	54,217	2,355
Total capital expenditures	**704,929**	**1,170,238**	**1,279,651**

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 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]**.

Capital Commitments

The Group had substantial investment liabilities relating principally to infrastructure development projects and rolling stock renewal. These liabilities 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 liabilities 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 liabilities was KZT 1,867,649 million, KZT 2,427,217 million and KZT 4,681,921 million (excluding tax) as at 31 December 2023, 2024 and 2025, 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 affirmative and negative 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 affirmative and negative 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 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 of not more than 6.5:1, calculated as total debt divided by EBITDA 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.

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.

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".

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 two hedging strategies.

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 continuously 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 relevant portfolio company.

The amount of dividends payable is determined on a case-by-case basis depending on each company's maturity and financial and economic condition determined on the basis of financial stability indicators. Companies that comply with the target values of financial stability ratios are required to pay from 50% to 100% of their FCFF as dividends. Companies that comply with the threshold values of financial stability ratios, but violate the target values, are 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. Samruk-Kazyna may also, at its discretion, decide that no dividend payment is required from a portfolio company.

For purposes of the Samruk Dividend Policy, FCFF 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 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.

KEY FINANCIAL RATIOS

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

	Year ended/As at 31 December		
	2023	2024	2025
Gross profit margin[(1)]	22.5%	25.1%	30.2%
Net profit margin[(2)]	7.1%	7.4%	12.5%
Current ratio[(3)]	0.5	0.3	0.3
Debt-to-asset ratio[(4)]	64.4%	67.0%	68.6%

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 year by revenue and other income and then multiplied by 100%.

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

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

NON-IFRS MEASURES

To supplement the Company's consolidated financial statements presented in accordance with IFRS Accounting Standards, the Company uses the following measures as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards:

Non-IFRS measures	Definition, method of calculation and reconciliation to financial statement line item
EBITDA (non-IFRS measure)	Calculated as profit for the year excluding income tax expenses, finance costs, finance income and depreciation and amortisation.
EBITDA margin (non-IFRS measure)	Calculated as the ratio of EBITDA (non-IFRS measure) divided by total revenue and other income.
Adjusted Group EBITDA (non-IFRS measure)	Calculated as profit for the year excluding income tax expenses, finance costs, finance income, depreciation and amortisation, further adjusted for the effects of foreign exchange loss (which management considers to be unusual).
Adjusted Group EBITDA margin (non-IFRS measure)	Calculated as the ratio of adjusted Group EBITDA (non-IFRS measure) divided by total revenue and other income.
Adjusted debt (non-IFRS measure)	Calculated as the sum of total borrowings, total lease liabilities and total financial guarantee agreement liabilities in favour of third parties, which are not consolidated in the financial statements of the Group.

Adjusted debt to adjusted Group EBITDA ratio (non-IFRS measure)	Calculated as the ratio of adjusted debt divided by adjusted Group EBITDA (non-IFRS measure).
Adjusted debt to equity ratio (non-IFRS measure)	Calculated as the ratio of adjusted debt divided by total equity.
Adjusted net debt (non-IFRS measure)	Calculated as adjusted debt minus cash and cash equivalents.
Adjusted net debt to adjusted Group EBITDA ratio (non-IFRS measure)	Calculated as the ratio of adjusted net debt divided by Adjusted Group EBITDA (non-IFRS measure).
Coverage ratio (non-IFRS measure)	Calculated as the ratio of profit before tax and finance costs divided by finance costs.

The Company believes that these non-IFRS measures facilitate comparisons of operating performance from year to year 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 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.

EBITDA (non-IFRS measure) and adjusted Group EBITDA (non-IFRS measure)

	Year ended 31 December		
	2023	**2024**	**2025**
		(KZT millions)	
Profit for the year	136,784	160,805	343,646
Income tax expenses	24,599	62,724	155,375
Finance costs	208,365	184,984	245,844
Finance income	(32,221)	(52,955)	(88,618)
Depreciation and amortisation	156,441	170,516	196,219
EBITDA (non-IFRS measure)	**493,968**	**526,074**	**852,466**
Foreign exchange loss	14,124	69,620	19,990
Adjusted Group EBITDA (non-IFRS measure)	**508,092**	**595,694**	**872,456**

EBITDA margin (non-IFRS measure) and adjusted Group EBITDA margin (non-IFRS measure)

	Year ended 31 December		
	2023	**2024**	**2025**
	(KZT millions, except percentages)		
EBITDA (non-IFRS measure) (A)	493,968	526,074	852,466
Adjusted Group EBITDA (non-IFRS measure) (B)	508,092	595,694	872,456
Total revenue and other income (C)	1,934,095	2,163,942	2,757,083
EBITDA margin (non-IFRS measure) ((A)/(C))(%)	25.5%	24.3%	30.9%
Adjusted Group EBITDA margin (non-IFRS measure) ((B)/(C))(%)	26.3%	27.5%	31.6%

Adjusted debt (non-IFRS measure) and adjusted net debt (non-IFRS measure)

	As at 31 December		
	2023	**2024**	**2025**
	(KZT millions)		
Total borrowings	2,117,547	2,653,388	3,186,017
Total lease liabilities	71,506	174,982	270,082
Financial guarantee agreement liabilities	28,536	27,449	24,545
Adjusted debt (non-IFRS measure)	**2,217,589**	**2,855,819**	**3,480,644**
Less: cash and cash equivalents	204,614	198,578	232,973
Adjusted net debt (non-IFRS measure)	**2,012,975**	**2,657,241**	**3,247,671**

Adjusted debt to adjusted group EBITDA ratio (non-IFRS measure), adjusted net debt to adjusted group EBITDA ratio (non-IFRS measure) and adjusted debt to equity ratio (non-IFRS measure)

	As at/year ended 31 December		
	2023	**2024**	**2025**
	(KZT millions, except ratios)		
Adjusted debt (non-IFRS measure) (A)	2,217,589	2,855,819	3,480,644
Adjusted net debt (non-IFRS measure) (B)	2,012,975	2,657,241	3,247,671
Adjusted Group EBITDA (non-IFRS measure) (non-IFRS measure) (C)	508,092	595,694	872,456
Total equity (D)	1,759,056	1,969,317	2,388,230
Adjusted debt to adjusted group EBITDA ratio (non-IFRS measure) ((A)/(C))	**4.36**	**4.79**	**3.99**
Adjusted net debt to adjusted group EBITDA ratio (non-IFRS measure) ((B)/(C))	**3.96**	**4.46**	**3.72**
Adjusted debt to equity ratio (non-IFRS measure) ((A)/(D))	**1.26**	**1.45**	**1.46**

Coverage ratio (non-IFRS measure)

	As at 31 December		
	2023	**2024**	**2025**
	(KZT millions, except ratios)		
Profit for the year	136,784	160,805	343,646
Income tax expenses	24,599	62,724	155,375
Finance costs	208,365	184,984	245,844
Profit before tax and finance costs (A)	369,748	408,513	744,865
Finance costs (B)	208,365	184,984	245,844
Coverage ratio((A)/(B))	**1.77**	**2.21**	**3.03**

OFF-BALANCE SHEET ARRANGEMENTS

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

MATERIAL 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 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 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 31 December 2025, the Company had retained earnings of KZT 1,255,462 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]

See "**[REDACTED]**".

NO MATERIAL ADVERSE CHANGE

Significant events after 31 December 2025, 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 31 December 2025, being the end date of the periods reported in Appendix IB to this Document, and there had been no event since 31 December 2025 that would materially affect the information as set out in Appendix IB to this Document.

DISCLOSURE UNDER LISTING RULES

The Directors confirm that, as of 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]

The Company operates on a two-tier corporate governance system consisting of the Board of Directors and the Management Board.

The Board of Directors is the governing body of the Company that oversees the overall management and strategic direction of the Company. Its remit includes approving the Company's development strategy, defining strategic priorities, endorsing long-term plans and key programmes, and establishing overarching principles and approaches to risk management.

The Management Board is responsible for overseeing and implementing the day-to-day operations of the organisation and ensuring that the Company's activities align with its established strategic goals, development plan, and the decisions of the Board of Directors. The main responsibilities of the Management Board include developing proposals for the Company's strategy, implementing financial and business policies, making decisions on key matters related to current operations, coordinating the work of departments, and enhancing the effectiveness of the control and risk monitoring systems.

DIRECTORS

The Board consists of nine Directors, including one executive Director, four non-executive Directors and four independent non-executive Directors.

The Directors are appointed for a term of not more than three years and generally shall not serve on the Board for more than nine years.

The following table sets forth certain information regarding the Directors:

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Director						
Mr. Talgat Aldybergenov	56	Chairman of Management Board, Representative	25 June 2024	3 July 2025	Overseeing the execution of the overall strategy, business development and management of the Group and directing day-to-day operations of the Group	None
Non-executive Directors						
Mr. Aidar Ryskulov	45	Chairman of the Board, Representative	31 August 2023	31 August 2023	Providing strategic advice on the overall development of the Group, overseeing the formulation and implementation of the Group's strategy and providing leadership to the Board	None

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Kuat Irubayev	47	Representative	19 June 2023	19 June 2023	Providing strategic advice on the overall development of the Group	None
Mr. Yelzhas Otynshiyev	39	Representative	22 February 2024	22 February 2024	Providing strategic advice on the overall development of the Group	None
Mr. Rakhmetolla Kudaibergenov	48	Representative	15 January 2026	15 January 2026	Providing strategic advice on the overall development of the Group	None
Independent non-executive Directors						
Ms. Natalya Godunova	54	Independent Director	4 April 2024	4 April 2024	Providing independent advice and judgment to the Board	None
Mr. Ulf Wokurka	63	Independent Director	7 October 2021	7 October 2021	Providing independent advice and judgment to the Board	None
Dr. Alexander Andreas Schierhuber	38	Independent Director	10 May 2023	10 May 2023	Providing independent advice and judgment to the Board	None
Mr. John Smillie McKay	71	Independent Director	7 October 2021	7 October 2021	Providing independent advice and judgment to the Board	None

Executive Director

Mr. Talgat Aldybergenov, aged 56, is an executive Director and the Chairman of the Management Board. He was appointed to the Board as a Representative on 3 July 2025.

Mr. Aldybergenov worked at the West Kazakhstan Railway as a freight cashier, cargo and baggage receiver, deputy station manager, and senior road commercial auditor from 8 July 1992 to 7 April 1998. He headed the Aktobe branch of the State Enterprise "Center for Corporate Transport Services" of the Company from 11 September 1998 to 15 October 1999. He was the director of the transport logistics department of NC KazMunayGas JSC from 11 August 2003 to 13 October 2006. He served as president of Kedentransservice from 28 January 2008 to 29 March 2011, as general director of AvtoGazAlmaty LLP from 7 June 2013 to 29 April 2016, and as chairman of the board of Kazakhmys Maker LLP from 25 November 2016 to 1 August 2019. From 3 August 2020 to 24 June 2024, he served as an advisor at Porto LLP com, and from 3 August 2020 to 24 June 2024, he was the advisor to the president of JSC Commodity Exchange "Caspian".

He joined the Company on 25 June 2024, as Deputy Chairman of the Management Board. He has served as Chairman of the Company's Management Board since 3 July 2025.

Mr. Aldybergenov obtained a bachelor's degree in organisation of transportation and management in railway transport from the Almaty Institute of Railway Transport Engineers in May 1992 and obtained a master's degree in economics from the Russian Academy of National Economy and Public Administration under the President of the Russian Federation in February 2013. He was awarded the academic degree of candidate of economic sciences by the Kazakh Academy of Transport and Communications in 2002.

Non-executive Directors

Mr. Aidar Ryskulov, aged 45, is a non-executive Director and the Chairman of the Board. He was appointed to the Board as a Representative on 31 August 2023 and was appointed as Chairman of the Board on 7 September 2023.

Mr. Ryskulov worked at the Karaganda branch of the Company as an engineer-economist from September 2002 to March 2003. He worked at ATF Bank JSC in Astana as a specialist of SME lending under the EBRD programme and as a specialist of the client attraction sector from June 2003 to June 2006. He worked at the business clients department of Bank CenterCredit JSC in Astana as a Senior Credit Officer from June 2006 to October 2006. He worked at Halyk Bank of Kazakhstan JSC in Aktau as head of the middle business sales center from November 2006 until August 2008. He held various positions within the National Management Holding KazAgro JSC, including deputy director of the investment projects department from March 2009 to March 2012. He served at Samruk-Kazyna as a director of financial asset management from March 2012 to April 2014, and a director of the corporate finance department from April 2014 to August 2019. He served as managing director for economics and finance at Samruk-Energo JSC from August 2019 to August 2023. Since August 2023, Mr. Ryskulov has served as managing director for economics and finance and as a member of the management board of Samruk-Kazyna. Since September 2023, he has served as a director of Air Astana JSC, a company listed on KASE, AIX and the London Stock Exchange (ticker symbol: AIRA).

Mr. Ryskulov obtained a bachelor's degree in finance and credit from Karaganda State University in June 2002, and completed an executive MBA through a joint programme between Nazarbayev University and Duke University in January 2016.

Mr. Kuat Irubayev, aged 47, is a non-executive Director. He was appointed to the Board as a Representative on 19 June 2023.

Mr. Irubayev worked at Bank TuranAlema as a corporate client manager from April 2003 to September 2004. He worked at the risks and analysis division of the monetary operations department at the NBK from January 2005 to September 2005. He worked at the Accumulative Pension Fund "GNPF" JSC as the head of the risk management division from October 2006 to January 2008. He then worked at the Company as director of the risk management department and as a member of the risk committee from February 2008 to December 2015. Since May 2018, Mr. Irubayev has served as the representative of Marsh in Astana. Since July 2023, he has been a member of the board of directors at National Mining Company Tau-Ken Samruk JSC. Since January 2024, he has been a member of the board of directors at BI Group Ltd. Since August 2024 he has been a member of the board of directors at "Bolashaq Investments Ltd".

Mr. Irubayev obtained a bachelor's degree in mechanics and applied mathematics from Lomonosov Moscow State University in June 2001 and completed an executive MBA programme at the Nazarbayev University Graduate School of Business in Astana in January 2016.

Mr. Yelzhas Otynshiyev, aged 39, is a non-executive Director. He was appointed to the Board as a Representative on 22 February 2024.

Mr. Otynshiyev worked at Ernst & Young as an analyst from October 2007 to July 2009. He worked at the investment projects department of the National Mining Company Tau-Ken Samruk JSC as a manager and later as a director from July 2009 until April 2012. He worked at the investment division of Samruk-Kazyna as senior manager (expert) from April 2012 to January 2014. From January 2014 to April 2016, he was a director of the department of project analysis of investment activity of Samruk-Kazyna Invest LLP, and from April 2016 to January 2018, he was head of new projects division at Samruk-Kazyna. From January 2018 to May 2019, he held the position of head of the mining assets development sector of the asset development department at Samruk-Kazyna. He worked as a senior analyst from May 2019 to December 2019 at Kazakhstan Investment Development Fund (KIDF) Management Company Ltd. ("**KIDF Management Company**"). From December 2019 to May 2021, he held the position of deputy general Director for investment and development of PlanetCare Management LLP. From May 2021 to April 2023, he was the deputy chairman of the management board of KIDF Management Company. From April 2023 to April 2025 he was the co-managing director for strategy and asset management at Samruk-Kazyna. He has been serving as the managing director for strategy and asset management of Samruk-Kazyna since April 2025, as chairman of the board of directors of NC QazaqGaz JSC since May 2023, as a member of the board of directors of NAC Kazatomprom JSC since June 2023, and as a member of the board of directors of NC KazMunayGas JSC since July 2023. Since April 2024, he has been a member of the board of directors of Kazakhtelecom JSC.

Mr. Otynshiyev obtained a bachelor's degree in applied mathematics and physics from the Moscow Institute of Physics and Technology in July 2008, and a master's degree in applied mathematics and physics from the Moscow Institute of Physics and Technology in June 2010.

Mr. Rakhmetolla Kudaibergenov, aged 48, is a non-executive Director. He was appointed to the Board as a Representative on 15 January 2026.

Mr. Kudaibergenov began his career at National Company Kazakhstan Temir Zholy Closed Joint Stock Company as chief specialist of the container transportation development division within the corporate development department from May 2003 to July 2004. He worked at the Information and Analytical Center of the Company as deputy head of the market analysis and forecasting division from July 2004 to December 2004, head of the marketing research division from December 2004 to April 2005, manager of the Trans-Kazakhstan Railway Line from April 2005 to October 2005 and head of the Corporate Development Directorate from October 2005 to March 2008. He headed the representative office of the Company in the European CIS countries and the Baltic states, located in Kyiv, Ukraine from March 2008 to October 2010. He was a director of the transportation marketing department of the Company from October 2010 to September 2009. He was appointed director of the freight transportation marketing department of the Company in December 2013, and then appointed deputy director of the branch of the Integrated Planning Directorate of the Company in January 2015. He joined International Sea Trade Port of Aktau as advisor to the president on strategic issues from September 2016 to January 2022. He was elected Secretary General of the International Association "Trans-Caspian International Transport Route" from March 2018 to October 2021. From October 2021 to January 2022, he was the deputy general manager on marketing and business development of JSC Tranko. From August 2021 to June 2025, he was an advisor at LLP First Multimodal Company. He has been the director of the transport and communications department of Samruk-Kazyna since October 2025.

Mr. Kudaibergenov obtained a bachelor's degree in jurisprudence (law) from Abai Kazakh National Pedagogical University in March 2003 and a bachelor's degree in economics from the M. Tynyshpayev Kazakh Academy of Transport and Communications in May 2012. He obtained a master's degree in business administration from the University of International Business in May 2018.

Independent Non-executive Directors

Ms. Natalya Godunova, aged 54, is an independent non-executive Director. She has been serving as an independent Director of the Company since 4 April 2024.

Ms. Godunova began her career at the West Kazakhstan "Agroprombank" as an economist from June 1993 to May 1997. She worked at the West Kazakhstan Territorial Committee for state property and privatisation as a leading specialist from May 1997 to July 1997, as department head from July 1997 to February 1998, and as deputy head from February 1998 to July 1998. She worked at the office of the akim of West Kazakhstan region as senior referent from July 1998 to January 2000, as chief specialist from January 2000 to March 2000, as head of the department of economic reforms from March 2000 to January 2001, and as head of the department of economics from January 2001 to June 2004. She served as the head of the West Kazakhstan regional finance department from June 2004 to December 2004. She served as the director of the department of economy and budget planning of West Kazakhstan region from January 2005 to May 2005. She worked at the Trade Representation of the Republic of Kazakhstan in the Russian Federation (the "**Trade Representation**") as an adviser-economist from May 2005 to June 2006. She served as the adviser to the akim of Mangistau region from July 2006 to January 2009. She served at the Trade Representation as consultant from March 2009 to December 2009, as deputy trade representative from January 2010 to March 2011, and as acting trade representative from March 2011 to October 2012. She held the position of adviser to the deputy prime minister of the Republic of Kazakhstan from November 2012 to February 2013. She served as deputy akim of Kyzylorda region from March 2013 to December 2015. She served as Secretary of the Nur Otan Party from December 2015 to December 2017. She was a member of the Central Election Commission of the Republic of Kazakhstan from December 2017 to February 2018. She served as Chair of the Accounts Committee for Control over Execution of the Republican Budget from February 2018 to November 2022. She was Chair of the Supreme Audit Chamber of the Republic of Kazakhstan from November 2022 to April 2024.

Ms. Godunova obtained a higher education diploma (with distinction) from the West Kazakhstan Agricultural Institute in June 1993 and was awarded the academic degree of Candidate of Economic Sciences (equivalent to Ph.D. in Economics) by the Financial University under the Government of the Russian Federation in July 2011. Ms. Godunova was awarded the qualification of State Auditor by the National Commission for the Certification of Persons Seeking the Qualification of State Auditor in June 2018.

Mr. Ulf Wokurka, aged 63, is an independent non-executive Director. He has been serving as an independent Director of the Company since 7 October 2021.

Mr. Wokurka worked in various divisions of Deutsche Bank AG from September 1990 to June 2006, starting as a credit analyst and junior relationship manager for SMEs in the Stuttgart and Ulm Branches of Deutsche Bank AG from September 1990 to April 1993, following which he was appointed as the head of Deutsche Bank's Representative Office in Almaty from May 1993 to September 1996. Thereafter, Mr. Wokurka rejoined Deutsche Bank AG in Frankfurt in July 2010 before he was seconded again to Kazakhstan where he headed the Almaty representative office of Deutsche Bank AG from September 2010 to July 2017. He served as a member of the executive board of the Kazakhstan Foreign Investors Council Association (KFICA) from December 2012 to July 2017, and the chairman of KFICA's executive board from January 2016 to July 2017. He served as chairman of the management board and a member of

the board of directors of Kazkommertsbank JSC from July 2017 to July 2018, and as chairman of the management board of Tsesnabank JSC from September 2018 to February 2019. Since March 2017, Mr. Wokurka has served as an independent director and member of the board of directors of JSC "NC KAZAKH INVEST".

Mr. Wokurka studied at Martin Luther University in Halle an der Saale from 1980 to 1981, and later continued his education at the Moscow State Institute of International Relations of the USSR Ministry of Foreign Affairs between 1983 and 1989, graduating with a diploma (with honours) in International Relations in June 1989.

Dr. Alexander Andreas Schierhuber, aged 38, is an independent non-executive Director. He has been serving as an independent Director of the Company since 26 April 2023.

Dr. Schierhuber began his professional career at Russian Machines/GAZ Group in Moscow and Nizhny Novgorod as a project manager from August 2016 to February 2017 and as export manager for West Africa from March 2017 to May 2018. He worked at the Austrian Federal Railways as managing director of Breitspur Planungsgesellschaft mbH from June 2018 to December 2022 and as senior expert for Eurasia at Rail Cargo Austria in Vienna and Moscow from January 2022 to December 2022. He served as global head of business development at Superfund Asset Management Company GmbH, Vienna and as a board member of Superfund Japan Co., Ltd from January 2023 to December 2023. From January 2024 to July 2024, he served as chairman of the supervisory board of Niederösterreichische Verkehrsorganisationsges.m.b.H. Since August 2024, he has served as the managing director of Verkehrsverbund Ost-Region GmbH. Dr. Schierhuber is also the author of the study "EU-Turkey Relations: Between Political Influence and Economic Success", published in 2017.

Dr. Schierhuber received a Master of Arts degree in international management and leadership from Lauder Business School in Vienna in September 2015. He obtained a Master of Science degree in global management from the London School of Economics and Political Science in July 2019. He completed his doctoral studies at the Vienna University of Economics and Business at the Institute for Transport and Logistics Management in 2024.

Mr. John Smillie McKay, aged 71, is an independent non-executive Director. He has been serving as an independent Director of the Company since 7 October 2021.

Mr. McKay worked as director of Scottish affairs for Royal Mail Group Ltd from August 2003 to June 2012. Since June 2012, he has been owner director of Otherhand Ltd. Mr. McKay has extensive board and advisory experience. He served as a member of the NHS UK Pay Review Body from June 2006 to June 2012. He was a board member and remuneration committee chair at Lothian Buses Ltd. from December 2010 to December 2013. He was a board member of Critiqom Ltd from May 2013 to December 2019, and a board member of Colleges Scotland from April 2014 to May 2018. Mr. McKay served as chairman of the board of Edinburgh College from October 2012 to March 2018. He was a member of the Ofcom Advisory Committee for Scotland from February 2013 to February 2019, a UK Council Member and Scottish chairman of the Institute of Directors from January 2012 to July 2018, and a board member and remuneration committee chair of the Security Industry Authority from January 2018 to January 2021. Since September 2015, he has been a member of the Stirling University Management School International Board and has served as independent chair of the Police Negotiating Board and SPCF.

Mr. McKay received a BA Joint Honours degree in Education (First Class) and English Studies (Upper Second Class) from the University of Stirling in February 1980, followed by a Diploma in Education from the same institution in February 1980. He later completed a certificate in mediation and conflict management from Core Solutions in Edinburgh in March

2012 and was Reappointed Honorary Professor at the University of Stirling Management School in June 2024.

Management Board

The Management Board currently consists of ten members. They are the key members of senior management of the Company.

The Management Board members are elected by the Board for a maximum term of three years.

The following table provides information about members of the senior management:

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment to Management Board	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Talgat Aldybergenov	56	Chairman of the Management Board, Representative	June 2024	3 July 2025	Overseeing the execution of the overall strategy, business development and management of the Group and directing day-to-day operations of the Group	None
Mr. Murat Toregeldin	42	Deputy Chairman of the Management Board	May 2018	25 July 2025	Overseeing the day-to-day operations of the Group	None
Mr. Marat Shakenov	61	Deputy Chairman of the Management Board	July 2018	30 October 2025	Overseeing the day-to-day operations of the Group	None
Mr. Anuar Akhmetzhanov	50	Deputy Chairman of the Management Board	July 2021	28 October 2021	Overseeing the day-to-day operations of the Group	None
Mr. Yerlan Koishibayev	40	Deputy Chairman of the Management Board	November 2021	28 October 2021	Overseeing the day-to-day operations of the Group	None
Mr. Bauyrzhan Urynbassarov	55	Managing Director for Production Processes	July 2001	28 October 2021	Overseeing production processes, managing railway infrastructure maintenance, coordinating operational departments	None
Mr. Dair Kusherov	49	Managing Director for Finance	December 2018	28 October 2021	Overseeing financial management, managing corporate finance, supervising financial reporting	None

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment to Management Board	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Yerlan Amandykov	38	Chief of Staff	August 2024	30 October 2025	Overseeing administrative coordination and staff operations, managing internal communications	None
Mr. Ramazan Sadyrkulov	45	Chief Engineer	April 2017	17 October 2024	Overseeing technical engineering and railway infrastructure maintenance	None
Ms. Alexandra Smolina	40	Chief Legal Officer, Director of the Legal Support Department	April 2019	15 March 2024	Overseeing legal affairs and regulatory compliance, managing international contracts, supervising corporate governance matters	None

Mr. Talgat Aldybergenov, aged 56, is an executive Director and the Chairman of the Management Board of the Company. See "Directors – Executive Director" above for his biographical information.

Mr. Murat Toregeldin, aged 42, is a Deputy Chairman of the Management Board.

Mr. Toregeldin began his career at Halyk Bank of Kazakhstan JSC from 4 August 2006 to 1 November 2006 as a legal counsel in the legal department. He worked at JSC Kaspi Bank as legal counsel, senior legal counsel, and head of the legal department from 13 November 2006 to 12 November 2010. He also worked at JSC National Company SPK Saryarka as chief manager of the legal department from 15 April 2011 to 12 December 2012, and as corporate secretary from 13 December 2012 to 5 January 2017. From 2 December 2016 to 10 May 2018, he served as director of the legal department at JSC National Geological Exploration Company Kazgeology. From 2018 onwards, he held several senior positions within the Group, including corporate secretary of the Company from 10 May 2018 to 17 June 2022, first deputy general director from 20 June 2022 to 1 May 2022, deputy general director (chairman of the management board) of Passenger Transportation from 2 May 2023 to 2 July 2025, and acting chairman of the management board of JSC Vagonservice from 3 February 2025 to 2 July 2025. Since 25 July 2025, Mr. Toregeldin has been serving as a Deputy Chairman of the Management Board. He has been a member of the Presidential Youth Personnel Reserve since 2019.

Mr. Toregeldin graduated with distinction from Karaganda State University named after E.A. Buketov, obtaining a bachelor's degree in law in July 2006 and a master's degree in law in June 2008. He subsequently obtained a bachelor's degree in economics from Karaganda University of Economics in May 2011. In November 2015, as a scholar under the international Bolashak scholarship, he obtained a master's degree in international business and corporate law from Lancaster University in the United Kingdom. Since 2025, he has been a doctoral candidate in logistics at the Academy of Logistics and Transport named after M. Tynyshpayev.

Mr. Marat Shakenov, aged 61, is a Deputy Chairman of the Management Board.

Mr. Shakenov began his career at Locomotive Depot No. 10 in Ayagoz of the Alma-Ata Railway as an assistant locomotive driver from 12 July 1982 to 29 October 1982. He served in

the Navy as commander of the electrical equipment division of a diesel submarine from November 1982 to November 1985. He returned to Locomotive Depot No. 10 in Ayagoz from 26 November 1985 to 13 September 1987, serving as locomotive driver from 20 June 1989 to 22 May 1994 and as instructor for locomotive crews from 23 May 1994 to 27 December 1995. He held a number of managerial positions in the railway industry at the operational depots of Char and Ayagoz, including deputy head of char depot from 27 December 1995 to 2 September 1997, and deputy head of Ayagoz Depot from 6 March 1998 to 1 October 2000. He was head of the Ayagoz Operational Locomotive Depot from 2 October 2000 to 2 January 2002, and from 3 January 2002 to 31 July 2013 served as the director of the Ayagoz branch of JSC Locomotive, overseeing the Ayagoz Operational Locomotive Depot. He worked at JSC Locomotive as executive director from 1 August 2013 to 5 May 2014, as vice president from 6 May 2014 to 15 February 2015, as acting president from 16 February 2015 to 27 May 2015, and as president from 28 May 2015 to 30 June 2016. He served as vice president for rolling stock, technical policy and operations at KTZ-FT from 1 July 2016 to 9 July 2018. Mr. Shakenov held a number of senior positions at the Company, namely, director of department from 10 July 2018 to 3 December 2018 and 3 August 2020 to 14 October 2025, and as managing director from 4 December 2018 to 2 August 2020. Since 15 October 2025, Mr. Shakenov has been serving as Deputy Chairman of the Management Board.

Mr. Shakenov studied at the Kazakh Academy of Transport and Communications named after M. Tynyshpayev, majoring in Locomotives, and obtained the qualification of mechanical engineer in May 2001. He completed postgraduate studies at the Kazakh Transport University, obtaining a master's degree of Candidate of Technical Sciences in November 2006. He obtained a Doctor of Business Administration degree from the Russian Presidential Academy of National Economy and Public Administration in June 2021.

Mr. Anuar Akhmetzhanov, aged 50, is a Deputy Chairman of the Management Board.

Mr. Akhmetzhanov began his career at the International Economic Relations Department of Karaganda State University as a lecturer from 9 August 1996 to 31 August 2000. He worked at CJSC NNC Kazakhoil as chief analyst in the strategic planning department from 1 September 2000 to 24 May 2001, general manager of the foreign economic relations department from 25 May 2001 to 18 March 2002, manager of the North Caspian Project department from 19 March 2002 to 18 April 2003, deputy director of the project analysis department from 24 April 2003 to 27 October 2003, and then director of the same department from 28 October 2003 to 31 May 2004. From 2004 to 2006, he worked at NC KazMunayGas JSC as deputy director of the marine projects preparation department from 1 June 2004 to 19 December 2004, and director of the same department from 20 December 2004 to 3 July 2006. He worked at JSC Samruk-Kazyna Holding as chief expert in the oil and gas asset management group from 3 July 2006 to 23 October 2007. He also worked at NC KazMunayGas JSC as executive director for oil exploration and production projects from 24 October 2007 to 21 June 2009, and as general director from 22 June 2009 to 4 December 2010. He then worked at LLP Joint Venture KazGerMunai as first deputy general director from 1 December 2010 to 14 February 2012. He served as deputy akim of the Karaganda region responsible for industry, SME development, industrialization and investment from 15 February 2012 to 18 July 2016. He served as inspector in the Administration of the President of the Republic of Kazakhstan from 18 July 2016 to 14 October 2016. He served as executive secretary of the Ministry of Defence and Aerospace Industry from 14 October 2016 to 16 June 2019. He subsequently worked at the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan as secretary from 17 June 2019 to 21 October 2020, and as first deputy minister from 21 October 2020 to 3 July 2021. Since 2 July 2021, Mr. Akhmetzhanov has been serving as Deputy Chairman of the Management Board.

Mr. Akhmetzhanov graduated from Buketov Karaganda State University, obtaining a bachelor's degree in international economic relations in May 1996. He subsequently obtained a master's degree in the humanities from Johns Hopkins University in Washington, D.C. in May 2000.

Mr. Akhmetzhanov has received several state and industry awards, including the Astana 20 Years Anniversary Medal (2018), the Order "Kurmet" (2018), the "Memlekettik qyzmetkerler kasipodagynyn uzdigi" badge (2020), and the 25 Years of Independence of the Republic of Kazakhstan Anniversary Medal (2022).

Mr. Yerlan Koishibayev, aged 40, is a Deputy Chairman of the Management Board.

Mr. Koishibaev began his career as assistant to the Minister of Finance of the Republic from 21 December 2007 to 14 May 2010. He worked at Samruk-Kazyna Invest LLP as director of the investment projects department from 24 May 2010 to 24 June 2011. He worked at JSC National Transport Logistics Development Centre as vice president from 20 June 2011 to 21 February 2013. He worked at Centre of Transport Services as president from 1 November 2013 to 1 July 2015. Mr. Koishibayev worked at KTZ Express as vice president for logistics from 2 July 2015 to 11 December 2018. He subsequently served as deputy chairman of the management board of JSC Kazakhstan Industry Development Institute from 25 December 2018 to 9 April 2019. He served as deputy akim of Kostanay region from 10 April 2019 to 5 May 2021. He joined the Company as managing director for logistics from 30 January 2022 to 1 May 2023, and served as the Company's deputy chairman of the management board for logistics from 11 May 2021 to 30 January 2022 and from 2 May 2023 to 29 October 2025. He has been serving as Deputy Chairman of the Management Board since 30 October 2025.

Mr. Koishibayev obtained a bachelor's degree in finance and banking from the American University in Dubai in August 2007. He subsequently obtained a master's degree in logistics from the Kazakh Academy of Transport and Communications in May 2017, and an MBA from the Russian Presidential Academy of National Economy and Public Administration in June 2018.

Mr. Bauyrzhan Urynbassarov, aged 55, serves on the Management Board as managing director for production processes.

Mr. Urynbassarov began his career as a duty officer for tracks at Kyzyl-Orda Station of the West Kazakhstan Railway from 12 August 1993 to 27 August 1994. He worked at Alma-Ata-2 Station of the Almaty Railway as a station duty officer from 1 September 1994 to 2 October 1996, and then as a train dispatcher at the same station from 3 October 1996 to 12 June 1997. He worked at the main department of freight and commercial transportation of the State Enterprise Kazakhstan Temir Zholy as a road dispatcher from 12 June 1997 to 4 August 1997 and subsequently as a senior dispatcher from 5 August 1997 to 24 August 1997. Mr. Urynbassarov worked at the Kazakhstan Temir Zholy Republican State Enterprise as leading engineer and chief specialist of the main department of freight transportation and commercial operations from 25 August 1997 to 25 February 1998, as head of the production and technical department from 26 February 1998 to 25 November 1999, as assistant to the first deputy general director from 26 November 1999 to 30 May 2000, and then as adviser to the first deputy general director from 31 May 2000 to 3 July 2001. Mr. Urynbassarov joined the Group in 2001, working at the Company as chief engineer of the transportation process coordination division from 4 July 2001 to 3 January 2002, and continuing in the same position at the state enterprise infrastructure from 3 January 2002 to 17 June 2022. He served as chief engineer of the transportation directorate of the Company from 18 June 2002 to 31 July 2006, as deputy director and chief engineer of the main network directorate branch of the Company from 1 September 2006 to 12 March 2007, and as director of the transportation department of the Karaganda railway division from 13 March 2007 to 6 February 2008. He served as executive director and director of the transportation process directorate branch from 6 February 2008 to 11 January 2010, and as

director of the Almaty railway branch from 12 January 2010 to 20 December 2010. Mr. Urynbassarov served as managing director and chief engineer of the Company from 21 December 2010 to 1 April 2012, and as managing director for operations from 2 April 2012 to 17 February 2014. He was appointed acting president of Kaztemirtrans from 18 February 2014 to 27 April 2014. He served as vice president of the Company from 28 April 2014 to 28 April 2016, and as chief engineer of the Company from 29 April 2016 to 23 March 2017. He served as vice president for infrastructure projects of the Company from 24 March 2017 to 3 December 2018. He served as managing director for infrastructure and director of the main network directorate branch of the Company from 4 December 2018 to 2 August 2020, and as deputy chairman of the management board for infrastructure and director of the same branch from 3 August 2020 to 30 January 2022. Since 31 January 2022, he has been serving as managing director for production processes of the Company.

Mr. Urynbassarov graduated from the Almaty Institute of Railway Transport Engineers with a bachelor's degree in organisation of transportation and traffic control in railway transport in May 1993.

Mr. Dair Kusherov, aged 49, serves on the Management Board as the managing director for finance.

Mr. Kusherov began his career at KUPA Ak-Niet as director of the internal audit department from 16 November 1998 to 30 June 1999, and then as deputy chief accountant from 1 July 1999 to 21 April 2000. He held a number of positions at ABN AMRO Asset Management, including deputy chief accountant from 11 September 2000 to 25 August 2002, head of division from 26 August 2002 to 6 January 2003 and from 1 April 2003 to 3 April 2004, and portfolio manager from 7 January 2003 to 31 March 2003. He worked at JSC Intergas Central Asia as deputy director of the corporate finance department from 15 March 2005 to 14 June 2006, and then as director of the same department from 15 June 2006 to 21 November 2006. Mr. Kusherov served as director of the corporate finance department of JSC KazTransGas from 21 November 2006 to 31 March 2008. He worked at JSC KazTransOil as chief financial officer from 31 March 2008 to 26 September 2008. He worked at JSC KazTransGas as managing director for economics and finance from 29 September 2008 to 3 June 2012, and as deputy general director for economics and finance from 4 June 2012 to 5 December 2018. Since 6 December 2018, Mr. Kusherov has been serving as managing director for finance of the Company.

Mr. Kusherov graduated from Indiana University with a bachelor's degree in finance in June 1998. He earned a degree in international economics from the Kazakh State Academy of Management in May 2001.

Mr. Yerlan Amandykov, aged 38, serves on the Management Board as chief of staff.

Mr. Amandykov began his career at the Ural Youth Sports School as an engineer from 23 July 2008 to 23 August 2010. He served as chief specialist at the administration of the Podstepnovsky Rural District from 19 April 2010 to 6 February 2012. He was an assistant to the akim of Terekty District of West Kazakhstan region from 6 February 2012 to 11 November 2013. Mr. Amandykov worked as a leading specialist and chief specialist at the Agriculture Department of West Kazakhstan region from 8 November 2013 to 2 March 2015. He held various positions in the office of the akim of West Kazakhstan region from 3 March 2015 to 19 October 2020, namely as chief specialist from 3 March 2015 to 24 April 2017, chief inspector from 25 April 2017 to 7 August 2019, and assistant to the akim from 7 August 2019 to 19 October 2020. From 19 October 2020 to 8 April 2024, he served as deputy head of the office of the akim of West Kazakhstan region. From April 2024 to July 2024, he served as deputy akim of the administration of the akim of Terekty District. He joined the Company on 6 August 2024 as a functional area manager for TMC supply at the supply department of the main network directorate branch of the Company, and from 3 December 2012 to 13 July 2025 he worked as

chief manager of the technical department of the same branch. From 14 July 2025 to 12 August 2025 he was the chief manager of the organisational work department of the Management Board, and since 13 August 2025, he has been serving as chief of staff of the Company.

Mr. Amandykov graduated from the West Kazakhstan Agrarian and Technical University named after Zhangir Khan with a bachelor's degree in mechanical engineering in July 2009.

Mr. Ramazan Sadyrkulov, aged 45, serves on the Management Board as the chief engineer.

Mr. Sadyrkulov began his career at the Almaty electric supply division of the Company, where he worked as an electrician and electrical technology specialist from 16 September 2002 to 26 August 2003, and subsequently as head of the traction substation from 27 August 2003 to 30 September 2004. He worked at the Atbasar electric supply division as chief engineer from October 2004 to 10 June 2006 and as director from 11 June 2007 to 2 April 2017. He served as head of the Almaty electric supply division within the Almaty branch of the main network directorate of the Company, specifically as deputy director for corporate development from 26 August 2021 to 13 February 2022, as acting director from 14 February 2022 to 19 May 2022, and then as deputy director from 20 May 2022 to 2 April 2024. Since 3 April 2024, Mr. Sadyrkulov has been serving as chief engineer of the Company.

Mr. Sadyrkulov graduated from the Kazakh Academy of Transport and Communications named after M. Tynyshpayev in Almaty with a qualification as an engineer for the organisation of transportation in railway transport in May 2002. He obtained a bachelor's degree in Engineering and Technology from the Almaty University of Energy and Communications in June 2012.

Ms. Alexandra Smolina, aged 40, serves on the Management Board as chief legal officer and director of the legal support department.

Ms. Smolina worked in the international contracts division of NC KazMunayGas JSC as a lawyer from 27 July 2011 to 23 July 2012, as senior lawyer from 24 July 2012 to 23 July 2013, as leading lawyer from 24 July 2013 to 3 July 2016, as deputy director from 4 July 2016 to 18 January 2017, and ultimately as director of the legal support department for major oil and gas projects from 19 January 2017 to 29 March 2019. Ms. Smolina served as executive director, director of the legal department and member of the management board of Passenger Transportation from April 2019 to June 2020. She was a director of the international contracts department of the Company from 3 June 2020 to 13 February 2022. From 14 February 2022 to 14 April 2022, she served as deputy director of the legal support department, and since 27 April 2022, she has been serving as head of legal services – director of the legal support department of the Company. Ms. Smolina currently holds a number of positions in governing bodies within the Group, namely, as a member of the board of directors of Passenger Transportation since 16 March 2022, a member of the board of directors of International Sea Trade Port of Aktau since 22 April 2022, a member of the board of directors of KTZ Express since 14 June 2022 and a member of the board of directors of Kedentransservice since 27 April 2023. Ms. Smolina has also been a member of the board of directors of KPMC Ltd., a joint venture between KTZ Express and PSA Eagle Pte. Ltd., since 1 November 2023.

Ms. Smolina graduated with honours from KAZGUU University in Astana with a bachelor's degree in international law in July 2008. She completed professional training in "mediation in social and labour disputes and conflicts" at the Corporate Center for Mediation and Negotiation Process in Astana, receiving certification as a corporate mediator in October 2012. She obtained an executive MBA in oil and gas business management from the Gubkin University of Oil and Gas in Moscow in January 2018, and a Master of Economics and Business (business

administration – oil & gas) from the Kazakh British Technical University in Almaty, with specialisation in strategic management in international oil and gas corporations in February 2018.

GENERAL

Save as disclosed above, none of the Directors and senior management (i) had any other relationship with any of the Directors and senior management; or (ii) had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders, nor is there any information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Aldiyar Ashen has been the corporate secretary of the Company in Kazakhstan since June 2022. He joined the Company as the head expert (senior manager) of the corporate secretary office in September 2015, and was the head expert (manager) – deputy corporate secretary from May 2020 to June 2022.

Mr. Ashen graduated from KAZGUU University in Astana with a bachelor's degree in law in June 2015, and obtained a master's degree in June 2018. He completed professional training in Certification Program for Corporate secretaries of the Samruk-Kazyna JSC Group of Companies, Samruk Corporate University Kazyna in June 2018. Mr. Ashen obtained a certification in Company Direction of Institute of Directors (UK) and Qazaq Independent Directors Association (QID) in May 2026.

Ms. Chan Wing Yan (Vivian) was appointed as the joint company secretary of the Company on [●]. Ms. Chan has over 8 years of experience in company secretarial practice and corporate governance across Hong Kong, the broader APAC region, and offshore jurisdictions. Her experience spans trust or company service providers ("**TCSPs**"), offshore registered office providers and law firms, where she supported an extensive portfolio of corporate clients, including pre-IPO companies and listed entities operating across multiple jurisdictions. She is currently a member of the Entity Solutions team at Computershare Hong Kong Investor Services Limited. In this capacity, she specialises in global entity compliance, advising and supporting clients across Hong Kong and multiple APAC jurisdictions.

Ms. Chan holds a Bachelor's degree in Business and Commerce from Monash University, Australia. She is an associate member of both The Hong Kong Chartered Governance Institute ("**HKCGI**") and The Chartered Governance Institute in the United Kingdom. She has also completed the ESG Reporting Certification Course (based on Hong Kong practice) and the AML/CFT Certification Course with the HKCGI.

BOARD COMMITTEES

The Board delegates certain responsibilities to various committees. In accordance with the relevant laws and regulations, the Corporate Governance Code and the Listing Rules, the Company has formed five Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Finance Committee and the Operational Efficiency, Infrastructure, Safety and Sustainability Committee.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of four Directors, namely Ms. Natalya Godunova, Mr. Ulf Wokurka, Dr. Alexander Andreas Schierhuber and Mr. John Smillie McKay. Ms. Natalya Godunova serves as the chairperson of the Audit Committee. Ms. Natalya Godunova holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- establishing an effective system of monitoring the financial activity of the Group (including, the completeness and accuracy of annual financial statements);
- monitoring the reliability and effectiveness of internal control and risk management, as well as the execution of documents in the field of corporate governance;
- monitoring the independence of the external and internal audit services; and
- performing other duties and responsibilities as assigned by the Board.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of four Directors, namely Mr. John Smillie McKay, Mr. Ulf Wokurka, Mr. Yelzhas Otynshiyev and Ms. Natalya Godunova. Mr. John Smillie McKay serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of the senior management in accordance with the Company's policies and objectives as approved by the Board from time to time;
- making recommendations to the Board concerning the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by the Board.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of four Directors, namely Mr. John Smillie McKay, Mr. Ulf Wokurka, Mr. Yelzhas Otynshiyev and Ms. Natalya Godunova. Mr. John Smillie McKay serves

as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assisting the Board in maintaining a Board skills matrix, and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become a member of the Board and senior management, and making recommendations to the Board on the selection of individuals nominated for directorships and senior management;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors;
- supporting the Company's regular evaluation of the Board's performance; and
- performing other duties and responsibilities as assigned by the Board.

Strategy and Finance Committee

The Company has established a Strategy and Finance Committee with written terms of reference. The Strategy and Finance Committee consists of four members, namely, Mr. Ulf Wokurka, Dr. Alexander Andreas Schierhuber, Mr. Aidar Ryskulov, Mr. Rakhmetolla Kudaibergenov. Mr. Ulf Wokurka serves as the chairperson of the Strategy and Finance Committee. The primary duties of the Strategy and Finance Committee include, but are not limited to, reviewing issues of strategic development, financial sustainability, investment strategy, and asset management.

Operational Efficiency, Infrastructure, Safety and Sustainability Committee

The Company has established an Operational Efficiency, Infrastructure, Safety and Sustainability Committee with written terms of reference. The Operational Efficiency, Infrastructure, Safety and Sustainability Committee consists of five members, namely, Dr. Alexander Andreas Schierhuber, Ms. Natalya Godunova, John Smillie McKay, Mr. Kuat Irubayev and Mr. Rakhmetolla Kudaibergenov. Dr. Alexander Andreas Schierhuber serves as the chairperson of the Operational Efficiency, Infrastructure, Safety and Sustainability Committee". The primary duties of the Operational Efficiency, Infrastructure, Safety and Sustainabilie include, but are not limited to, considering issues related to occupational health and safety, operational and production activities, environmental protection, traffic safety, and sustainable development.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company offers the Directors and Management Board members, who are also the Company's employees, remuneration in the form of salaries, allowances and benefits in kind, discretionary bonuses, equity-settled share-based payments and retirement scheme contributions. Remuneration of the Board is determined by Samruk-Kazyna while remuneration of the Management Board is determined by the Board.

Compensation paid to the Board is personalised and depends on personal work performance, difficulty level and the amount of responsibility required for assigned tasks, the specificity of the type of work performed and the personal qualifications of the individual director. Remuneration amounts may be reduced for an individual director as a result of (i) the deterioration in the financial and economic performance of the Company compared to the previous year, and (ii) a failure to accomplish assigned tasks or poor performance by the director.

Payment of remuneration to the Chairman and members of the Management Board and management personnel (i.e. employees directly supervising the strategic lines of business) is based on the results of work for the year, and is carried out in accordance with the Company's internal policies, developed in line with policies that regulate the payment of salary and bonuses of employees of Samruk-Kazyna. Compensation for the year is paid on the basis of performance reviews, with a view to rewarding progress achieved and to encourage efficiency. In particular, the Chairman and members of the Management Board are subject to corporate KPIs, including EBITDA margin (non-IFRS measure), implementation of investment projects, level of industrial safety, level of train traffic safety, average service speed in freight traffic and implementation of the Plan of Comprehensive Measures for the Prevention of Corruption Offenses in the Activities of the Company. The main condition for the payment of a bonus is the availability of consolidated final profit for the reporting period, calculated taking into account anticipated expenses. A bonus is accrued in proportion to the time actually worked. Decisions on the payment of bonuses are made by the Board with respect to senior management and by the Management Board with respect to management employees. Representatives and the Management Board Chairman, as members of the Board do not receive remuneration.

For the years ended 31 December 2023, 2024 and 2025, the aggregate amount of remuneration paid or payable to Board and Management Board, including salaries, allowances and benefits in kind, discretionary bonuses, equity-settled share-based payments and retirement scheme contributions, amounted to KZT 790 million, KZT 816 million and KZT 1,036 million, respectively.

For each of the years ended 31 December 2023, 2024 and 2025, there were none, none and one Director among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to KZT 521.1 million, KZT 367.5 million and KZT 356.0 million, for the years ended 31 December 2023, 2024 and 2025, respectively.

During the Track Record Period, no remuneration was paid to the Directors or any of the five highest paid individuals as an inducement to join, or upon joining, the Group. During the Track Record Period, no compensation was paid to, or receivable by, any of the Directors, former directors or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by the Company or any of its subsidiaries to the Directors or the five highest paid individuals during the Track Record Period.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management and will, following the **[REDACTED]**, receive recommendations from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and the performance of the Group.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the **[REDACTED]**. To accomplish this, the Company expects to comply with the requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the **[REDACTED]**.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Directors currently consists of one female Director and eight male Directors with a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to the Group's operations and business. They obtained degrees in various majors including accountancy, business administration and finance. The Company has four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of the Board. Furthermore, the Board has a diverse age and gender representation. Taking into account the Company's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After **[REDACTED]**, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. The Company does not have sufficient management presence in Hong Kong for the purpose of Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied for, and the Stock Exchange [has] granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. See the section headed "Waivers and Exemptions" in this Document for further details.

CONFIRMATION FROM THE DIRECTORS

Rule 8.10 of the Listing Rules

Each of the Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with the Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of the Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in November 2024, and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the

Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

COMPLIANCE ADVISOR

The Company [has] appointed Somerley Capital Limited as its Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise the Company when consulted by the Company in certain circumstances, including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;

(c) where the Company proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this Document or where the Company's business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its **[REDACTED]** or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform that Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to the Company, and advise the Company on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of the Compliance Advisor will commence on the **[REDACTED]** and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the **[REDACTED]**.

SAMRUK-KAZYNA AS SHAREHOLDER

Samruk-Kazyna's shareholding and background

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.

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.

The Government established Samruk-Kazyna with the objective of increasing management efficiency of the state assets and optimising organisational structures to achieve the Government's strategic objectives. Samruk-Kazyna's purpose is to increase Kazakhstan's sovereign wealth by enhancing the long-term value of entities within the Samruk-Kazyna group and its mission is to ensure sustainable economic development and long-term value creation through effective management of a diversified portfolio of assets for the benefit of the people of Kazakhstan. As Kazakhstan's sovereign wealth fund, Samruk-Kazyna operates as an investment holding company and accordingly does not itself conduct commercial operations. 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.

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), 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.

Control of the Board of Directors

Under the Charter in effect prior to the **[REDACTED]**, for as long as Samruk-Kazyna is the beneficial owner of the majority of the issued shares of the Company, it is able to appoint persons to the Board of Directors on its own. As of the Latest Practicable Date, all Directors were approved by Samruk-Kazyna, and four of the nine members of the Board were representatives of 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 control the outcome at Shareholders' meetings in relation to appointments to 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.

Assurance from Samruk-Kazyna

Samruk-Kazyna's shareholding in 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.

As set out in the section headed **[REDACTED]**" in this Document, Samruk-Kazyna has agreed that it will not sell any further shares of the Company or deposit any Share or other securities of the Company with a **[REDACTED]** in connection with the issue of **[REDACTED]** in the period of six months commencing on the date of **[REDACTED]**.

Voting

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.

Support

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 addition, the Group also receives from the Government subsidies for socially significant passenger transportation, and other funding or support, including equity injections, shareholder loans and concessional financing for capital expenditures and investment projects. As at 31 December 2025, the Group had received KZT 1,803.4 billion in various forms of Government support. See "Risk Factors – Risks Relating to Its Business and Industry – The Group is dependent on continued financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued" and "Financial Information – Key Factors Affecting Results of Operations – Tariff Regulation and Government Support" for further details.

Transport policy

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. In particular, 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.

As a result, the Company expects that it will continue to benefit from a supportive relationship with Samruk-Kazyna and the Government.

THE GOVERNMENT AS REGULATOR

The Government exercises indirect control over the Group through its ownership of Samruk-Kazyna and through its regulatory and legislative powers. The Government may also influence general policy relating to the Group's activities and corporate governance through Samruk-Kazyna, but may not interfere in the day-to-day operations of Samruk-Kazyna or the Group except as provided by law or as decreed by the President of the Republic of Kazakhstan.

The operations of railway infrastructure, freight and passenger transportation services carried on 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.

The Government also influences the Group's financial results through the regulated tariff framework applicable to mainline railway network services and locomotive traction services.

SAMRUK-KAZYNA AS CONTRACTING PARTY

The Company and its subsidiaries have entered into a range of transactions with Samruk-Kazyna, its subsidiaries, associates and other related parties, and it is expected that the Group will enter into similar transactions in the future. See Note 29 to the Consolidated Financial Statements set out in Appendix I to this Document for details of the relevant transactions.

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, work 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.

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 2025, the Group received loans from Samruk-Kazyna in the aggregate amount of KZT 526,818 million of which KZT 487,419 million is outstanding and the Group had issued bonds in favour of Samruk-Kazyna in the aggregate amount of KZT 1,128,435 million of which KZT 1,128,435 million is outstanding. As at 31 December 2025, the Group's borrowings from Samruk-Kazyna were mainly received at rates below market rate, varying from 0.075% to 9.37% per annum, with maturity terms varying from 13 to 50 years. The loans owed to and bonds issued by the Group to Samruk-Kazyna as a proportion of all of the Group's loans and bonds as at 31 December 2023, 2024 and 2025 were approximately 59.4%, 58.7%, and 50.7% respectively.

AUTHORISED AND ISSUED SHARE CAPITAL

As of the Latest Practicable Date, the Company had 502,040,458 authorised Shares, of which 496,695,676 were placed with Samruk-Kazyna and fully paid.

The following is a description of the issued share capital of the Company placed and to be placed as fully paid immediately prior to and following completion of the **[REDACTED]**.

The issued share capital of the Company immediately following the completion of the **[REDACTED]** will be as follows:

	Number of Shares	Approximate percentage of the total number of placed shares
Placed Shares immediately before the **[REDACTED]**	496,695,676	**[REDACTED]**%
Shares to be placed under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Under the JSC Law, nominal value of the shares of a joint stock company refers only to the price at which the shares were distributed among and paid by the founders and defined in the foundation agreement (or the decision of the sole founder) of the joint stock company. In the case of the Company, this was KZT 1,000 per Share.

ASSUMPTIONS

The above tables assume that the **[REDACTED]** becomes unconditional and Shares are placed pursuant to the **[REDACTED]**.

RANKINGS

The Shares represented by the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** that may be issued will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this Document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date that falls after the date of this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Charter of the Company, the GMS is the supreme governing body of the Company and is responsible for approving certain matters relating to the Company's share capital and securities.

Under the Charter, the GMS is required to approve, among other things: (i) amendments and supplements to the Charter or the adoption of the Charter in a new edition; (ii) the determination of the procedure, maximum period and aggregate number of shares or other securities convertible into ordinary shares to be placed (sold) without applying pre-emptive rights; (iii) the issuance of securities convertible into the Company's ordinary shares; (iv) the terms and procedure for the conversion of the Company's securities, and any amendments thereto; (v) the exchange of issued shares of one class for shares of another class, including the terms, timing and procedure for such exchange; (vi) any increase in the number of authorised shares or any change in the type of authorised but unplaced shares; and (vii) any voluntary delisting of the Company's shares.

The Charter further provides that any increase in the number of authorised shares or any change in the type of authorised but unplaced shares must be approved by the GMS. Following such approval, the Board of Directors is authorised to resolve on the placement of shares within the authorised share capital, including the number of shares to be placed and the method and price of their placement.

In addition, where the Company intends to repurchase its issued shares on its own initiative, such repurchase may only be effected with the approval of the GMS and in accordance with the methodology for determining the repurchase price referred to in the Charter.

The Charter also provides that the rights attached to any class of shares may be amended, supplemented or cancelled, whether or not the Company is being wound up, either with the written consent of the holders of not less than three-quarters of the issued shares of that class or by a special resolution adopted at a separate meeting of the holders of that class of shares. Please also see "Summary of the Constitution of the Company – Share Capital and Shares" in Appendix IV in this Document.

So far as the Directors are aware, immediately following the completion of the **[REDACTED]**, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are expected to be, directly or indirectly, interested in 10% or more of the issued shares carrying rights to vote at general meetings of any other member of the Group:

The Company

Name of Shareholder	Nature of Interest	Shares held as at the Latest Practicable Date[1]		Shares held immediately following completion of the [REDACTED][2]	
		Number	Percentage	Number	Percentage
Samruk-Kazyna[3]	Beneficial Owner	[496,695,676]	100%	**[REDACTED]**	**[REDACTED]**%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares placed immediately following completion of the **[REDACTED]**.

(3) As of the Latest Practicable Date, Samruk-Kazyna was wholly-owned by the Government.

KTZE – Khorgos Gateway

Name of Shareholder	Nature of Interest	Chater capital held as at the Latest Practicable Date		Charter capital held immediately following completion of the [REDACTED]	
		Amount	Percentage	Amount	Percentage
Shanhai (Hong Kong) Investment & Development Company Limited	Beneficial Owner	KZT8,913,177,420	24.5%	**[REDACTED]**	**[REDACTED]**%
COSCO Container Lines (Hong Kong) Co., Limited	Beneficial Owner	KZT8,913,177,420	24.5%	**[REDACTED]**	**[REDACTED]**%

Kazakhstan Car Building Company

Name of Shareholder	Nature of Interest	Chater capital held as at the Latest Practicable Date		Charter capital held immediately following completion of the [REDACTED]	
		Amount	Percentage	Amount	Percentage
Limited Liability Partnership «SMP Group»	Beneficial Owner	KZT1,675,374,272	21.53%	**[REDACTED]**	**[REDACTED]**%

Save as disclosed above, the Directors are not aware of any other person who will, immediately following completion of the **[REDACTED]**, have any interest and/or short positions in the Shares or underlying shares of the Company which would be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued shares carrying rights to vote at general meetings of any other member of the Group.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

FUTURE PLANS

See "Business Overview – Strategy" in this Document for a detailed description of the Company's future plans.

[REDACTED]

After deducting the **[REDACTED]** fees and commissions and other estimated **[REDACTED]** expenses payable by the Company in connection with the **[REDACTED]**, and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** and HK$**[REDACTED]**), the Company estimates that it will receive **[REDACTED]** of approximately HK$**[REDACTED]** million from the **[REDACTED]**. In line with its strategies, the Company intends to use the **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for railway digital infrastructure, to implement a comprehensive, technology-driven upgrade of the Company's railway infrastructure. This investment is intended to build a modern, interconnected digital ecosystem that enhances both the safety and operational agility of the Company's rail network, in support of the Company's strategy to optimise operations through digitalisation and adopt advanced technologies to improve corridor planning and service visibility. In particular, the **[REDACTED]** allocated to railway digital infrastructure are expected to be applied to the design and construction of (i) a smart locomotive system for monitoring and managing the operation of the locomotive fleet and depots, which is intended to enhance dispatching efficiency and operational reliability across the railway network; (ii) a smart station system for monitoring and managing station operations; (iii) the Long Term Evolution for Railways (LTE-R) wireless network and other types of digital communications, which involves the creation of a modern digital communications network along Kazakhstan's mainline railway network that will enable real-time data transmission between locomotives, control centres, automation systems and railway infrastructure facilities, supporting a unified digital environment for railway management; and (iv) building on the LTE-R network, a train movement headway control system using a Radio Block Centre, which is a digital signalling system that replaces traditional signals with radio for safer, more efficient and higher-capacity train operations.

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for capacity expansion, specifically for the construction of the Bakhty-Ayagoz railway line, a new 272 km railway line and associated infrastructure designed to create an additional railway border crossing with the People's Republic of China. This project is intended to increase cross-border freight capacity from approximately 50 million tonnes to approximately 100 million tonnes per annum and is a major infrastructure initiative in support of the Group's strategy to capture transit growth and develop the China-Europe land corridor and other international transit routes. In particular, the **[REDACTED]** allocated to capacity expansion are expected to be applied to (i) civil works, including site preparation activities such as earthworks, land grading, soil stabilisation and construction of bridges, culverts and supporting access roads; (ii) track and hub infrastructure, including the installation of track superstructures and the development of logistics infrastructure, including additional staging tracks and passing loops; (iii) systems and integration, including the installation of signalling and interlocking systems, telecommunications networks and dedicated power supply facilities; and (iv) operational connectivity, including enhancements to border transit capacity and network efficiency to facilitate long-term international freight and logistics operations.

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, will be allocated for repayment of the principal amounts and interests accrued on a portion of the interest-bearing borrowings of the Group including the bond issued to or subscribed for by Samruk-Kazyna and other interest-bearing debt.
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes, including to support the Group's day-to-day operations, fund ongoing maintenance and operational expenditures, and provide financial flexibility for the Company to respond to unforeseen business needs or opportunities as they arise.

If the **[REDACTED]** is set at the high end of the **[REDACTED]** range or the low end of the **[REDACTED]** range, the **[REDACTED]** from the **[REDACTED]** will increase or decrease to approximately HK$**[REDACTED]** million and HK$**[REDACTED]** million, respectively.

To the extent that the **[REDACTED]** from the **[REDACTED]** are either more or less than expected, the Company will adjust its allocation of the **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the **[REDACTED]** from the **[REDACTED]** are not immediately used for the above purposes, the Company will only deposit such **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of the Company. In such event, the Company will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of the Company's development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of its projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may **[REDACTED]** the **[REDACTED]** from the **[REDACTED]**. The Company will issue an appropriate announcement if there is any material change to the above proposed **[REDACTED]** in accordance with the Listing Rules.

[REDACTED]

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Revenue and other income				
Revenue from freight transportation	21	1,682,550	1,875,558	2,463,197
Revenue from passenger transportation	21	101,682	110,523	129,250
Government grants	5	38,912	41,124	43,275
Other revenue	22	110,951	136,737	121,361
Total revenue and other income		1,934,095	2,163,942	2,757,083
Cost of sales	23(a)	(1,498,583)	(1,620,017)	(1,924,051)
Gross profit		435,512	543,925	833,032
General and administrative expenses	23(b)	(106,494)	(128,390)	(145,837)
Finance income	25	32,221	52,955	88,618
Finance costs	25	(208,365)	(184,984)	(245,844)
Foreign exchange loss		(14,124)	(69,620)	(19,990)
Gain on disposal of subsidiary not qualifying as discontinued operations		6,283	–	–
Share of profits and losses of associates and joint ventures	7	8,144	10,772	1,634
Reversal of impairment/(Impairment) of financial assets and contract assets	23(d)	2,662	1,601	(3,893)
Reversal of impairment/(Impairment) of non-financial assets	23(e)	1,149	(7,336)	(11,480)
Other profits and losses	23(c)	4,395	4,606	2,781
Profit before tax		161,383	223,529	499,021
Income tax expenses	17	(24,599)	(62,724)	(155,375)
Profit for the year		136,784	160,805	343,646

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Other comprehensive income/(loss), net of income tax:				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain/(loss) on defined benefit plans	16	(540)	3,688	276
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Fair value loss on cash flow hedging instruments	13	–	(48,625)	(97,584)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13,21	–	412	80,781
Income tax relating to items that may be reclassified subsequently to profit or loss	13,17	–	9,643	3,361
Foreign exchange difference on translation of foreign operations		(4,918)	1,774	4,595
Other comprehensive loss for the year		(5,458)	(33,108)	(8,571)
Total comprehensive income for the year		131,326	127,697	335,075

	Notes	Year ended 31 December 2023	2024	2025
		KZT'million	*KZT'million*	*KZT'million*
Profit for the year attributable to:				
The Shareholder		133,508	157,818	339,919
Non-controlling interests		3,276	2,987	3,727
		136,784	160,805	343,646
Total comprehensive income attributable to:				
The Shareholder		128,058	124,699	331,350
Non-controlling interests		3,268	2,998	3,725
		131,326	127,697	335,075
Earnings per share, in KZT	24	269	318	684

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	2024	2025
		KZT'million	*KZT'million*	*KZT'million*
Assets				
Non-current assets				
Goodwill		15,520	15,520	15,520
Intangible assets		13,824	11,250	11,022
Property, plant, and equipment	6	3,794,479	4,782,227	5,875,447
Investments in joint ventures	7	1,579	1,396	11,637
Investments in associates	7	38,989	48,678	56,464
Other non-current assets	8	690,159	647,483	1,136,788
Deferred tax assets	17	60	21	312
Total non-current assets		4,554,610	5,506,575	7,107,190
Current assets				
Inventories	10	64,362	57,820	86,422
Other current assets	12	45,988	45,407	95,839
Corporate income tax prepaid		3,535	7,899	8,219
Value-added tax ("VAT") recoverable	4	49,618	120,475	48,789
Contract assets		1,153	336	1,071
Trade accounts receivable	11	16,326	21,666	18,009
Cash and cash equivalents	9	204,614	198,578	232,973
Total current assets		385,596	452,181	491,322
Total assets		4,940,206	5,958,756	7,598,512
Equity and liabilities				
Equity				
Share capital	13	1,110,634	1,123,907	1,152,698
Hedging reserve	13	–	(38,570)	(52,012)
Foreign currency translation reserve	13	7,220	8,994	13,589
Retained earnings		623,698	856,709	1,255,462
Equity attributable to the Shareholder		1,741,552	1,951,040	2,369,737
Non-controlling interests		17,504	18,277	18,493
Total equity		1,759,056	1,969,317	2,388,230

	Notes	As at 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million
Non-current liabilities				
Borrowings	14	1,763,432	1,840,423	2,697,359
Other non-current liabilities	20	69,778	118,770	177,442
Lease liabilities	15	54,555	139,465	224,936
Derivative financial instruments		35,719	–	–
Deferred tax liabilities	17	411,888	468,057	615,181
Employee benefit obligations	16	37,396	41,105	41,027
Total non-current liabilities		2,372,768	2,607,820	3,755,945
Current liabilities				
Trade accounts payable	18	200,969	231,351	525,770
Other taxes payable		13,961	15,694	16,083
Other current liabilities	20	98,910	112,627	129,821
Contract liabilities	19	115,868	133,170	149,196
Borrowings	14	354,115	812,965	488,658
Lease liabilities	15	16,951	35,517	45,146
Derivative financial instruments	30	–	32,697	91,496
Employee benefit obligations	16	7,608	7,598	8,167
Total current liabilities		808,382	1,381,619	1,454,337
Net current liabilities		(422,786)	(929,438)	(963,015)
Total liabilities		3,181,150	3,989,439	5,210,282
Total equity and liabilities		4,940,206	5,958,756	7,598,512

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital *KZT'million*	Hedging reserve *KZT'million*	Foreign currency translation reserve *KZT'million*	Retained earnings *KZT'million*	Shareholder's equity *KZT'million*	Non-controlling interests *KZT'million*	Total equity *KZT'million*
As at 1 January 2023	1,086,324	–	12,138	348,377	1,446,839	15,853	1,462,692
Profit for the year	–	–	–	133,508	133,508	3,276	136,784
Other comprehensive loss for the year	–	–	(4,918)	(532)	(5,450)	(8)	(5,458)
Total comprehensive (loss)/income for the year	–	–	(4,918)	132,976	128,058	3,268	131,326
Issue of shares *(Note 13)*	24,310	–	–	–	24,310	–	24,310
Other contributions *(Note 13)*	–	–	–	142,345	142,345	–	142,345
Dividends	–	–	–	–	–	(1,617)	(1,617)
As at 31 December 2023	1,110,634	–	7,220	623,698	1,741,552	17,504	1,759,056

Year ended 31 December 2024

	Share capital *KZT'million*	Hedging reserve *KZT'million*	Foreign currency translation reserve *KZT'million*	Retained earnings *KZT'million*	Shareholder's equity *KZT'million*	Non-controlling interests *KZT'million*	Total equity *KZT'million*
As at 1 January 2024	1,110,634	–	7,220	623,698	1,741,552	17,504	1,759,056
Profit for the year	–	–	–	157,818	157,818	2,987	160,805
Other comprehensive (loss)/income for the year	–	(38,570)	1,774	3,677	(33,119)	11	(33,108)
Total comprehensive (loss)/income for the year	–	(38,570)	1,774	161,495	124,699	2,998	127,697
Issue of shares *(Note 13)*	13,273	–	–	–	13,273	–	13,273
Other contributions *(Note 13)*	–	–	–	71,516	71,516	–	71,516
Dividends	–	–	–	–	–	(2,225)	(2,225)
As at 31 December 2024	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317

Year ended 31 December 2025

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	2024	2025
		KZT'million	*KZT'million*	*KZT'million*
Cash flows from operating activities:				
Profit for the year		136,784	160,805	343,646
Adjustments for:				
Income tax expenses recognised in profit or loss	17	24,599	62,724	155,375
Finance costs	25	208,365	184,984	245,844
Depreciation and amortization	8,23	156,441	170,516	196,219
Finance income	25	(32,221)	(52,955)	(88,618)
Reclassification of the loss on cash flow hedging instruments to profit for the period	13,21	–	412	80,781
Foreign exchange loss	30	14,124	69,620	19,990
Reversal of impairment/(Impairment) of non-financial assets	23(e)	(1,149)	7,336	11,480
Post-employment benefits and other long-term employee benefit expenses	23	6,939	14,662	3,281
Share of profits and losses of associates and joint ventures	7	(8,144)	(10,772)	(1,634)
Reversal of impairment/(Impairment) of financial assets and contract assets	23(d)	(2,662)	(1,601)	3,893
Gain on disposal of subsidiary not qualifying as discontinued operations		(6,283)	–	–
Other		10,223	10,051	13,465
Operating income before changes in working capital and other balances		507,016	615,782	983,722
Change in trade accounts receivable		(12,823)	(31,033)	(27,099)
Change in inventories		(16,618)	9,617	(25,134)
Change in other current and non-current assets (including long-term VAT recoverable)		(99,338)	(89,717)	(133,114)
Change in trade accounts payable		73,511	7,213	166,443
Change in other taxes payable		(7,500)	1,890	1,167
Change in other liabilities and contract liabilities		4,296	15,543	1,478
Change in employee benefit obligations		(6,094)	(7,275)	(8,553)
Cash generated from operations before interest and corporate income tax payments		442,450	522,020	958,910

	Notes	Year ended 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million
Interest paid		(150,226)	(188,409)	(222,376)
Interest received		20,968	21,001	30,866
Corporate income tax paid		(6,874)	(18,015)	(20,603)
Net cash flows from operating activities		306,318	336,597	746,797
Cash flows from investing activities:				
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(811,830)	(741,695)	(925,368)
Share capital contributions in joint ventures without a change in ownership interest	7	(1,111)	(243)	(7,143)
Investments acquired in associates and joint ventures	7	(5,201)	(1,578)	(6,211)
Dividends received from associates		2,719	4,419	4,693
Repayment of loans issued		–	3,731	2,272
Proceeds from sale of other non-current assets		1,354	1,293	1,499
Net proceeds from disposal of subsidiaries		11,948	–	–
Other		(581)	12	(2,009)
Net cash flows used in investing activities		(802,702)	(734,061)	(932,267)
Cash flows from financing activities:				
Proceeds from borrowings	14	808,731	879,762	908,235
Repayment of borrowings	14	(367,320)	(480,532)	(648,674)
Repayment of lease liabilities	14	(21,690)	(11,358)	(18,072)
Dividends paid to non-controlling interests in subsidiaries		(1,294)	(2,225)	(3,509)
Transfers to restricted cash		–	–	(14,368)
Transfers from restricted cash		–	–	4,427
Share capital contribution		24,310	13,273	–
Other		(8,466)	(5,553)	–
Net cash flows from financing activities		434,271	393,367	228,039

	Notes	Year ended 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million
Net increase/(decrease) in cash and cash equivalents		(62,113)	(4,097)	42,569
Cash and cash equivalents at the beginning of the year	9	267,032	204,614	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency		(322)	(1,945)	(8,166)
Effect of change in the allowance for expected credit losses		17	6	(8)
Cash and cash equivalents at the end of the year	9	204,614	198,578	232,973
Non-cash transactions:				
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	14	114,106	67,738	272,755
Advances paid for property, plant and equipment and contract liabilities arising from the disposal of subsidiary		40,000	–	–

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		KZT'million	*KZT'million*	*KZT'million*
Assets				
Non-current assets				
Property, plant, and equipment	6	2,053,645	2,504,560	3,090,677
Intangible assets		11,999	10,196	9,397
Investments in subsidiaries	28	1,102,214	1,274,476	1,658,624
Investments in joint ventures	7	4	78	223
Investments in associates	7	3,262	3,262	3,262
Loans issued	26	540,977	424,161	193,209
Other non-current assets	8	216,829	191,520	440,419
Total non-current assets		3,928,930	4,408,253	5,395,811
Current assets				
Inventories	10	27,732	26,841	36,407
Other current assets	12	13,767	11,720	49,413
VAT recoverable		3,096	12,122	14,565
Loans issued	26	104,224	83,244	113,391
Trade accounts receivable	11	182,643	302,737	346,312
Cash and cash equivalents	9	139,416	126,139	122,018
Total current assets		470,878	562,803	682,106
Total assets		4,399,808	4,971,056	6,077,917
Equity and liabilities				
Equity				
Share capital	13	1,110,634	1,123,907	1,152,698
Foreign currency translation reserve	13	59	(69)	(669)
Retained earnings		1,141,228	1,340,623	1,753,643
Total equity		2,251,921	2,464,461	2,905,672

	Notes	As at 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million
Non-current liabilities				
Borrowings	14	1,368,470	1,250,512	1,873,712
Lease liabilities	15	2,764	15,985	11,628
Deferred tax liabilities	17	258,072	289,171	374,212
Liabilities under financial guarantee contracts		52,306	70,475	–
Employee benefit obligations	16	7,805	11,692	16,358
Derivative financial instruments		35,719	–	–
Total non-current liabilities		1,725,136	1,637,835	2,275,910
Current liabilities				
Trade accounts payable	18	64,340	105,344	220,086
Other taxes payable		5,226	4,681	7,944
Other current liabilities	20	24,550	31,456	157,135
Contract liabilities	19	3,113	3,801	2,788
Borrowings	14	318,255	673,881	404,398
Lease liabilities	15	5,694	14,600	8,979
Derivative financial instruments	30	–	32,697	91,496
Employee benefit obligations	16	1,573	2,300	3,509
Total current liabilities		422,751	868,760	896,335
Net current assets/(liabilities)		48,127	(305,957)	(214,229)
Total liabilities		2,147,887	2,506,595	3,172,245
Total equity and liabilities		4,399,808	4,971,056	6,077,917

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

Statement of compliance

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

Going concern

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

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

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

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its

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

Basis for measurement

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

Basis of consolidation

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

Functional and presentation currency

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

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

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

The following table presents foreign currency exchange rates to KZT:

	31 December 2023	Average rate for 2023	31 December 2024	Average rate for 2024	31 December 2025	Average rate for 2025
US$	454.56	456.31	525.11	469.44	505.53	521.59
Euro	502.24	493.33	546.74	507.86	593.44	590.15
Swiss Francs	541.08	508.16	580.68	533.96	637.33	630.43
Russian Roubles	5.06	5.40	4.88	5.08	6.34	6.28

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

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

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

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

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

Material accounting policy information

Property, plant, and equipment

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

Subsequent costs

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

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

Construction in progress

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

Borrowing costs

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

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

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

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

Leases

The Group as lessee

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

Inventories

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

Financial instruments

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

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

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

Wherein:

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

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

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

For the Relevant Periods, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

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

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

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

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

Derivative financial instruments

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

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

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

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

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

Hedge accounting

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

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

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

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

Cash flows hedging

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

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

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

Hedge accounting is discontinued when:

(a) the Group revokes the hedging relationship;

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

(c) it no longer qualifies for hedge accounting.

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

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

Equity

Share capital

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

Other contributions

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

Government grants

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

Government grants that compensate for expenses incurred

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

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

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

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

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

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

Revenue

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

Revenue from freight transportation services

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

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

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

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

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

As at the end of each of the Relevant Periods, the Group has no obligations to counterparties associated with provision of discounts.

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

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

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

Revenue from passenger transportation services

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

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

Other revenue

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

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

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

Sale and lease back transactions

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

Under IFRS 15, if a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained

by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

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

Other employee benefits

Defined benefit plans

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

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

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

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

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

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

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

Climate-related matters

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Control assessment

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

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

Loans at a rate below the market interest rate

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

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

Identifying the cash-generating units

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

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

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

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

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

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

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

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

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

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

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

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

Assessment of impairment indicators of property, plant and equipment

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

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

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

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

The management of the Group did not identify any events that occurred during the years ended 31 December 2023 and 2024 that could be considered as an indicator of the impairment of the single CGU as at 31 December 2023 and 2024.

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

Accounting for finance agreements with Industrial Development Fund JSC

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

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

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

Key sources of estimation uncertainty

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

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

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

If any such an indication exists, the recoverable amount of the assets or CGU is estimated and compared to its carrying amount. Impairment is recognised should the carrying amount exceed the recoverable amount of assets. The recoverable amount is the greater of fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its relevant recoverable amount, the asset or CGU is considered impaired

and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (WACC rate) that management believes reflects the current market assessment of the time value of money and the risks specific to the assets. The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment being recognised in future periods.

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

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

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

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

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

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

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

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

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

Recoverability of VAT

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

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

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

As at 31 December 2023, 2024 and 2025, total VAT recoverable amounted to KZT204,656 million, KZT315,184 million and KZT421,676 million, respectively, of which KZT49,618 million, KZT120,475 million and KZT48,789 million, respectively, were classified as current assets. The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable and believes that the total VAT receivable is fully recoverable.

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

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

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

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

Taxation

Various Kazakhstan legislative acts and regulations are not always clearly written. Instances of inconsistent opinions between local, regional and national tax authorities are possible. Where additional taxes are imposed by the tax authorities, fines and interest applied are significant; fines are generally assessed at 80% of additional taxes accrued, and interest is in average assessed at 19.69%, 18.27% and 20.75% for years ended 31 December 2023, 2024 and 2025 of additional accruals or overdue taxes. As a result, penalties and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, penalties and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2023, 2024 and 2025. Any difference between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

Fair value of derivative financial instruments

In 2022, the Company entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to partially manage the exposure to foreign exchange risk of borrowings denominated in US dollars. The Company pays a fixed amount of Swiss Francs in exchange for a fixed amount of US dollars. Fair value of the derivative financial instruments was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Company and counterparties.

In estimating the fair value of derivative financial instruments, the Company uses market-observable data to the extent it is available. The valuation is particularly sensitive to the change in forward exchange rates observable at the end of the reporting period. Forward exchange rates are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's separate financial statements within the next year. As at 31 December 2023, the liability reflected as a fair value of derivative financial instruments was estimated of KZT35,719 million using the market-observable forward exchange rates, which management believes are the most relevant.

As at 31 December 2023, the management of the Company performed analysis and applied the most relevant forward exchange rates, however, uncertainty exists related to geopolitical and market risks (including currency risk) and their impact on the world economy and the economy of Kazakhstan, which is likely to result in significant adjustments to the fair value of derivative financial instruments in future periods (Note 30).

5. SEGMENT INFORMATION

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

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

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

Year ended 31 December 2023

	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
For the year ended 31 December 2023						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,682,550	101,682	1,784,232	–	–	1,784,232
Transportation revenue from intersegment transactions	1,443	67,151	68,594	–	(68,594)	–
Government grants	–	38,912	38,912	–	–	38,912
Other income from third parties	86,988	5,353	92,341	18,610	–	110,951
Other income from intersegment transactions	35,982	798	36,780	9,679	(46,459)	–
Total revenue and other income	1,806,963	213,896	2,020,859	28,289	(115,053)	1,934,095
Cost of sales	(1,389,101)	(201,563)	(1,590,664)	(21,441)	113,522	(1,498,583)
Gross profit	417,862	12,333	430,195	6,848	(1,531)	435,512
General and administrative expenses	(94,722)	(9,592)	(104,314)	(3,585)	1,405	(106,494)
Finance income	36,847	1,440	38,287	1,122	(7,188)	32,221
Finance costs	(188,846)	(22,382)	(211,228)	(396)	3,259	(208,365)
Foreign exchange (loss)/gain	(12,324)	(1,732)	(14,056)	(69)	1	(14,124)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	6,283	–	–	6,283
Share of the profit of associates and joint ventures	8,144	–	8,144	–	–	8,144
Impairment reversal of financial assets and contract assets	2,487	11	2,498	28	136	2,662
Impairment reversal/(impairment) of non-financial assets	1,734	(373)	1,361	(212)	–	1,149
Other profit and losses	3,930	1,078	5,008	17	(630)	4,395
Profit/(loss) before tax	181,395	(19,217)	162,178	3,753	(4,548)	161,383
Corporate income tax (expense)/benefit	(34,229)	5,362	(28,867)	(509)	4,777	(24,599)
Profit/(loss) for the year	147,166	(13,855)	133,311	3,244	229	136,784
Other key segment information						
Capital expenditure	628,238	76,151	704,389	540	–	704,929
Depreciation of property, plant and equipment *(Note 6)*	139,365	16,172	155,537	1,647	(6)	157,178

Year ended 31 December 2024

	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
For the year ended 31 December 2024						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,875,558	110,523	1,986,081	–	–	1,986,081
Transportation revenue from intersegment transactions	1,702	90,490	92,192	–	(92,192)	–
Government grants	–	41,124	41,124	–	–	41,124
Other income from third parties	114,078	5,454	119,532	17,205	–	136,737
Other income from intersegment transactions	38,943	1,000	39,943	13,640	(53,583)	–
Total revenue and other income	2,030,281	248,591	2,278,872	30,845	(145,775)	2,163,942
Cost of sales	(1,512,468)	(226,168)	(1,738,636)	(26,176)	144,795	(1,620,017)
Gross profit	517,813	22,423	540,236	4,669	(980)	543,925
General and administrative expenses	(110,625)	(12,574)	(123,199)	(6,442)	1,251	(128,390)
Finance income	55,738	3,870	59,608	737	(7,390)	52,955
Finance costs	(158,367)	(29,278)	(187,645)	(247)	2,908	(184,984)
Foreign exchange (loss)/gain	(58,551)	(12,226)	(70,777)	435	722	(69,620)
Share of the profit of associates and joint ventures	10,772	–	10,772	–	–	10,772
Impairment reversal/(impairment) of financial assets and contract assets	1,730	(226)	1,504	207	(110)	1,601
Impairment of non-financial assets	(5,162)	(1,906)	(7,068)	(268)	–	(7,336)
Other profit and losses	3,588	1,712	5,300	258	(952)	4,606
Profit/(loss) before tax	256,936	(28,205)	228,731	(651)	(4,551)	223,529
Corporate income tax expense	(47,986)	(976)	(48,962)	(3,343)	(10,419)	(62,724)
Profit/(loss) for the year	208,950	(29,181)	179,769	(3,994)	(14,970)	160,805
Other key segment information						
Capital expenditure	1,006,018	110,003	1,116,021	54,217	–	1,170,238
Depreciation of property, plant and equipment *(Note 6)*	150,379	20,489	170,868	2,055	(2)	172,921

Year ended 31 December 2025

	Freight transportation *KZT'million*	Passenger transportation *KZT'million*	Reportable segments *KZT'million*	Others *KZT'million*	Eliminations *KZT'million*	Total *KZT'million*
Key operating indicators						
Revenue and other income						
Transportation revenue from third parties *(Note 21)*	2,463,197	129,250	2,592,447	–	–	2,592,447
Government grants	(2,581)	45,856	43,275	–	–	43,275
Other revenue from third parties	94,501	6,437	100,938	20,423	–	121,361
Inter-segment transactions	43,871	105,961	149,832	14,792	(164,624)	–
Total revenue and other income	2,598,988	287,504	2,886,492	35,215	(164,624)	2,757,083
Cost of sales	(1,807,010)	(252,171)	(2,059,181)	(28,627)	163,757	(1,924,051)
Gross profit	791,978	35,333	827,311	6,588	(867)	833,032
General and administrative expenses	(130,574)	(12,577)	(143,151)	(4,145)	1,459	(145,837)
Finance income	107,311	2,893	110,204	747	(22,333)	88,618
Finance costs	(213,787)	(45,777)	(259,564)	(319)	14,039	(245,844)
Foreign exchange (loss)/gain	(12,858)	(9,348)	(22,206)	68	2,148	(19,990)
Share of profit of associates and joint ventures	1,634	–	1,634	–	–	1,634
(impairment)/Impairment reversal of financial assets and contract asset	(6,327)	20	(6,307)	(713)	3,127	(3,893)
(impairment)/Impairment reversal of non-financial assets	(11,737)	183	(11,554)	74	–	(11,480)
Other profit and losses	3,055	294	3,349	(480)	(88)	2,781
Profit/(loss) before tax	528,695	(28,979)	499,716	1,820	(2,515)	499,021
Income tax expenses	(138,522)	(8,047)	(146,569)	(31)	(8,775)	(155,375)
Profit/(loss) for the year	390,173	(37,026)	353,147	1,789	(11,290)	343,646
Other key segment information						
Capital expenditures on property, plant and equipment	1,239,973	37,323	1,277,296	2,355	–	1,279,651
Depreciation of property, plant and equipment *(Note 6)*	172,779	24,240	197,019	3,248	(3)	200,264

Geographical information of the Group

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

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Kazakhstan	1,875,851	2,077,544	2,643,614
Russia	28,412	37,356	47,251
China	9,329	28,419	39,801
Germany	16,708	8,531	4,070
Others	3,795	12,092	22,347
Total	1,934,095	2,163,942	2,757,083

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

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Kazakhstan	4,498,938	5,449,449	7,034,262
Russia	17,881	19,541	38,598
China	16,828	18,545	15,757
Total	4,533,647	5,487,535	7,088,617

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the years ended 31 December 2023, 2024 and 2025.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,291,479	295,342	245,620	1,267,851	3,959	10,937	126,317	3,241,505
Additions	591	653	11,408	39,776	2	1,399	603,471	657,300
Lease additions	–	48	1,073	45,237	–	1	–	46,359
Lease modifications	–	(76)	5,251	8,092	–	–	–	13,267
Disposals	(73)	(1,019)	(2,975)	(10,582)	(59)	(1,091)	(1,467)	(17,266)
Depreciation charge *(Note 5)*	(41,980)	(7,701)	(35,032)	(70,565)	–	(1,900)	–	(157,178)
Depreciation on disposal	57	492	2,742	10,528	–	1,089	–	14,908
Impairment reversal/(impairment)	29	(23)	(80)	254	–	(108)	(1,062)	(990)
Other movements and transfers *(note)*	165,641	25,749	19,967	316,959	(31)	173	(531,884)	(3,426)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Cost	1,779,867	389,889	575,524	2,254,692	3,871	31,315	207,150	5,242,308
Accumulated depreciation and impairment	(364,123)	(76,424)	(327,550)	(647,142)	–	(20,815)	(11,775)	(1,447,829)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Including:								
Right-of-use assets: Cost	–	1,843	42,735	111,578	–	7,320	–	163,476
Accumulated depreciation and impairment	–	(845)	(36,823)	(6,803)	–	(3,900)	–	(48,371)
Carrying value	–	998	5,912	104,775	–	3,420	–	115,105

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

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Additions	365	4,909	20,711	4,162	28	1,526	965,112	996,813
Lease additions	–	6	27,261	144,260	–	–	–	171,527
Lease modifications	–	117	(383)	(41)	–	–	–	(307)
Disposals	(457)	(1,912)	(38,630)	(2,202)	(7)	(640)	(1,768)	(45,616)
Depreciation charge *(Note 5)*	(42,240)	(7,129)	(35,863)	(85,408)	–	(2,281)	–	(172,921)
Depreciation on disposal	296	724	36,242	2,168	–	601	–	40,031
(Impairment)/impairment reversal	(59)	(298)	(36)	(23)	–	104	(229)	(541)
Other movements and transfers	162,460	40,402	20,106	453,662	–	1,278	(679,146)	(1,238)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Cost	1,933,491	433,876	605,303	2,857,264	3,892	33,660	490,175	6,357,661
Accumulated depreciation and impairment	(397,382)	(83,592)	(327,921)	(733,136)	–	(22,572)	(10,831)	(1,575,434)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Including:								
Right-of-use assets: Cost	–	1,889	44,754	255,797	–	7,955	–	310,395
Accumulated depreciation and impairment	–	(1,165)	(20,386)	(11,738)	–	(4,815)	–	(38,104)
Carrying value	–	724	24,368	244,059	–	3,140	–	272,291

The Company

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

The Company

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,319,450	180,512	214,220	22,129	913	3,595	121,855	1,862,674
Additions	591	613	9,186	4,623	2	1,479	273,536	290,030
Lease additions	–	48	1,073	–	–	–	–	1,121
Lease modifications	–	20	5,251	8,093	–	–	–	13,364
Disposals	(72)	(448)	(1,560)	(9,673)	(59)	(988)	(9)	(12,809)
Depreciation charge	(42,463)	(4,277)	(30,533)	(4,245)	–	(874)	–	(82,392)
Depreciation on disposal	57	185	1,500	9,673	–	987	–	12,402
Impairment reversal/(impairment)	28	(9)	(80)	77	–	(107)	(1,011)	(1,102)
Contribution to the share capital of subsidiaries	(926)	(103)	(4)	(7)	(3)	–	–	(1,043)
Transfer to other non-current assets *(Note 8)*	–	–	–	–	–	–	(23,000)	(23,000)
Other movements and transfers	167,044	2,524	14,582	5,963	–	7	(195,720)	(5,600)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Cost	1,809,023	229,554	509,000	79,005	853	15,129	185,829	2,828,393
Accumulated depreciation and impairment	(365,314)	(50,489)	(295,365)	(42,372)	–	(11,030)	(10,178)	(774,748)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Including:								
Right-of-use assets: Cost	–	285	46,519	–	–	–	–	46,804
Accumulated depreciation and impairment	–	(199)	(42,286)	–	–	–	–	(42,485)
Carrying value	–	86	4,233	–	–	–	–	4,319

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Additions	365	4,815	19,315	4,731	28	1,397	501,431	532,082
Lease additions	–	1	27,261	–	–	–	–	27,262
Lease modifications	–	26	(382)	–	–	–	–	(356)
Disposals	(456)	(483)	(35,801)	(159)	(6)	(444)	(559)	(37,908)
Depreciation charge	(42,707)	(4,118)	(30,234)	(4,394)	–	(1,188)	–	(82,641)
Depreciation on disposal	296	284	34,053	158	–	440	–	35,231
(Impairment)/impairment reversal	(58)	(294)	(30)	3	–	103	(208)	(484)
Contribution to the share capital of subsidiaries	(35)	(820)	(92)	–	–	–	–	(947)
Transfer to other non-current assets *(note 8)*	–	–	–	–	–	–	(17,493)	(17,493)
Other movements and transfers	162,529	6,063	11,444	8,560	–	412	(192,839)	(3,831)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Cost	1,962,647	239,370	530,496	92,009	875	16,198	475,201	3,316,796
Accumulated depreciation and impairment	(399,004)	(54,831)	(291,327)	(46,477)	–	(11,379)	(9,218)	(812,236)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Including:								
Right-of-use assets: Cost	–	312	41,697	–	–	–	–	42,009
Accumulated depreciation and impairment	–	(256)	(18,069)	–	–	–	–	(18,325)
Carrying value	–	56	23,628	–	–	–	–	23,684

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

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

As at 31 December 2023, 2024 and 2025, the Group's property, plant and equipment with a carrying amount of KZT10,881 million, KZT95,258 million and KZT82,275 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2023, 2024 and 2025, the Company has no property, plant and equipment used as collateral for loans.

For the years ended 31 December 2023, 2024 and 2025, the Group recognised depreciation expenses on right-of-use assets of KZT14,181 million, KZT7,543 million and KZT21,109 million, respectively. For the year ended 31 December 2023, 2024 and 2025, the Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT9,795 million, KZT7,543 million and KZT7,420 million, respectively.

For the years ended 31 December 2023, 2024 and 2025, the Group's capitalised borrowing costs amounted to KZT26,591 million, KZT52,177 million and KZT68,453 million, respectively. The average capitalization rate for the Group was between 3.25% and 19.35%, between 5.29% and 14.5%, and 8.8%, respectively. For the years ended 31 December 2023, 2024 and 2025, the Company's capitalised borrowing costs amounted to KZT15,749 million, KZT34,761 million and KZT55,349 million, respectively. The average capitalisation rate for the Company between 5.36% and 14.5%, and 11.61%, respectively.

As at 31 December 2023, 2024 and 2025, the cost of the Group's fully depreciated property, plant and equipment in use was KZT372,174 million, KZT375,511 million and KZT396,684 million, respectively. As at 31 December 2023, 2024 and 2025, the cost of the Company's fully depreciated property, plant and equipment in use is KZT348,619 million, KZT350,193 million and KZT367,468 million, respectively.

As at 31 December 2023, 2024 and 2025, all undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with tenants are due within one year.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

Name	Primary activity	Main country of operation/ country of registration	31 December 2023 Carrying amount *KZT'million*	Ownership
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	15,890	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	10,768	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,195	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	5,136	49%
Others			–	40–47%
Total investments in associates			38,989	
Joint ventures				
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China/ Kazakhstan	1,078	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	497	50%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	4	33.33%*
Total investments in joint ventures			1,579	

Name	Primary activity	Main country of operation/ country of registration	31 December 2024 Carrying amount *KZT'million*	Ownership
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	16,963	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	15,607	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	8,712	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	5,818	49%
Others			1,578	40–49%
Total investments in associates			48,678	
Joint ventures				
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China	876	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	277	50%
CRK-Terminal LLC	Organisation of domestic and international freight transportation, provision of multimodal and transport and logistics services, freight forwarding services, construction of terminal and warehouse infrastructure, reconstruction and renewal of fixed assets	Russia	165	33.3%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	78	33.33%*
Total investments in joint ventures			1,396	

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

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

The Company

Name	Primary activity	Main country of operation/ country of registration	31 December 2023 Carrying amount *KZT'million*	Ownership
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	4	33.33%*
Total investments in joint ventures			4	

Name	Primary activity	Main country of operation/ country of registration	31 December 2024 Carrying amount *KZT'million*	Ownership
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust-Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	78	33.33%*
Total investments in joint ventures			78	

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

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

For the preparation of the Company's financial statements, investment in associates and joint ventures are amounted for as cost less impairment.

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Associates			
As at 1 January	28,634	38,989	48,678
Acquisition	5,196	1,578	6,211
Foreign currency translation	(4,588)	1,927	5,314
Share of profit	8,190	10,962	2,414
Reversal of impairment/(Impairment)	4,697	(298)	(1,508)
Dividends receivable	(3,140)	(4,480)	(4,645)
As at 31 December	38,989	48,678	56,464
Joint ventures			
As at 1 January	165	1,579	1,396
Acquisition	5	–	6,576
Foreign currency translation	–	(5)	–
Fair value of the remaining interest upon loss of control over the subsidiary Private company KPMC Ltd.	1	–	–
Adjustment of unrealised gain	–	–	(2,698)
Contributions to charter capital	1,111	243	7,143
Reversal of impairment/((Impairment)	343	(231)	–
Share of loss	(46)	(190)	(780)
As at 31 December	1,579	1,396	11,637

During 2023, the Group, represented by its subsidiary Kedentransservice JSC, made a cash contribution in the amount of 80,740,632 yuan (KZT5,196 million) to the charter capital of China-Kazakhstan Trade and Logistics Company LLC (Xi'an), the Group's share of ownership in the associate is 49%.

In October 2023, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", sold to a third party a 51% interest in its subsidiary, Private Company KPMC Ltd., for 1,000 US Dollars (KZT0.5 million). The gain from the disposal of the subsidiary amounted to KZT1 million. As a result, the Group lost control over this subsidiary and recognised the remaining 49% interest at fair value as an investment in joint venture. In December 2023, the Group made a cash contribution, without changing the share of ownership, in the amount of KZT1,111 million to the charter capital of this entity.

In December 2023, the Group, represented by the Company, made a cash contribution in the amount of KZT5 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd., which was equally distributed between the Company, Azerbaijan Railways CJSC and Georgian Railway JSC. The Group's share in the joint venture is 33.33%.

During 2024, the Group, represented by the Company, made an additional cash contribution of KZT75 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd.

During 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of 33,303,330 Russian Roubles (KZT168 million) to the charter capital of the joint venture CRK-Terminal LLC. The Group's ownership interest in the joint venture is 33.3%.

During 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of KZT1,578 million to the charter capital of Aktau International Container Hub LLP, which is distributed between the Group, represented by subsidiaries Joint Stock Company "KTZ Express" and NC Aktau International Sea Trade Port JSC, and Shanhai (Hong Kong) Investment & Development Co. Ltd. The Group's ownership interest in the associate is 49%.

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

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

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

	2023				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Current assets	11,635	6,975	734	43,441	51,595
Non-current assets	–	21,998	35,215	146,464	54,398
Total assets	11,635	28,973	35,949	189,905	105,993
Current liabilities	34	1,447	5,347	114,014	20,564
Non-current liabilities	1,119	248	32,102	41,713	37,758
Total liabilities	1,153	1,695	37,449	155,727	58,322
Total net assets/(liabilities)	10,482	27,278	(1,500)	34,178	47,671

	2023				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,136	13,367	(600)	8,545	15,890
Accumulated impairment	–	(6,172)	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,136	7,195	(600)	8,545	15,890
Accumulated unrecognised loss	–	–	600	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	2,223	–
Carrying amount of investment	5,136	7,195	–	10,768	15,890
Revenue	153	10,588	3,912	84,186	298,970
Profit/(loss) and total comprehensive income/(loss) for the year	(54)	334	6,887	9,063	17,362
Recognised share of the Group in profit/(loss)	(26)	163	–	2,266	5,787

	2024				
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Trans telecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Current assets	8,781	8,704	1,026	51,979	53,561
Non-current assets	4,698	23,852	33,776	72,970	51,462
Total assets	13,479	32,556	34,802	124,949	105,023
Current liabilities	347	1,235	13,217	29,296	19,162
Non-current liabilities	1,259	337	31,073	42,120	34,973
Total liabilities	1,606	1,572	44,290	71,416	54,135
Total net assets/(liabilities)	11,873	30,984	(9,488)	53,533	50,888
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,818	15,182	(3,795)	13,384	16,963
Accumulated impairment	–	(6,470)	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,818	8,712	(3,795)	13,384	16,963
Accumulated unrecognised loss	–	–	3,795	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	2,223	–
Carrying amount of investment	5,818	8,712	–	15,607	16,963
Revenue	216	2,531	3,121	86,174	378,196
Profit/(loss) and total comprehensive income/(loss) for the year	72	266	(7,988)	19,358	17,871
Recognised share of the Group in profit	36	130	–	4,839	5,957

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

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

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

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

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Associates			
Share of the associates' profit for the year	–	–	59
Share of the associates' total comprehensive income	–	–	59
Aggregate carrying amount of the Group's investments in the associates	–	1,578	109
Joint ventures			
Share of the joint ventures' loss for the year	(46)	(190)	(649)
Share of the joint ventures' total comprehensive loss	(46)	(190)	(649)
Aggregate carrying amount of the Group's investments in the joint ventures	1,579	1,396	890

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	463,044	384,165	731,026
VAT recoverable	167,275	207,246	390,051
Investment properties *(note i)*	8,379	8,765	8,565
Withholding corporate income tax	40,121	36,441	3,408
Other	4,290	6,006	4,350
Less: allowance for non-recoverable VAT	(12,237)	(12,537)	(17,164)
Less: allowance for withholding corporate income tax	–	(1,028)	(1,167)
Less: allowance for advances to vendors for property, plant and equipment	(1,616)	(522)	(470)
Less: allowance for other non-current non-financial assets	–	(72)	(72)
Total other non-financial assets	669,256	628,464	1,118,527
Restricted cash *(note ii)*	14,175	13,932	14,069
Loans to employees	3,819	3,163	2,366
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	1,432	654	676
Loans issued	3,938	–	–
Long-term trade accounts receivable *(Note 11)*	26	–	–
Other	1,144	1,757	1,533
Less: allowance for loans issued	(3,092)	–	–
Less: allowance for other non-current financial assets	(539)	(487)	(383)
Total other financial assets	20,903	19,019	18,261
	690,159	647,483	1,136,788

Note i: The fair value of the Group's investment property at 31 December 2023, 2024 and 2025 was KZT10,317 million, KZT10,273 million and KZT16,658 million, respectively. The fair value has been arrived at based on valuation carried out by three independent valuers not connected with the Group.

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

For the years ended 31 December 2023, 2024 and 2025, the Group accrued depreciation expense on investment properties in the amount of KZT150 million, KZT145 million and KZT133 million, respectively.

As at 31 December 2024, the Group performed an analysis of assets related to corporate income tax withheld at the source of payment due to the accumulated carried forward corporate income tax losses. These assets expire for tax purposes within 10 years from the date of their occurrence. As at 31 December 2024, the Group and classified corporate income tax withheld assets for the amount of KZT35,441 million as non-current, as the Group does not expect that it will be able to utilise them within the next twelve months in accordance with the effective Kazakhstan tax legislation. The Group revised the classification of assets related to corporate income tax withheld.

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

As at 31 December 2023, 2024 and 2025 advances paid for property, plant and equipment included:

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Construction of the railway	133,923	128,984	289,072
Passenger carriages supply	163,014	163,047	206,144
Electric locomotive supplies	90,447	82,510	113,959
Railroad switch supplies	9,981	4,991	–
Diesel locomotive supplies	61,262	2,017	–
Construction of automatic train control systems	–	–	68,598
Modernization of railway station infrastructure	––	–	26,469
Construction of rolling stock accounting and control system	–	–	6,427
Acquisition of rails	–	–	5,341
Others	4,397	2,616	15,016
	463,044	384,165	731,026

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	145,499	134,946	407,562
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	29,286	17,493	27,714
Corporate income tax withheld	38,584	35,231	2,048
Other	63	625	605
Less: allowance for expected credit losses on other non-current non-financial assets	(894)	(406)	(355)
Total other non-financial assets	212,538	187,889	437,574
Loans to employees	2,565	2,131	1,842
Other	1,814	1,604	1,082
Less: allowance for expected credit losses on other non-current financial assets	(88)	(104)	(79)
Total other financial assets	4,291	3,631	2,845
	216,829	191,520	440,419

As at 31 December 2023, 2024 and 2025, the Group's advances to suppliers for property, plant and equipment mostly included advances paid for the construction of railway lines in the amount to KZT133,923 million, KZT128,984 million and KTZ289,072 million, respectively, for acquisition of passenger carriages supply amounted to KZT163,034 million, KZT163,047 million and nil, respectively, for the construction of railroad switches in the amount of nil, nil and KZT68,598 million, respectively, and for the modernisation of railway stations in the amount of nil, nil, and KZT26,469 million.

During the years ended 2023, 2024 and 2025, the Company transferred to non-current assets construction projects of the ferry complex at the Kuryk port in the amount of KZT23,000 million, KZT17,493 million and KZT10,221 million, respectively, which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

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

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Short-term bank deposits in KZT	60,761	61,779	175,890
Short-term bank deposits in US$	6,365	2,339	4,532
Short-term bank deposits in other currencies	165	–	34
Cash in digital accounts in KZT	–	116,635	22,882
Cash in current accounts in KZT	120,497	7,326	16,462
Cash in current bank accounts in US$	13,075	4,763	6,806
Cash in current bank accounts in Russian Rubles	1,245	2,484	3,392
Cash in current bank accounts in Chinese Yuan	782	1,182	2,714
Cash in current bank accounts in other currencies	1,731	2,070	277
Cash on hand	9	10	2
Subtotal	204,630	198,588	232,991
Less: allowance for expected credit losses on cash and cash equivalents	(16)	(10)	(18)
Cash and cash equivalents	204,614	198,578	232,973

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Short-term bank deposits in KZT	21,443	6,772	87,131
Cash on digital accounts in KZT	–	116,635	22,882
Cash in current accounts in KZT	117,979	2,627	11,896
Cash in current bank accounts in other currencies	2	110	120
Subtotal	139,424	126,144	122,029
Less: allowance for expected credit losses on cash and cash equivalents	(8)	(5)	(11)
Cash and cash equivalents	139,416	126,139	122,018

As at 31 December 2024 and 2025, the Group's and the Company's cash on digital accounts represents programmable digital KZT only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder.

As at 31 December 2023, the Group's weighted average interest rate on cash in current accounts was 0.68% in KZT and 1.5% in other currencies. As at 31 December 2024, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies. And as at 31 December 2025, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies.

As at 31 December 2023, 2024 and 2025, the Company's weighted average interest rate on cash in current accounts in KZT was 0.68%, 8.62% and 7.43%, respectively.

The Group's short-term KZT and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 December 2023, the Group's weighted average interest rate on short-term bank deposits was 15.62% in KZT and 3% in US$ and 12% in other currencies. As as 31 December 2024, the Group's weighted average interest rate on short-term bank deposits was 14.9% in KZT and 3% in US$. And as at 31 December 2025, the Group's weighted average interest rate on short-term bank deposits was 17.68% in KZT, 2.36% in US$, 11.75% in other currencies. As at 31 December 2023, 2024 and 2025, the Company's weighted average interest rate on short-term bank deposits was 15.02%, 14.93% and 17.73%, respectively.

And as at 31 December 2023, the corresponding balances were KZT112,141 million for Kazpost JSC and nil for the National Bank of Kazakhstan. (Note 33). As at 31 December 2024, the carrying value of cash placed by the Company on digital accounts in the National Bank of Kazakhstan, which is a related party of the Company, amounted to KZT116,631 million, whereas the corresponding balance was nil as at 31 December 2023. (Notes 33 and 34). In addition, the Group and the Company place cash and cash equivalents in banks and other financial institutions rated from A+ to BB- as at 31 December 2024 and from A+ to B- as at 31 December 2023.

As at 31 December 2024, the carrying value of cash placed by the Group on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Group, amounted to KZT1 million and 116,631 million, respectively.

As at 31 December 2025, the carrying value of cash placed by the Company on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Company, amounted to KZT254 million and KZT22,882 million, respectively (Notes 29 and 30). In addition, the Company places cash and cash equivalents in banks and other financial institutions rated from AA to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 December 2023, 2024 and 2025 is low.

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

10. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Fuel and lubricants (at cost)	20,028	13,553	30,827
Track structure materials (at cost)	18,786	15,648	26,862
Raw and other materials (at cost)	13,452	15,454	13,825
Spare parts (at cost)	8,421	8,743	11,015
Construction materials (at cost)	1,559	1,453	1,128
Others (at cost)	4,135	4,409	3,745
Subtotal	66,381	59,260	87,402
Less: Provision for inventory	(2,019)	(1,440)	(980)
Total	64,362	57,820	86,422

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Track structure materials (at cost)	18,726	15,586	26,793
Materials and supplies (at cost)	6,201	7,749	5,152
Fuel and lubricants (at cost)	889	1,211	1,843
Spare parts (at cost)	427	595	778
Construction materials (at cost)	445	551	424
Others (at cost)	1,044	1,149	1,417
Total	27,732	26,841	36,407

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Trade accounts receivable	20,316	25,173	22,865
Less: allowance for credit losses	(3,964)	(3,507)	(4,856)
Total	16,352	21,666	18,009
Current portion of trade accounts receivable	16,326	21,666	18,009
Long-term portion of trade accounts receivable *(Note 8)*	26	–	–
Total	16,352	21,666	18,009

As at 1 January 2023, trade receivables from contract with customers amounted to KZT14,276 million.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Trade accounts receivable	182,671	302,830	346,646
Less: allowance for credit losses	(28)	(93)	(334)
Net carrying amount	182,643	302,737	346,312

As at 1 January 2023, the Group's and the Company's trade accounts receivable arising from contract with customers amounted to KZT14,276 million and KZT46,441 million, respectively.

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

An ageing analysis of the trade accounts receivable as at 31 December 2023, 2024 and 2025, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	9,991	18,683	8,418
1–3 months	4,708	1,441	6,819
3–6 months	1,262	1,049	2,288
6 months to 1 year	952	426	442
Over 1 year	69	67	42
Total	16,352	21,666	18,009

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	182,420	302,413	345,761
1–3 months	125	193	494
3–6 months	46	93	57
6 months to 1 year	52	38	–
Total	186,643	302,737	346,312

The movements in the loss allowance for impairment of trade accounts receivables during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
At 1 January	7,593	3,964	3,507
Reversal of impairment/(Impairment) during the year, net	(1,166)	1,194	2,132
Amount written off as uncollectible	(2,463)	(1,651)	(783)
At 31 December	3,964	3,507	4,856

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
At 1 January	22	28	93
Impairment during the year, net	11	65	247
Amount written off as uncollectible	(5)	–	(6)
At 31 December	28	93	334

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

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

The Group

As at 31 December 2023

		Past due					
	Current	**Within 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	2.32%	3.04%	4.94%	15.48%	53.32%	98.87%	19.51%
Gross carrying amount *(KZT'million)*	8,865	1,973	3,780	465	1,594	2,565	20,316
Expected credit losses *(KZT'million)*	(206)	(60)	(170)	(72)	(850)	(2,536)	(3,964)

As at 31 December 2024

		Past due					
	Current	**Within 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	1.53%	1.08%	10.27%	17.28%	77.00%	99.63%	13.93%
Gross carrying amount *(KZT'million)*	18,487	1,938	935	324	1,874	1,615	25,173
Expected credit losses *(KZT'million)*	(282)	(21)	(96)	(56)	(1,443)	(1,609)	(3,507)

As at 31 December 2025

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

The Company

As at 31 December 2023

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.001%	0.00%	1.75%	2.74%	16.67%	100%	0.02%
Gross carrying amount *(KZT'million)*	182,334	112	80	73	60	12	182,671
Expected credit losses *(KZT'million)*	(3)	–	(1)	(2)	(10)	(12)	(28)

As at 31 December 2024

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.002%	1.20%	2.00%–10.53%	20.83%	53.01%	94.74%	0.03%
Gross carrying amount *(KZT'million)*	302,298	251	107	72	83	19	302,830
Expected credit losses *(KZT'million)*	(6)	(3)	(7)	(15)	(44)	(18)	(93)

As at 31 December 2025

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

12. OTHER CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	36,392
Advances paid	25,736	20,183	26,713
Other taxes prepaid	4,207	6,190	4,089
Prepaid expenses	2,448	2,690	1,037
Other	5,494	5,670	5,488
Less: allowance for corporate income tax withheld	–	(4,229)	–
Less: allowance for the impairment of advances paid	(1,761)	(2,665)	(2,328)
Less: allowance for the impairment of other current non-financial assets	(4,635)	(5,086)	(5,089)
Total other non-financial assets	31,489	22,753	66,302
Restricted cash	6,789	16,235	25,009
Claims, interest and fines	3,974	2,409	1,947
Due from employees	1,665	1,416	1,628
Others	5,191	5,766	5,160
Less: allowance for expected credit losses on other current financial assets	(3,120)	(3,172)	(4,207)
Total other financial assets	14,499	22,654	29,537
	45,988	45,407	95,839

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	35,596
Advances paid	2,843	4,303	8,108
Other taxes prepaid	1,639	4,973	501
Prepaid expenses	1,431	1,500	289
Income tax prepaid	266	266	36
Others	2,946	3,072	3,080
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,062)	(7,461)	(3,375)
Total other non-financial assets	6,063	6,653	44,235
Restricted cash	6,037	3,677	3,606
Claims, interest and fines	520	398	898
Loans to employees	703	548	627
Others	727	665	1,105
Less: allowance for expected credit losses on other current financial assets	(283)	(221)	(1,058)
Total other financial assets	7,704	5,067	5,178
	13,767	11,720	49,413

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

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

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

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

13. EQUITY

As at 31 December 2023, 2024 and 2025, share capital was presented as follows:

	Number of shares authorised for issue	Number of shares, issued and paid	Share capital *KZT'million*
As at 1 January 2023	502,040,458	496,692,666	1,086,324
Placed shares	–	1,000	24,310
As at 31 December 2023 and 1 January 2024	502,040,458	496,693,666	1,110,634
Placed shares	–	1,000	13,273
As at 31 December 2024 and 1 January 2025	502,040,458	496,694,666	1,123,907
Placed shares	–	1,010	28,791
As at 31 December 2025	502,040,458	496,695,676	1,152,698

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

Share issuance

During the years ended 31 December 2023 and 2024, the Company issued 1,000 shares that was paid in cash of KZT24,130 million and KZT13,273 million by the Shareholder, respectively.

During the year ended 31 December 2025, the Group issued 1,010 shares paid by the Shareholder by contributing non-current assets with a total fair value of KZT28,791 million.

Other contributions

During the year ended 31 December 2023, the corresponding fair value adjustment amounted to KZT177,932 million, which was net of a deferred tax effect of KZT35,586 million. During the year ended 31 December 2024, the Company recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of KZT89,395 million net of deferred tax effect for KZT17,879 million. During the year ended 31 December 2025, the Group recognised a difference between loans received from Shareholder at rates lower than market and fair value of KZT73,195 million less the deferred tax effect of KZT14,639 million (Notes 14 and 17).

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

Foreign currency translation reserve

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

Hedging reserve

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

During the years ended 31 December 2024 and 2025, the Group implemented a cash flow hedge to reduce the risk of changes in KZT equivalent revenue from freight transit transportation denominated in Swiss Francs, as part of two strategies. To confirm highly probable transactions, the Group relied on the existence of a history of cash flows from freight transit transportation in Swiss Francs, sufficient infrastructure, as well as a favourable geographical location for freight transit transportation. The Group has a monopoly in terms of access to the main railway network and dominates in freight transportation services.

Strategy 1 (effective from 1 October 2024)

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

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

In 2024 and 2025, the effective portion, including the effective portion of changes in the fair value of the derivative instrument, totaling of KZT28,226 million and KZT44,034 million, respectively, was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT5,645 and KZT8,807 million (Note 17), respectively. The ineffective portion in the amount of KZT3,609 million and KZT44,857 million, respectively, was reclassified to finance costs (Note 25).

Strategy 2 (effective from 21 November 2024)

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

In 2024 and 2025, the effective portion of KZT20,399 million and KZT53,550 million, respectively, was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT4,080 million and KZT10,710 million, respectively (Note 17).

In 2024 and 2025, the revenue from freight transportation in international (transit) route, which is the cash flow hedged item, was received, and respectively, the accumulated loss of KZT412 million and KZT8,521 million, respectively, attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 21). The deferred income tax effect amounted to KZT82 million and KZT1,704 million (Note 17), respectively.

The Company

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

	Foreign currency translation reserve *KZT'million*	**Retained earnings** *KZT'million*	**Total** *KZT'million*
As at 1 January 2023	326	834,172	834,498
Profit for the year	–	164,578	164,578
Other comprehensive (loss)/income	(267)	133	(134)
Total comprehensive (loss)/income for the year	(267)	164,711	164,444
Other contributions	–	142,345	142,345
As at 31 December 2023 and 1 January 2024	59	1,141,228	1,141,287
Profit for the year	–	128,024	128,024
Other comprehensive loss	(128)	(145)	(273)
Total comprehensive (loss)/income for the year	(128)	127,879	127,751
Other contributions	–	71,516	71,516
As at 31 December 2024 and 1 January 2025	(69)	1,340,623	1,340,554
Profit for the year	–	356,210	356,210
Other comprehensive loss	(600)	(1,746)	(2,346)
Total comprehensive (loss)/income for the year	(600)	354,464	353,864
Issue of share capital			
Other contributions	–	58,556	58,556
As at 31 December 2025	(669)	1,753,643	1,752,974

14. BORROWINGS

The Group

	31 December 2023	
	Amount *KZT'million*	**Weighted average effective interest rate** *%*
Borrowings with a fixed interest rate		
Loans obtained		
– *in KZT*	223,035	8.69
– *in Russian Roubles*	51,206	5.94
– *in Euros*	59,611	5.31
Debt securities issued		
– *in KZT*	707,590	11.41
– *in US$*	372,174	6.43
Floating interest rate borrowings		
Loans obtained		
– *in KZT*	122,925	18.83
– *in Swiss Francs*	256,070	3.55
– *in Euros*	139,143	5.32
Issued debt securities		
– *in KZT*	185,793	19.02
	2,117,547	
Current portion of borrowings	354,115	
Long-term portion of borrowings	1,763,432	
	2,117,547	

The Group

	31 December 2024	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– *in KZT*	285,231	10.88
– *in Russian Roubles*	79,276	9.02
– *in Euros*	51,253	5.85
– *in Swiss Francs*	59,483	3.40
Debt securities issued		
– *in KZT*	759,017	11.78
– *in US$*	448,785	6.42
Floating interest rate borrowings		
Loans obtained		
– *in KZT*	40,232	19.24
– *in Swiss Francs*	628,339	3.04
– *in Euros*	217,682	7.34
Issued debt securities		
– *in KZT*	84,090	14.78
	2,653,388	
Current portion of borrowings	812,965	
Long-term portion of borrowings	1,840,423	
	2,653,388	

The Group

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

The Company

	31 December 2023	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– *in KZT*	165,099	4.89
Debt securities issued		
– *in KZT*	707,590	11.41
– *in US$*	372,174	6.43
Floating interest rate borrowings		
Loans received		
– *in Swiss Francs*	256,069	3.55
Debt securities issued		
– *in KZT*	185,793	19.02
	1,686,725	
Current portion of borrowings	318,255	
Non-current portion of borrowings	1,368,470	
	1,686,725	

The Company

	31 December 2024	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– *in KZT*	165,588	9.68
– *in Swiss Francs*	59,483	3.40
Debt securities issued		
– *in KZT*	759,018	11.78
– *in US$*	448,785	6.42
Floating interest rate borrowings		
Loans received		
– *in Swiss Francs*	407,429	3.32
Debt securities issued		
– *in KZT*	84,090	14.78
	1,924,393	
Current portion of borrowings	673,881	
Non-current portion of borrowings	1,250,512	
	1,924,393	

The Company

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

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within one year	354,115	812,965	488,658
Within a period of more than one year but not exceeding two years	449,040	214,519	189,515
Within a period of more than two years but not exceeding five years	303,109	397,039	1,168,059
Within a period of more than five years	1,011,283	1,228,865	1,339,785
	2,117,547	2,653,388	3,186,017

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within one year	318,255	673,881	404,398
Within a period of more than one year but not exceeding two years	400,946	135,085	84,975
Within a period of more than two years but not exceeding five years	163,595	176,300	852,105
Within a period of more than five years	803,929	939,127	936,632
	1,686,725	1,924,393	2,278,110

Loans received

Shareholder

In May 2023, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 19 May 2023, received borrowings in the total amount of KZT162,600 million to finance the acquisition of passenger carriages. Interest is paid annually at 0.05%. Principal is paid annually until full repayment in 2053. The loan was received at a below market interest rate and the fair value of the loan received was calculated based on the market rate of 11.59%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT139,498 million, net of deferred tax in the amount of KZT27,900 million through equity in retained earnings as other contributions (Note 13).

In January 2024, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 21 October 2010, to finance the construction of railways "Khorgos-Zhetygen" and "Uzen-Turkmenistan Border" for a total amount of KZT30,000 million, signed an additional agreement to extend the repayment period from 2024 until 2044 and change the interest rate from 2% to 9.25%. Interest on the loan is repaid in semi-annual payments. Due to a significant change in the terms of the loan, the Group and the Company recorded the transaction as a derecognition of the original financial liability and recognition of a new financial liability. The fair value was calculated based on the market rate of 12.25%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT6,003 million, net of deferred tax in the amount of KZT1,200 million through equity in retained earnings as other contributions (Note 13).

In 2025, the Group, represented by the Company, received borrowings amounting to KZT 65,480 million under a loan agreement with the Shareholder concluded on 19 May 2025 to finance the purchase of passenger carriages. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual

instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT 56,989 million, net of deferred tax in the amount of KZT11,398 million through equity in retained earnings as other contributions (Note 13).

Societe Generale and Natixis

In 2023, the Group, represented by its Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 329,415,953 Euros (equivalent to approximately KZT162,473 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

In 2024, the Group borrowed 134,375,973 Euros (equivalent to approximately KZT67,738 million) (including BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m+1.15% margin. Principal is repaid semi-annually until full repayment in 2035.

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

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

Citibank Kazakhstan JSC

In June 2023, the Group, represented by a subsidiary Limited Liability Partnership «KTZ-Freight Transportation LLP», within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT13,000 million with an interest rate of 17.7%. The principal is repayable in full in June 2024. In July 2024, the Group received borrowings in the total amount of KZT14,000 million with an interest rate on 15%. In December 2024, the Group signed an additional agreement to extend the maturity until July 2025 and to change the interest rate from 15% to 16.5%.

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

HSBC Continental Europe

In 2023, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under the Master Framework Agreement with HSBC Continental Europe, together with HSBC Bank Plc and HSBC Kazakhstan Subsidiary Bank JSC, and with the support of the COFACE export-credit agency, dated 31 May 2012 to finance the acquisition of freight and passenger locomotives for a total of 880,877,000 Euros and its addendums, borrowed 4,350,789 Euros (KZT2,137 million) (including the COFACE premium). Loan interest is paid semi annually at EUR CIRR + 0.4% margin, which is fixed at each tranche date. Principal is repaid semiannually until full repayment in 2031.

Citibank

In 2024, the Group, represented by the Company, under the credit line Agreement with Citibank, dated 4 April 2024, borrowed funds in the total amount of 150,000,000 Swiss Francs (77,828 million Tenge) with an interest rate from 3.21% to 3.4% and a repayment period of up to one year.

In 2024, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of US$593,952,912 in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (KZT234,670 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. The principal is repayable quarterly until full repayment in 2034.

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

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

Citibank and Santander

In November 2023, the Group, represented by the Company, under the credit agreement with Citibank and Santander and the guarantee of MIGA, dated 19 September 2023 to finance the acquisition of electric locomotives, passenger carriages, capital and current repairs of railway tracks, borrowed 513,491,580 Swiss Francs (KZT264,633 million) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95%. Principal is repaid semi-annually until full repayment in 2033. The grace period for repayment of principal debt is 1 year.

ForteBank JSC

In 2023, the Group, represented by the Company, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, received KZT36,100 million with an interest rate of 17.5% to 18% and maturity up to six months. The Group made full early repayment of loans received. In 2024, the Group. In 2024, the Group receive ed KZT97,000 million with an interest rate of 15.75% to 16.75% and maturity up to six months. The Group made full/partial repayment of loans received in the amount of KZT55,000 million.

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

Halyk Bank JSC

In 2023, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT89,000 million with an interest rate of 18.5% to 18.75% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT70,000 million. In 2024, the Group borrowed KZT97,000 million with an interest rate of 15.75% to 17.25% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT78,000 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, received KZT3,156 million to finance the acquisition of freight diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2032.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, received KZT10,034 million to finance the acquisition of passenger diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2029.

In 2023, the Company, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT10,000 million with an interest rate of 18.75% and a maturity of up to six months. The Group has made full early repayment of loans received. In 2024, the Company borrowed KZT30,000 million with an interest rate of 15.75% to 16.75% and a maturity of up to one year.

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

Eurasian Development Bank ("EDB")

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles borrowed 10,045,278,800 Russian Roubles (equivalent to approximately KZT50,345 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034. In 2024, the Group borrowed 7,640,071,200 Russian Roubles (equivalent to approximately KZT37,956 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

European Bank for Reconstruction and Development ("EBRD")

In 2024, the Group, represented by the Company, under the credit line agreement with EBRD, dated 4 July 2024, borrowed funds in the total amount of 200,000,000 Swiss Francs (KZT107,986 million). Interest is repaid semi-annually at SARON 6m + 1.80% margin. The principal is repayable semi-annually until full repayment in 2029.

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

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

The Export-Import Bank of China and China Development Bank

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

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

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 146,246,583 Swiss Francs (KZT94,956 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2035

Freedom Bank Kazakhstan JSC

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

Early repayment of non-current borrowings

In 2023, the Group, represented by its subsidiaries Joint Stock Company "KTZ Express" and Limited Liability Partnership «KTZ-Passenger Locomotives», under loan agreement with Eurasian Bank for Reconstruction and Development, dated 18 September 2014 made an early repayment of borrowings received in the amount of KZT8,095 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, made an early partial repayment of borrowings received of KZT18,262 million. In 2024, the Group made an early full repayment of borrowings received of KZT60,540 million.

In 2023, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, made an early partial repayment of borrowings received of KZT6,483 million. In 2024, the Group made an early partial repayment of borrowings received of KZT9,198 million.

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

	Repayment date	Exchanges	2023 *KZT'million*
Debt securities, by price*			
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855
Inflation rate + 2.52% (12.03%)	25 April 2026	KASE	56,302
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in KZT	22 July 2024	KASE	129,491
9.25% Bonds (100%) in KZT	15 November 2024	KASE	76,831
Total debt securities issued			1,265,557

	Repayment date	Exchanges	2023 *KZT'million*
Current portion of debt securities issued			232,078
Long-term portion of debt securities issued			1,033,479
			1,265,557

The Group and the Company

	Repayment date	Exchanges	2024 *KZT'million*
Debt securities, by price*			
2% Eurobonds (100%) in US$	28 October 2025	KASE	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	101,717
Inflation rate + 2.52% (12.03%)	25 April 2026	KASE	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
NBRK Base rate+0.75% (16%) Bonds (100%) in KZT	30 January 2026	AIX	30,000
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	10,889
Total debt securities issued			1,291,892
Current portion of debt securities issued			471,552
Long-term portion of debt securities issued			820,340
			1,291,892

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

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

In June and December 2023, the Group, represented by the Company, to implement the project Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT73,709 million and KZT100,000 million, respectively, with a coupon rate of 8.74% per annum and a maturity date in 2043. Coupon payment – twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 11.59% and 12.25%, respectively. The Group recognised an adjustment to fair value of the bonds in the amount of KZT38,434 million, net of deferred tax in the amount of KZT7,687 million through equity in retained earnings as other contributions (Note 13).

In June and December 2024, the Group, represented by the Company, to implement the project Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT20,316 million and KZT143,653 million, respectively, with a coupon rate of 9.25% per annum and a maturity date in 2044. Coupon payment - twice a year. Digital KZT were used in this issue (Note 8). The bonds were issued with coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34% and 14.50%, respectively. The Group and the Company recognised an adjustment to fair value of the bonds in the amount of KZT49,499 million, net of deferred tax in the amount of KZT9,900 million through equity in retained earnings as other contributions (Note 13).

In July 2024, the Group, represented by the Company, to implement the project "Construction of Darbaza-Maktaaral railway line", issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT44,200 million, with a coupon rate of 1.8% per annum and a maturity date in 2044. Coupon payment – twice a year. The bonds were issued with a coupon rate below the market rate and

the fair value was calculated based on the market rate of 12.34%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT33,893 million, net of deferred tax in the amount of KZT6,779 million through equity in retained earnings as other contributions (Note 13).

In December 2024, the Group, represented by the Company, to refinance obligations, issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT30,000 million, with a coupon rate of Base rate of National Bank of Kazakhstan + 0.75% margin per annum and a maturity date in 2026. Coupon payment - twice a year.

In August 2025, the Group, represented by the Company, as part of the Eurobonds issuance on the Kazakhstan Stock Exchange in favor of the Shareholder in the amount of 882,978,000 US$ dated 28 October 2022, signed a memorandum to extend the maturity of the Eurobonds from 2025 to 2028 and to change the coupon rate from 2% to 3%. Coupon rate – twice a year. As the modification is considered insignificant, the Group recognized an adjustment to the carrying amount of the bonds issued within finance income in the amount of 80,296,949 US$ (KZT43,226 million) (Note 25).

In December 2025, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Moiynty, issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT42,326 million with a coupon rate of 9.37% per annum and a maturity date in 2045. Coupon payment – twice a year. Digital KZT were used in this issue (Note 8). The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 16.30%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT16,206 million, net of deferred tax in the amount of KZT3,241 million through equity in retained earnings as other contributions (Note 13).

State subsidy of the interest rate

In May 2020, the Group, represented by the Company, entered into a contract with the Ministry of Industry and Construction of the Republic of Kazakhstan to subsidise part of the coupon rate in the amount of KZT307,194 million, on bonds issued in 2019 at the coupon rate of 11.5% per annum and used for early repayment of Eurobonds issued in 2017 in the amount of 780,000,000 US$, which in turn were attracted and utilised for infrastructure modernisation, updating locomotives and freight carriages. The Agreement stipulates that the amount of subsidy should be provided for under the republican budget program "Subsidising the coupon rate on the carrier's bonds issued for the development of the main railway network and rolling stock of railway transport" (hereinafter – "the Program"). Since the budget Program is available to all transportation companies that have the status of a "carrier" in accordance with the Law on Railway Transport, the Group's management accounts for the financing under this Program as a government grant recognised within finance income.

In 2024, the Group and the Company recognised income from government subsidies under the Program in the amount of KZT22,300 million as part of finance income (Note 26). No income from government subsidies was recognised by the Group and the Company under the Program in 2023.

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

Credit agreements and breaches of credit agreements

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

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

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

December 2023, 2024 and 2025, the carrying value of this loan is KZT59,611 million, KZT51,253 million and KZT40,909 million, respectively.

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2023, 2024 and 2025, the carrying value of this loan is KZT139,143 million, KZT217,682 million and KZT371,351 million, respectively.

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met. As at 31 December 2023, 2024 and 2025, the carrying value of this loan is KZT51,206 million, KZT79,276 million and KZT92,152 million, respectively.

Loan agreement with Citibank and Santander under the MIGA guarantee includes compliance with certain financial covenants such as EBITDA to interest expense and Total debt to EBITDA (with the share of subsidiaries' debt to third parties not exceeding 35% of total debt) calculated based on the consolidated results of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2023, 2024 and 2025, the Group's and the Company's carrying value of this loan is KZT256,069 million, KZT274,190 million and KZT267,740 million, respectively.

Loan agreement with EBRD includes compliance with financial covenant of Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met. As at 31 December 2024 and 2025, the Group's and the Company's carrying value of this loan is KZT103,881 million and KZT88,641 million, respectively.

Under the loan agreement with Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank), as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives LLP» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024 and 2025, these covenants were met. As at 31 December 2024 and 2025, the carrying value of this loan is KZT220,910 million and KZT32,738 million, respectively.

Under the terms of the loan received from the Export-Import Bank of China and China Development Bank, guaranteed by Sinosure, China Credit and Export Insurance Corporation, the Group is required to comply with the Interest Coverage Ratio financial ratio (covenant), calculated based on the Group's annual consolidated data. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT32,738 million (31 December 2024: KZT220,910 million, 31 December 2023: Nil).

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

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

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated statements of cash flows from financing activities.

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

The Group

	2023		
	Borrowings and debt securities issued *KZT'million*	**Lease liabilities** *(Note 15)* *KZT'million*	**Total** *KZT'million*
As at 1 January	1,687,331	53,082	1,740,413
Changes due to cash flows from financing activities			
Loan principal payments	(367,320)	–	(367,320)
Proceeds from borrowings	808,731	–	808,731
Lease liability payments	–	(21,690)	(21,690)
Total changes due to cash flows from financing activities	441,411	(21,690)	419,721
Other changes			
Effect of changes in foreign exchange rates	13,862	43	13,905
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	114,106	–	114,106
New lease agreements	–	24,334	24,334
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(177,932)	–	(177,932)
Interest costs and unwinding of discount, including capitalised	188,583	8,995	197,578
Interest paid	(144,301)	(6,252)	(150,553)
Other changes	(5,513)	12,994	7,481
Total other changes related to liabilities	(11,195)	40,114	28,919
At 31 December	2,117,547	71,506	2,189,053

	2024		
	Borrowings and debt securities issued *KZT'million*	**Lease liabilities** *(Note 15)* *KZT'million*	**Total** *KZT'million*
As at 1 January	2,117,547	71,506	2,189,053
Changes due to cash flows from financing activities			
Loan principal payments	(480,532)	–	(480,532)
Proceeds from borrowings	879,762	–	879,762
Lease liability payments	–	(11,358)	(11,358)
Total changes due to cash flows from financing activities	399,230	(11,358)	387,872
Other changes			
Effect of changes in foreign exchange rates	68,605	34	68,639
Cash flows hedging	62,215	–	62,215
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	67,738	–	67,738
New lease agreements	–	107,742	107,742
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(89,395)	–	(89,395)
Interest costs and unwinding of discount, including capitalised	204,960	19,502	224,462
Interest paid	(171,648)	(12,050)	(183,698)
Other changes	(5,864)	(394)	(6,258)
Total other changes related to liabilities	136,611	114,834	251,445
At 31 December	2,653,388	174,982	2,828,370

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

15. LEASE LIABILITIES

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

The Group

	2023	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	18,461	16,951
Within a period of more than one year but not exceeding two years	10,989	8,491
Within a period of more than two years but not exceeding five years	36,077	18,439
Within a period of more than five years	100,304	27,625
Total	165,831	71,506
Less unearned interest	(94,325)	–
Present value of lease liabilities	71,506	71,506
Less amounts due within 12 months		(16,951)
Amounts to be repaid after 12 months		54,555

	2024	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	38,423	35,517
Within a period of more than one year but not exceeding two years	31,758	24,037
Within a period of more than two years but not exceeding five years	110,231	59,350
Within a period of more than five years	232,330	56,078
Total	412,742	174,982
Less unearned interest	(237,760)	–
Present value of lease liabilities	174,982	174,982
Less amounts due within 12 months		(35,517)
Amounts to be repaid after 12 months		139,465

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

The Company

	2023	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	5,964	5,694
Within a period of more than one year but not exceeding two years	3,473	2,760
Within a period of more than two years but not exceeding five years	6	4
Total	9,443	8,458
Less unearned interest	(985)	–
Present cost of lease liabilities	8,458	8,458
Less amounts due within 12 months		(5,694)
Amounts to be repaid after 12 months		2,764

	2024	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	15,683	14,600
Within a period of more than one year but not exceeding two years	8,495	6,362
Within a period of more than two years but not exceeding five years	16,973	9,623
Total	41,151	30,585
Less unearned interest	(10,566)	–
Present cost of lease liabilities	30,585	30,585
Less amounts due within 12 months		(14,600)
Amounts to be repaid after 12 months		15,985

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

As at 31 December 2023, 2024 and 2025, the Group's interest calculations are based on effective interest rates of between 2.5% and 21.69%, 2.5% and 21.69%, and 1.68% and 26.72%, respectively. As at 31 December 2023, 2024 and 2025, the Company's interest is calculated based on effective interest rates varying from 15% to 20.4%, 15% to 19% and 15% to 21.6%, respectively.

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

Lease agreements with Industrial Development Fund JSC

Flat carriages

In November 2020, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 flat carriages with a total value of KZT47,391 million (taking into account the additional agreement dated 29 September 2023) and at interest of 15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

In 2023, within the framework of the agreement, the Group received 393 flat carriages and recognised right-of-use assets of KZT9,683 million for 32 years and a lease liability of KZT4,759 million for 15 years. In 2024, the Group received 193 flat carriages and recognised right-of-use assets of KZT5,077 million for 32 years and a lease liability of KZT2,734 million for 15 years.

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

In 2024, within the framework of this agreement, the Group received 373 flat carriages and recognised right-of-use assets of KZT12,108 million for 32 years and a lease liability of KZT7,583 million for 15 years.

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

Passenger carriages

In December 2022, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», under the implementation of the investment project "Purchase of passenger carriages", entered into an agreement for the lease of 11 passenger carriages with a total value of KZT7,427 million and an interest rate of 1.5% per annum. The grace period for the principal is 6 years, the Group acts as a lessee. In 2023, under this agreement, the Group received 6 passenger carriages and recognised right-of-use assets of KZT4,043 million for 28 years and a lease liability of KZT2,581 million for 20 years.

In September 2023, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 100 passenger carriages with a total value of KZT65,796 million and an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. In 2023, under this agreement, the Group received 38 passenger carriages and recognised right-of-use assets of KZT24,402 million for 40 years and a lease liability of 10,832 million for 15 years. During 2024, under this agreement, the Group received 62 passenger carriages and recognised right-of-use assets in the amount of KZT41,244 million for 40 years and a lease liability in the amount of KZT19,581 million for 15 years.

In May 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 157 passenger carriages with a total value of KZT103,432 million and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. During 2024, under this agreement, the Group received 50 passenger carriages and recognised right-of-use assets in the amount of KZT32,830 million for 40 years and a lease liability of KZT15,235 million for 15 years.

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

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

During 2024 and 2025, under this agreement, the Group received 1 and 2 electric trains, respectively, and recognised right-of-use asset of KTZ3,911 million and KZT7,848 million, respectively, for 40 years and a lease liability of KTZ1,817 million and KZT3,734 million, respectively, for 15 years.

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

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

Freight open wagons

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

During 2023, under this agreement, the Group received 242 open wagons and recognised right-of-use assets of KZT7,109 million for 22 years and a lease liability of KZT5,040 million for 14 years. In 2024, under this agreement, the Group received 1,689 open wagons and recognised right-of-use assets of KZT49,090 million for 22 years and a lease liability of KZT33,524 million for 14 years.

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

The terms and conditions of lease agreements

The terms and conditions of lease agreements of the Group, represented by subsidiaries Joint Stock Company "KTZ Express", Joint Stock Company «Passenger Transportation» and Joint Stock Company «Kaztemirtrans», with Industrial Development Fund JSC, includes compliance with the financial covenant "Debt Security Coverage Ratio" calculated on the basis of the annual consolidated results of the Group. As at 31 December 2024 and 2025, this condition was met.

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

During 2024, the Group, represented by the Company, entered into a lease agreement of communication channels with its associate Transtelecom JSC and recognised right-of-use assets and a lease liability in the amount of KZT27,261 million for 5 years.

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

16. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

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

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

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

Post-employment benefit obligations:

- A one-time retirement payment;
- A one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;
- A payment of between KZT70 thousand and KZT200 thousand per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;
- A benefit payment depending on work experience in the industry over six months – twenty four months from the date of the termination of an employment agreement of between KZT70 thousand and KZT200 thousand per month, in accordance with Rules No. 2;
- Sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules No. 3;
- Financial support to pensioners for the holidays;
- Vouchers for sanatorium-resort treatment to pensioners;
- Funeral aid of pensioners;
- A one-time payment to pensioners on special anniversaries;
- The reimbursement for denture treatment costs to pensioners;

- The reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- Financial support for sanatorium-resort treatment to employees;
- Financial assistance on denture treatment to employees;
- A one-time payment to employees on anniversaries;
- The reimbursement of railway ticket expense to employees.

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

No other post-retirement benefits are provided to these employees.

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	37,396	41,105	41,027
Current portion of employee benefit obligations	7,608	7,598	8,167
Total liabilities as at the end of the year	45,004	48,703	49,194

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	7,805	11,692	16,358
Current portion of employee benefit obligations	1,573	2,300	3,509
Total liabilities as at the end of the year	9,378	13,992	19,867

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

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current service cost	1,888	2,254	2,267
Past service cost	–	9,694	1,473
Interest costs	4,624	5,108	6,039
Actuarial gain on other long-term employee benefits	427	(2,394)	(459)
Total expenses recognised in profit or loss	6,939	14,662	9,320
Actuarial revaluation recognised in other comprehensive income:			
– *experience-based adjustments*	(330)	856	8,581
– *change in demographic assumptions*	(922)	(1,850)	1,503
– *change in financial assumptions*	1,792	(2,694)	(10,360)
Total expenses recognised in other comprehensive (expense)/income	540	(3,688)	(276)
Total	7,479	10,974	9,044

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current service cost	522	677	1,202
Past service cost	–	4,986	4,067
Interest costs	1,000	1,064	1,735
Actuarial gain on other long-term employee benefits	41	(293)	(274)
Total expenses recognised in profit or loss	1,563	6,434	6,730
Actuarial revaluation recognised in other comprehensive income:			
– *experience-based adjustments*	5	76	5,290
– *change in demographic assumptions*	(1,083)	688	241
– *change in financial assumptions*	945	(620)	(3,785)
Total expenses recognised in other comprehensive (expense)/income	(133)	144	1,746
Total	1,430	6,578	8,476

Movement in the present value of obligations for each of the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year	43,619	45,004	48,703
Current service cost	1,888	2,254	2,267
Past service cost	–	9,694	1,473
Interest costs	4,624	5,108	6,039
Actuarial gain on other long-term employee benefits	427	(2,394)	(459)
Actuarial revaluation recognised in other comprehensive income:	540	(3,688	(276)
Payments made for the year	(6,094)	(7,275)	(8,553)
Total liabilities as at the end of the year	45,004	48,703	49,194

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year	9,437	9,378	13,993
Current service cost	522	677	1,202
Past service cost	–	4,986	4,067
Interest costs	1,000	1,064	1,735
Actuarial gain on other long-term employee benefits	41	(293)	(274)
Actuarial revaluation recognised in other comprehensive income:	(133)	144	1,746
Payments made for the year	(1,489)	(1,964)	(2,602)
Total liabilities as at the end of the year	9,378	13,992	19,867

The total post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Finance costs *(Note 25)*	–	–	6,039
Cost of sales *(Note 23(a))*	6,611	14,150	3,069
General and administrative expenses *(Note 23(b))*	328	512	212
Total recognised in profit or loss for the year	6,939	14,662	9,320

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Cost of sales *(Note 23(a))*	1,406	6,247	4,839
Finance costs *(Note 25)*	–	–	1,735
General and administrative expenses *(Note 23(b))*	156	187	156
Total recognised in profit or loss for the year	1,562	6,434	6,730

The calculation of the Group's and the Company's obligation has been prepared on the basis of published mortality statistics, as well as the Group's actual data on the number, age, gender and years of service of employees and retirees, and statistics on changes in the number of employees, the expectation that all employees who will be given the opportunity to benefit from the Rules No. 1, Rules No. 2 and Rules No. 3 will take advantage of them. The average longevity after retirement age for current and former employees who have retired is 8.33 years for men and 16.42 years for women. The average longevity after retirement age for the Group's and the Company's current and former employees who have retired is 14.6 years for men and 18.7 years for women, 15.6 years for men and 19.6 years for women and 8.33 years for men and 16.42 years for women for years ended 31 December 2023, 2024 and 2025, respectively.

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

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Discount rate	11.9%	12.4%	16.8%
Expected annual growth in material aid in the future	5.2% (average)	5.3% (average)	6.4% (average)
Expected annual minimum salary growth in the future	6.6% (average)	6.6% (average)	7.7% (average)
Expected annual future growth in rail ticket cost	5.9% (average)	7.6%(average)	8.6% (average)

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within the next 12 months	7,608	7,598	8,167
2 to 5 years	15,376	16,901	16,869
5 to 10 years	10,568	11,616	11,594
Beyond 10 years	11,452	12,588	12,564
Total expected payments	45,004	48,703	49,194

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within the next 12 months	1,573	2,301	3,509
2 to 5 years	3,209	4,807	6,726
5 to 10 years	2,206	3,304	4,623
Beyond 10 years	2,390	3,581	5,009
Total expected payments	9,378	13,993	19,867

According to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.9%/(7.7%), 8.5%/(7.4%) and 8.7%/(7.6%), respectively, caused by an inflation rate increase/decrease of 1%, and 8.3%/(7.3%), 7.9%/(6.9%) and 8.1%/(7.1%)) caused by a discount rate decrease/increase of 1% for the year ended 2023, 2024 and 2025, respectively.

The Company's maximum increase/decrease in employee benefit obligations is 7.1%/(6.3%)), 6.7%/(6.0%) and 6.9%/(6.1%)) caused by an inflation rate increase/decrease of 1%, and 6.7%/(5.8%)), 6.4%/(5.5%) and 6.5%/(5.6%)) caused by a discount rate decrease/increase of 1% for the year ended 2023, 2024 and 2025, respectively.

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

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

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

17. CORPORATE INCOME TAX

Income tax expenses during the Relevant Periods included:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current income tax expense	6,013	14,969	19,343
Adjustment of income tax for prior years	(227)	(217)	477
Deferred income tax expense	17,450	37,811	123,184
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371
	24,599	62,724	155,375

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

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Profit before tax	161,383	223,529	499,021
Statutory tax rate	20%	20%	20%
Calculated corporate income tax expense at the official rate	32,277	44,706	99,804
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:			
Adjustment of income tax for prior years	(227)	(217)	477
Non-deductible expenses	(8,814)	8,074	42,723
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371
Corporate income tax expense recognised in profit or loss	24,599	62,724	155,375

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Deferred tax assets:			
Tax losses carried forward	125,893	128,414	162,891
Deferred revenue	–	–	21,675
Derivative financial instruments	7,036	6,432	18,299
Accrued employee obligations	7,135	7,912	9,847
Financial guarantee agreement liabilities	5,707	5,490	4,909
Lease liabilities	2,640	7,010	4,831
Difference in receivables	3,959	3,889	3,487
Other	2,634	2,692	2,272
	155,004	161,839	228,211
Less: deferred tax assets offset with deferred tax liabilities	(154,944)	(161,818)	(227,899)
Deferred tax assets	60	21	312
Deferred tax liabilities:			
Property, plant and equipment and other non-current assets	(457,336)	(507,804)	(679,716)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(109,488)	(122,066)	(137,268)
Lease liabilities	–	–	(26,011)
Other	(8)	(5)	(85)
	(566,832)	(629,875)	(843,080)
Less: deferred tax liabilities offset with deferred tax assets	154,944	161,818	227,899
Deferred tax liabilities	(411,888)	(468,057)	(615,181)
Total net deferred tax liabilities	(411,828)	(468,036)	(614,869)

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Net deferred tax liabilities as at the beginning of the year	(357,428)	(411,828)	(468,036)
Recognised in profit or loss	(18,813)	(47,972)	(135,555)
Recognised in equity *(Note 13)*	(35,587)	(17,879)	(14,639)
Recognised in other comprehensive income *(Note 13)*	–	9,643	3,361
Net deferred tax liabilities as at the end of the year	(411,828)	(468,036)	(614,869)

The Group has not recognised deferred tax assets relating to the portion of tax losses carried forward of subsidiaries. Management believes it is improbable that there will be sufficient taxable income available in the future against which any such deferred tax assets can be utilised. As at 31 December 2023, 2024 and 2025, the total tax effect of unrecognised tax losses carried forward amounted to KZT420 million, KZT9,470 million and KZT18,753 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Deferred tax assets:			
Tax losses carried forward	63,448	42,116	67,568
Fair value adjustment to loans issued	31,053	30,076	39,119
Liabilities under financial guarantee contracts	1,751	15,514	24,062
Derivative financial instruments	7,036	6,432	18,299
Lease liabilities	11,136	6,215	4,122
Other	4,796	5,248	7,448
Deferred tax assets	119,220	105,601	160,618
Deferred tax liabilities			
Property, plant and equipment and other non-current assets	(277,435)	(281,486)	(405,451)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(99,849)	(113,281)	(129,377)
Other	(8)	(5)	(2)
Deferred tax liabilities	(377,292)	(394,772)	(534,830)
Total net deferred tax liabilities	(278,072)	(289,171)	(374,212)

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Net deferred tax liabilities as at the beginning of the year	(231,832)	(258,072)	(289,171)
Recognised in profit or loss	(21,293)	(18,872)	(92,541)
Recognised in equity *(Note 13)*	(35,586)	(17,879)	(14,639)
Recognised in investments in subsidiaries *(Note 13)*	30,639	5,652	22,139
Net deferred tax liabilities as at the end of the year	(258,072)	(289,171)	(374,212)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	157,159	209,240	376,893
1 to 3 months	30,562	13,669	128,990
3 to 6 months	5,973	4,546	1,180
6 months to 1 year	5,759	1,958	15,059
Over 1 year	1,516	1,938	3,648
	200,969	231,351	525,770

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Within 1 month	45,890	98,844	130,932
1 to 3 months	14,129	2,143	85,693
3 to 6 months	3,413	2,192	830
6 months to 1 year	325	1,052	761
Over 1 year	583	1,113	1,870
	64,340	105,344	220,086

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

19. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Freight transportation	110,568	125,382	142,565
Passenger transportation	3,542	4,258	5,083
Others	1,758	3,530	1,548
	115,868	133,170	149,196

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Freight transportation	2,133	2,000	2,788
Others	980	1,801	–
	3,113	3,801	2,788

As at 1 January 2023, the Group's and the Company's, contract liabilities amounted to KZT119,393 million and KZT2,439 million, respectively.

The Group's and the Company's revenue recognised during the Relevant Periods, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023, 2024 and 2025 amounted to KZT100,494 million, KZT95,811 million and KZT122,072 million, and KZT2,436 million, KZT3,109 million and KZT3,793 million, respectively.

The Group's and the Company's contract liabilities as at 31 December 2023, 2024 and 2025 will be recognised in revenue during 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Other non-financial liabilities			
Deferred income (government grants)	44,804	99,999	183,321
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	12,530	14,302	15,816
Other	16,023	12,779	2,696
	73,357	127,080	201,833
Other financial liabilities			
Unused vacation and other employee benefits	36,225	40,069	49,671
Financial guarantee agreement liabilities	28,536	27,449	24,545
Salary payables	15,511	18,966	15,188
Other	15,059	17,833	16,026
	95,331	104,317	105,430
	168,688	231,397	307,263
Current portion of other liabilities	98,910	112,627	129,821
Non-current portion of other liabilities	69,778	118,770	177,442
	168,688	231,397	307,263

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Other non-financial liabilities			
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	3,559	4,231	7,530
Others	236	424	404
	3,795	4,655	7,934
Other financial liabilities			
Unused vacation and other employee benefits	15,058	17,337	26,248
Financial guarantee agreement liabilities	3,377	7,096	120,314
Others	2,320	2,368	2,639
	20,755	26,801	149,201
	24,550	31,456	157,135
Current portion of other liabilities	24,550	31,456	157,135

As disclosed in Note 27, the Group and the Company have provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 December 2023, 2024 and 2025, liabilities under financial guarantee agreements amounted to KZT13,315 million, KZT14,897 million KZT13,521 million for Nursultan Nazarbayev International Airport JSC and KZT13,202 million, KZT12,553 million and KZT11,024 million for Aktobe Rail and Section Mill Plant LLP, respectively.

In addition, the Company recognised liabilities under financial guarantee contracts on the finance lease agreements and borrowings of certain subsidiaries. As at 31 December 2023, 2024 and 2025, the liability under these financial guarantees was KZT27,148 million, KZT50,121 million and KZT95,768 million, respectively. (Note 27).

At the end of each of the Relevant Periods, the Group's and the Company's other financial liabilities were mainly denominated in KZT.

21. REVENUE

During each of the Relevant Periods, revenue from freight transportation included:

	Year ended 31 December		
	2023	2024	2025
	KZT'million	*KZT'million*	*KZT'million*
Revenue from contracts with customers:			
International (transit) routes	655,888	698,797	827,178
Domestic routes	439,857	507,501	687,325
International (export) routes	274,069	322,631	489,375
International (import) routes	185,758	194,279	276,243
Additional charges related to the transportation process	60,675	67,769	65,194
Other revenue from freight transportation	66,303	84,581	117,882
	1,682,550	1,875,558	2,463,197

During 2024 and 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of KZT412 million and KZT80,781 million, respectively, attributable to the hedging instrument was reclassified from other comprehensive income to freight transportation revenue (Note 13).

Revenue from freight transportation is recognised over time.

During each of the Relevant Periods, revenue from passenger transportation included:

	Year ended 31 December		
	2023	2024	2025
	KZT'million	*KZT'million*	*KZT'million*
Revenue from contracts with customers:			
Passenger transportation	89,866	94,003	110,746
Other revenue from passenger transportation	11,816	16,520	18,504
	101,682	110,523	129,250

For the years ended 31 December 2023, 2024 and 2025, revenue from passenger transportation of KZT1,449 million, KZT1,763 million and KZT2,753 respectively, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, and KZT100,233 million, KZT108,760 million and KZT126,497 million, respectively, was recognised over time.

22. OTHER REVENUE

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Revenue from the sale of goods and provision of other services	49,615	61,172	69,285
Revenue from the lease of carriages	45,953	63,368	39,007
Revenue from fines	10,475	6,382	7,940
Revenue from the lease of other property, plant and equipment	4,908	5,815	5,129
	110,951	136,737	121,361

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

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

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

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

For the years ended 31 December 2023, 2024 and 2025, revenue of KZT21,479 million, KZT18,544 million and KZT21,627 million, respectively, is recognised at a point in time, and of KZT38,611 million, KZT49,010 million and KZT55,598 million, respectively – over time.

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

(a) Cost of sales

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Employee benefit expense			
Wages, salaries, bonuses and other benefits	616,248	702,500	835,907
Pension scheme costs (defined benefit scheme) *(Note 16)*	6,611	14,150	3,069
	622,859	716,650	838,976
Fuel and lubricants	219,739	195,945	265,916
Repairs and maintenance	229,398	234,961	242,842
Depreciation of property, plant and equipment	136,620	151,235	171,382
Depreciation of right-of-use assets	13,873	13,814	20,867
Amortisation of intangible assets	1,100	876	648
Electrical power	64,980	90,967	139,014
Materials and supplies	58,190	62,300	78,083
Work and services of a production nature	77,113	71,246	76,540
Property tax and other taxes, excluding social tax and social contributions	27,655	29,816	31,979
Utilities and building maintenance	5,891	7,730	9,423
Communication services	2,631	3,125	3,127
Other expenses	38,534	41,352	45,254
	1,498,583	1,620,017	1,924,051

(b) General and administrative expenses

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages, salaries, bonuses and other benefits	67,433	79,497	94,523
Pension scheme costs (defined benefit scheme) *(Note 16)*	328	512	212
	67,761	78,985	94,735
Property tax and other taxes, excluding social tax and social contributions	7,853	17,942	15,458
Other third-party services	–	–	5,649
Consulting, audit and legal services	955	2,304	5,626
Expenses for holding festive and cultural events	2,717	3,273	4,712
Depreciation of property, plant and equipment	2,738	2,583	2,442
Depreciation of right-of-use assets	313	346	282
Amortisation of intangible assets	1,647	1,517	465
Business trips	1,945	2,590	2,502
Membership fees	855	1,299	1,641
Utilities and building maintenance	752	1,170	1,587
Short-term lease expenses	936	1,133	1,548
Insurance	583	636	745
Communication services	659	653	698
Expenses to maintain social sphere facilities	405	431	539
Banking services	431	442	453
Repairs and maintenance	1,310	1,216	431
Third parties expenses	4,299	3,809	–
Auditor's remuneration	566	569	–
Charity	–	2,000	–
Other expenses	9,729	5,492	6,324
	106,494	128,390	145,837

(c) Other profit and losses

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Loss on disposal of items of property, plant and equipment	(654)	(3,849)	(3,872)
Gain on contribution of assets to an associate	–	–	2,709
Depreciation of investment properties	–	–	(133)
Income from investment property	1,355	1,544	1,736
Reversal/(accrual) of provisions	(174)	2,484	35
Others	3,868	4,417	2,306
	4,395	4,606	2,781

(d) Impairment of financial assets and contract assets

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Impairment loss recognised on			
– loans issued	21	1,729	497
– financial assets at amortised cost	964	1,263	53
– contract assets	445	448	100
– cash and cash equivalents	17	6	7
– trade accounts receivable	1,166	(1,194)	2,132
– other receivables	49	(651)	1,104
	2,662	1,601	3,893

(e) Impairment of non-financial assets

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Impairment loss recognised on			
– corporate income tax withheld	–	(4,229)	–
– VAT receivables	(414)	(300)	4,781
– property, plant and equipment	(990)	(541)	4,586
– investments in associates	4,697	(298)	1,508
– investments in joint venture	343	(231)	–
– intangibles assets (except for goodwill)	(1,322)	(160)	23
– other non-current non-financial assets	(560)	(6)	87
– other current non-financial assets	(605)	(1570)	495
	1,149	(7,336)	11,480

24. EARNING PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the year. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. During 2025, there were no antidilutive instruments outstanding.

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Weighted average quantity of common shares	496,692,677	496,693,715	496,695,065
Profit for the year attributable to the Shareholder, in KZT'million	133,508	157,818	339,919
Basic and diluted earnings per common share, in KZT	269	318	684

25. FINANCE INCOME AND COSTS

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Finance income			
Effect of the modification of debt liabilities that does not result in derecognition *(Note 14)*	2,220	28,019	43,226
Interest income on cash and cash equivalents	12,209	11,517	21,770
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,491	10,010	10,745
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	–	–	7,196
Income from guarantees issued	1,427	1,322	2,850
Other finance income	5,874	2,087	2,831
	32,221	52,955	88,618

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Finance costs			
Interest costs and unwinding of discount on loans	161,945	152,777	153,443
Lease interest expenses	8,995	19,502	36,307
Interest expense on employee benefit obligations *(Note 16)*	–	–	6,039
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	35,182	6,363	–
Other finance costs	2,243	2,733	5,198
	208,365	182,251	200,987
Loss from the ineffective part of hedging instruments *(Note 13)*	–	3,609	44,857
	208,365	184,984	245,844

26. LOANS ISSUED

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Current loans:			
Limited Liability Partnership «KTZ-Freight Transportation»	10,115	17,187	43,478
Limited Liability Partnership «KTZ-Passenger Locomotives»	3,048	25,078	30,764
Joint Stock Company «Passenger Transportation»	514	2,292	14,622
Joint Stock Company "KTZ Express"	1,702	–	9
Other	171	–	–
Other	124	124	124
Less: allowance for impairment	(132)	(132)	(151)
Total current loans	15,542	44,549	88,846
Non-current loans:			
Joint Stock Company «Passenger Transportation»	52,437	53,754	53,417
Vostokmashzavod JSC	7,669	4,054	1,860
Less: allowance for impairment	(3,180))	(1,406)	(1,902)
Total non-current loans	56,926	56,402	53,375
Debt securities Issued by subsidiaries:			
Limited Liability Partnership «KTZ-Passenger Locomotives»	33,381	29,853	68,228
Joint Stock Company «Kaztemirtrans»	135,651	99,676	61,459
Limited Liability Partnership «KTZ-Freight Transportation»	255,526	239,380	26,652
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	–	–	4,227
Joint Stock Company «Passenger Transportation»	33,891	36,363	–
Joint Stock Company "KTZ Express"	115,340	1,565	3,949
Less: allowance for impairment	(1,056)	(383)	(136)
Total debt securities	572,733	406,454	164,379
Total loans issued and debt securities issued by subsidiaries	645,201	507,405	306,600
Current portion of loans	104,224	83,244	113,391
Non-current portion of loans	540,977	424,161	193,209
Total	645,201	507,405	306,600

Short-term loans were issued to subsidiaries under the "cash pooling" mechanism with the possibility of early repayment at any time at the discretion of the participants (Note 31).

As at 31 December 2023, 2024 and 2025, loans issued are expressed in Tenge, while debt securities issued by subsidiaries Aktau International Sea Trade Port NC JSC, KTZ-Passenger Locomotives LLP and Joint Stock Company "KTZ Express" in the total amount of KZT176,667 million, KZT191,197 million and KZT43,549 million, respectively, indexed to the Swiss Francs.

Loans issued

Joint Stock Company «Passenger Transportation»

In May 2025, the Company issued a loan to its subsidiary Joint Stock Company «Passenger Transportation» for acquisition of passenger carriages in the amount of the special-purpose loan of KZT65,480,002 thousand received from the Shareholder. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Company recognised a fair value adjustment in the amount of KZT56,981,592 thousand, net of deferred tax in the amount of KZT11,396,317 thousand, within investments into subsidiaries (Note 6).

In December 2025, the subsidiary Joint Stock Company «Passenger Transportation» partly repaid a number of loans received from the Company for the total of KZT17,860,093 thousand. As a result, the Company recognised the write-off of the unamortised part of the discount on loans for the total amount of KZT6,477,449 thousand within finance income.

Debt securities issued by subsidiaries

Joint Stock Company "KTZ Express"

In December 2023, the Company concluded a trilateral agreement with its subsidiaries Kedentransservice JSC and Joint Stock Company "KTZ Express" to replace the issuer Kedentransservice JSC with Joint Stock Company "KTZ Express" for debt securities with a nominal value of KZT21,848 million with a maturity on 15 November 2029 and coupon rate of 9.25% per annum.

During 2024, the Company extended the maturity date until 10 July 2029 of debt securities issued by a subsidiary Joint Stock Company "KTZ Express" and subject to redemption on 10 July 2024. In addition, the Company converted debt securities into KZT indexed to the Swiss Franc at the rate of 535.5 KZT per 1 Swiss franc. Due to a material change in the terms of debt securities, the Company recorded this transaction as the derecognition of the original financial asset and the recognition of a new financial asset. As a result, the new financial asset as at the conversion date amounted to KZT85,572 million with the coupon rate "SARON 6m + margin 2.2%". Coupon payment is made twice a year.

In December 2024, a subsidiary Joint Stock Company "KTZ Express", in order to refinance these debt securities, made a targeted reissue in favor of the Company of debt securities without a fixed maturity date ('perpetual') in the amount of KZT90,540 million indexed to Swiss Francs and with the coupon rate of "SARON 6m + margin 2.2%". Coupon payment – twice a year. The Company classified these perpetual debt securities as investments in subsidiaries.

In December 2024, the Company, as part of the Liquidity Management Program on the Astana International Exchange (AIX), purchased debt securities issued by a subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Franc in the amount of KZT1,578 million with a coupon rate of "SARON 3m + margin 2%". The coupon and principal debt are repaid in quarterly installments until full repayment in 2027.

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Francs, for the amount of KZT3,500,736 thousand with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2027.

Wagonservice JSC

In June 2023, the Company replaced the previously issued financial aid to the subsidiary Wagonservice JSC in the amount of KZT6,176 million with debt securities issued with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In September 2023, the Company, as part of the project on the acquisition of carriages, acquired debt securities issued by the subsidiary Wagonservice JSC with a nominal value of KZT26,077 million and coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

KTZ-Freight Transportation LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT48,500 million issued by its subsidiary KTZ-Freight Transportation LLP with a coupon rate of SARON 6m + 3% margin. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In December 2023, the Company extended the maturity of debt securities indexed to the Swiss Franc issued by its subsidiary KTZ-Freight Transportation LLP and due on 5 December 2023. In addition, the Company changed the coupon rate from 3.25% to SARON 6m + 3% margin. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of a new financial asset. As a result, the new financial asset at the date of recognition amounted to KZT89,036 million. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In December 2025, for the purpose of refinancing of debt securities purchased by the Company in 2020, as part of the second issue of the First Bond Program at AIX, the subsidiary KTZ-Freight Transportation LLP re-issued perpetual debt securities for the amount of KZT82,969,095 thousand, with the coupon rate of 14.58%, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries (Note 6).

In December 2025, for the purpose of refinancing of debt securities with indexation to Swiss Francs purchased by the Company in 2023, as part of Liquidity Management Program at AIX, the subsidiary KTZ-Freight Transportation LLP re-issued perpetual debt securities for the amount of KZT152,048,357 thousand, with indexation to Swiss Francs, with the coupon rate of SARON 6m + 3.0% margin, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries (Note 6).

KTZ-Passenger Locomotives LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT32,340 million issued by its subsidiary KTZ-Passenger Locomotives LLP with maturity on 6 November 2033 and a coupon rate of SARON 6m + 0.95% margin. Coupon payment – twice a year.

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

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

Joint Stock Company «Kaztemirtrans»

In July 2023, a subsidiary Joint Stock Company «Kaztemirtrans», in order to refinance debt securities indexed to the US dollar acquired by the Company on 15 June 2020, as part of the second issue of the First Bond Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX) in the amount KZT397,560 million, made a targeted re-issue of the debt securities in favor of the Company without a specified maturity date ('perpetual'), with a payment of the premium in the amount of KZT14,750 million which was reflected in finance income. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of new financial assets. As a result, the Company acquired perpetual debt securities indexed to the US dollar in the amount of KZT397,481 million with a coupon rate of 2% per annum and perpetual debt securities in the amount of KZT67,429 million with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Coupon payment – twice a year. The US dollar indexed perpetual debt securities were issued with a coupon rate below market and the fair value was calculated based on the market rate of 11%. The Company recognised an adjustment to US dollar indexed perpetual debt securities to fair value in the amount of KZT321,282 million as an investment in subsidiaries.

In August 2023, the Company decided to reduce the coupon rate: from 2% to 0.4% per annum, for the period from 29 July 2023 to 28 October 2023, for indexed perpetual debt securities; from 18.75% to 0.5% per annum, for the period from 29 July 2023 to 31 December 2023, for perpetual debt securities in Tenge. As a result, the Company recognised an adjustment to the carrying amount of perpetual debt securities due to the modification in the amount of KZT2,384 million as an investment in subsidiaries.

In December 2023, the terms and conditions of perpetual debt securities have been changed providing the Joint Stock Company «Kaztemirtrans» with an unconditional right, in its sole discretion, to defer the coupon payment (in whole or in part) in favor of the Company. The Company reclassified perpetual debt securities at carrying value in the total amount of KZT146,068 million as an investment in subsidiaries.

Joint Stock Company "KTZ Express"

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

Aktau International Sea Trade Port NC JSC

In July 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary NC Aktau International Sea Trade Port JSC with indexation to the Swiss Francs, for the amount of KZT4,485,467 thousand with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2031.

27. FINANCIAL AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2023 and 2024, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, the construction of a bypass railway line bypassing the Almaty station, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of KZT1,867,649 million and KZT2,427,217 million, respectively.

As at 31 December 2025, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor; the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of second tracks on the Dostyk–Alashankou railway section; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic control systems; liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of KZT2,427,217 million excluding VAT.

Liabilities under lease agreements with Industrial Development Fund JSC

In August 2017, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into lease agreements with Industrial Development Fund JSC to lease 1,995 platform carriages for KZT29,700 million for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, platform carriages with a total value of 23,984 million Tenge had not been delivered. The Group is working on the addendum to the lease agreement to reduce the volume of supply to the actually delivered quantity as at 31 December 2023 in the amount of KZT5,716 million. As at 31 December 2024, the remaining delivery are completed.

In November 2020, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 platform carriages for 47,391 million Tenge, for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered platform carriages was KZT5,077 million. As at 31 December 2024, the remaining platform carriages are delivered.

In September 2023, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 100 passenger carriages with a total value of 65,796 million Tenge. The lease term is 15 years, with an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered passenger carriages was KZT40,947 million. As at 31 December 2024, the remaining passenger carriages are delivered.

In August 2023, the Group, represented by its subsidiary Joint Stock Company «Kaztemirtrans», entered into an agreement for the lease of 3,000 open wagons with a total value of 88,125 million Tenge. The lease term is 14 years, with an interest rate of 13.15% per annum, of which 6% per annum is subsidized by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered open wagons was KZT81,016 million. As at 31 December 2024, the remaining open wagons are delivered.

Other commitments

As at 31 December 2023, 2024 and 2025, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 December 2023, 2024 and 2025, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities

Litigations

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

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 December 2025, 2024 and 2023. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

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

Insurance

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

Environmental protection

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

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

Guarantees

As at 31 December 2023, guarantees were presented as follows:

The Group

Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT million*
Development Bank of Kazakhstan JSC	Execute the Obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	17,125
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	22,408
Development Bank of Kazakhstan JSC	Execute the obligations of an associate Transtelecom JSC for the implementation of ACS of Energy Dispatching Traction	30 June 2014	until 2024	1,497

As at 31 December 2024, guarantees were presented as follows:

The Group

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
Development Bank of Kazakhstan JSC	Execute the Obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	15,907
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	21,940

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

The Group

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

As at 31 December 2023, guarantees were presented as follows:

As at 31 December 2023

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013 and 3 September 2018	Until 31 December 2027 to 30 October 2032	48,107 (96 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	Until 31December 2027 to 30 October 2032	19,804 (39 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 and 6 September 2024	Until 20 December 2036 to 10 December 2042	131,044
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 and 30 November 2020	Until 28 August 2032 to 30 November 2035	25,072
	Joint Stock Company "KTZ Express JSC" under finance lease agreements	28 August 2017 and 30 November 2020	Until 28 August 2032 to 30 November 2035	56,028
	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	22,408
	Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe Wagonservice JSC, a subsidiary of Passenger	4 July 2013	until 5 July 2033	17,125
Development Bank of Kazakhstan JSC	Transtelecom JSC to finance the project for the construction of hardware and software complex communication platform along the railway lines	30 June 2014	until 2024	1,497

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount *KZT million*
	Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035
	Joint Stock Company «Passenger Transportation» under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	87,400
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	until 2 August 2038	111,680
Halyk Bank of Kazakhstan JSC	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	58,996
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel and electric locomotives	3 November 2022	until 3 November 2032	65,284
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	10,137 (51,292 million Russia Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	until 27 June 2025	13,013
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	119,805 (237 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	47,945 (96 million Euros)

As at 31 December 2024

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013 and 3 September 2018	until 31 December 2027 to 30 October 2032	42,668 (78 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	Until 31 December 2027 to 30 October 2032	15,965 (29 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 and 6 September 2024	until 20 December 2036 to 10 December 2042	141,947
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	21,224
	Joint Stock Company "KTZ Express" under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	56,352
	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	21,940
	Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe Wagonservice JSC, a subsidiary of Passenger	4 July 2013	until 5 July 2033	15,907
Development Bank of Kazakhstan JSC	Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
	Joint Stock Company «Passenger Transportation» under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	226,722
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	until 2 August 2038	111,680
Halyk Bank of Kazakhstan JSC	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	40,713
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	16,260 (79,350 million Russia Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	until 27 June 2025	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	164,075 (300 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	81,602 (149 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	until 15 May 2034	189,806 (327 million Euros)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	until 15 May 2034	58,824 (101, 302 Euros)

As at 31 December 2025

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	35,785 (60 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	11,256 (19 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 – 6 September 2024	20 December 2036 – 10 December 2042	240,649
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	21,189
Industrial Development Fund JSC	Joint Stock Company "KTZ Express" under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	110,166
	Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana	28 March 2018	28 March 2033	20,252
	Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	5 July 2033	14,497
	Wagonservice JSC, a subsidiary of Joint Stock Company «Passenger Transportation» to finance the acquisition of passenger carriages	7 August 2015	5 March 2035	4,795
	Joint Stock Company «Passenger Transportation» under finance lease Agreements	31 August 2023, 13 May 2024	13 May 2039 – 31 August 2039	226,722
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	2 August 2038	111,680

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
Development Bank of Kazakhstan JSC	Joint Stock Company «Kaztemirtrans» under finance lease agreements	5 July 2024	29 August 2040	85,594
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	92,238 (14,548 million Russian Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	No date	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	28 February 2035	160,809 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2036	111,208 (187 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	167,924 (283 million Swiss Francs)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 February 2034	57,460 (90 million Swiss Francs)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 August 2034	236,344 (371 million Swiss Francs)
The Export-Import Bank of China and China Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	7 February 2025	21 March 2040	41,691 (576 million Chinese Yuan)

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

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

As at 31 December 2023, 2024 and 2025, the Group and the Company had no cases of using the financial guarantees listed above.

Finance lease agreements with Development Bank of Kazakhstan JSC provide for the Company's compliance with certain financial covenants, such as debt to EBITDA and interest coverage ratio on an annual basis, as well as compliance with the condition that the Company has any two of the three corporate ratings (S&P, Fitch, Moody's) at a level not lower than BB-. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with arrangements with HSBC Continental Europe in relation to financial and non-financial covenants on loans received by subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP in the amount of KZT67,911 million, KZT58,633 million and KZT47,042 million, respectively, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group and comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with the loan agreement with EDB, obtained by the subsidiary KTZ-Freight Transportation LLP for KZT51,292 million, KZT79,350 million and KZT92,238 million, respectively, the Company has to comply with certain financial covenants such as Debt to EBITDA and Interest Coverage Ratio calculated semi-annually based on the consolidated results of the Group as well as compliance with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, 2024 and 2025, these covenants were met.

As at 31 December 2023, 2024 and 2025, in accordance with loan agreements with Societe Generale and Natixis, obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT167,030 million, KZT245,676 million and KZT439,942 million), the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023, 2024 and 2025, this covenant was met.

As at 31 December 2024 and 2025, under the loans from Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank) obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT248,630 million and KZT293,804 million, respectively, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024 and 2025, these covenants were met.

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

Under the loans from Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States received by the subsidiary KTZ-Freight Transportation LLP in the total amount of 93,219 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from EBRD obtained by the subsidiary Aktau International Sea Trade Port NC JSC for 20,770 million, the Company has to comply with certain financial covenants such as Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, these covenants were met.

28. SUBSIDIARIES

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

Name	Notes	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital *(KZT'million)*			Percentage of equity attributable to the Company *(%)*			Principal activities
			2023	2024	2025	2023	2024	2025	
Joint Stock Company «Kaztemirtrans»	(a),(d)	Kazakhstan; 21 October 2003	70,239	70,239	70,239	100%	100%	100%	Freight carriage operation
Joint Stock Company «Passenger Transportation»	(a),(d)	Kazakhstan; 21 May 2002	93,849	93,849	93,866	100%	100%	100%	Passenger Transportation
Limited Liability Partnership «KTZ-Freight Transportation»	(a),(d)	Kazakhstan; 14 October 2003	63,296	78,064	78,064	100%	100%	100%	Freight transportation and locomotive haulage
Joint Stock Company "KTZ Express"	(a),(e)	Kazakhstan; 15 July 2003	47,914	47,914	47,914	100%	100%	100%	Multimodal
Joint Stock Company «Kedentransservice»	(b),(d)	Kazakhstan; 11 December 1997	3,402	3,402	3,402	100%	100%	100%	Freight forwarding services, rolling stock operation, terminal services
Joint Stock Company «National Company «International Sea Trade Port of Aktau»*	(a),(e)	Kazakhstan; 11 October 1996	25,480	25,480	25,480	100%	100%	100%	Vessel loading and unloading work, vessel servicing
Limited Liability Partnership «Port Kuryk»	(c),(e)	Kazakhstan; 23 July 2012	12,993	60,005	66,308	100%	100%	100%	Freight transhipment and vessel servicing
Limited Liability Partnership «KTZ-Passenger Locomotives»	(a),(d)	Kazakhstan; 31 August 2021	96,891	96,891	96,891	100%	100%	100%	Locomotive rolling stock services

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

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance with International Financial Reporting Standards and order #404 of Minister of Finance. These entities were audited by Deloitte LLP, independent audit firm registered in the Republic of Kazakhstan.

(b) The statutory financial statements of this entity for the years ended 31 December 2024 and 2023 were prepared in accordance International Financial Reporting Standards and order #404 of Minister of Finance. This entity were audited by Ernest & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

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

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

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

29. RELATED PARTY TRANSACTIONS

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

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

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

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

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

The Group

		Shareholder *KZT'million*	**Associates** *KZT'million*	**Companies making up the Shareholder group** *KZT'million*	**Other related parties*** *KZT'million*
Amounts due from related parties					
– trade in nature	2023	–	12	115	308
– non-trade in nature	2023	–	3,362	31	2,906
			3,374	146	3,214
– trade in nature	2024	–	20	191	153
– non-trade in nature	2024	–	2,142	20	5,049
			2,162	211	5,202
– trade in nature	2025	–	1,161	180]	84
– non-trade in nature	2025	–	3,249	214	9,339
			4,410	394	9,423
Amounts due to related parties					
– trade in nature	2023	–	5,479	37,696	2,942
– non-trade in nature	2023	–	8,738	1,207	10,457
			14,217	38,903	13,399
– trade in nature	2024	–	5,750	27,988	2,012
– non-trade in nature	2024	–	9,107	1,499	12,610
			14,857	29,487	14,622
– trade in nature	2025	–	4,370	147,197	4,116
– non-trade in nature	2025	–	11,314	2,313	8,099

		Shareholder *KZT'million*	**Associates** *KZT'million*	**Companies making up the Shareholder group** *KZT'million*	**Other related parties*** *KZT'million*
			15,684	149,510	12,215
Cash on current accounts	2023	–	–	112,141	–
	2024	–	–	1	–
	2025	–	–	24,570	–
Cash on digital accounts *(Note 30)*	2023	–	–	–	–
	2024	–	–	–	116,631
	2025	–	–	–	22,882
Restricted cash	2023	–	–	–	202
	2024	–	–	–	197
	2025	–	–	–	4
Loans payable	2023	768,615	–	–	125,449
	2024	1,002,575	–	–	154,299
	2025	975,160	–	–	164,264
Lease liabilities	2023	–	9,831	–	58,445
	2024	–	31,296	–	140,393
	2025	68	20,601	–	245,863
Financial guarantee agreement liabilities	2023	–	19	–	15,315
	2024	–	–	–	14,897
	2025	–	–	–	13,521

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

The Company

		Shareholder *KZT'million*	Associates *KZT'million*	Companies making up the Shareholder group *KZT'million*	Subsidiaries of the Company *KZT'million*	Other related parties* *KZT'million*
Amounts due from related						
– trade in nature	2023	–	2	4	181,490	87
– non-trade in nature	2023	–	14	19	25	1,046
		–	16	23	181,515	1,133
– trade in nature	2024	–	2	10	301,160	84
– non-trade in nature	2024	–	–	8	–	2,154
		–	2	18	301,160	2,238
– trade in nature	2025	–	12	17	343,441	75
– non-trade in nature	2025	–	–	190	6	3,767
		–	12	207	343,447	3,842
Amounts due to related parties						
– trade in nature	2023	–	4,015	1,327	3,075	768
– non-trade in nature	2023	–	308	3	22	2
		–	4,323	1,330	3,097	770
– trade in nature	2024	–	3,835	782	3,869	1,126
– non-trade in nature	2024	–	504	4	5	4
		–	4,339	786	3,874	1,130
– trade in nature	2025	–	2,313	741	2,989	1,368
– non-trade in nature	2025	–	246	1	–	4
		–	2,559	742	2,989	1,372
Cash on current accounts	2023	–	–	112,137	–	–
	2024	–	–	–	–	–
	2025	–	–	254	–	–
Cash on digital accounts	2023	–	–	–	–	–
(Note 30)	2024	–	–	–	–	116,631
	2025	–	–	–	–	22,882
Loans issued	2023	–	–	–	640,624	–
	2024	–	–	–	505,147	–
	2025	–	–	–	306,600	–

		Shareholder *KZT'million*	Associates *KZT'million*	Companies making up the Shareholder group *KZT'million*	Subsidiaries of the Company *KZT'million*	Other related parties* *KZT'million*
Including allowance for expected credit losses	2023	–	–	–	(1,152)	–
	2024	–	–	–	(434)	–
	2025	–	–	–	–	(205)
Borrowings received	2023	768,615	–	–	49,603	–
	2024	1,002,575	–	–	10,781	–
	2025	975,160	–	–	46,885	–
Lease liabilities	2023	–	8,396	–	6	–
	2024	–	30,545	–	7	–
	2025	–	20,601	–	4	–
Financial guarantee agreement liabilities	2023	–	19	–	27,148	15,315
	2024	–	–	–	50,121	14,897
	2025	–	–	–	95,768	12,251

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

The Group

		Shareholder *KZT'million*	Associates *KZT'million*	Joint ventures *KZT'million*	Companies making up the Shareholder group *KZT'million*	Other related parties* *KZT'million*
Sale of goods, services and non-current assets	2023	–	72,316	–	22,635	83,862
	2024	–	110,476	–	29,434	103,418
	2025	–	101,424	–	35,936	127,508
Impairment/(reversal of impairment) of trade accounts receivable and other current assets	2023	–	1,233	–	(4)	(12)
	2024	–	394	–	96	(70)
	2025	–	(42)	–	1	(67)
Purchase of goods, services and non-current assets	2023	–	33,215	–	124,842	33,999
	2024	–	26,623	–	93,221	75,278
	2025	–	24,523	–	221,052	119,948
Proceeds from borrowings	2023	336,309	–	–	–	50,345
	2024	238,169	–	–	–	37,956
	2025	107,806	–	–	–	–

		Shareholder *KZT'million*	Associates *KZT'million*	Joint ventures *KZT'million*	Companies making up the Shareholder group *KZT'million*	Other related parties* *KZT'million*
Repayment of borrowings	2023	1,175	–	–	–	4,629
	2024	1,175	–	–	–	11,160
	2025	31,175	–	–	–	18,032
New lease agreements (Group as lessee)	2023	–	1,121	–	–	23,213
	2024	–	27,261	–	–	80,475
	2025	247	22	–	–	103,993
Lease payments	2023	–	20,944	–	–	3,675
	2024	–	11,188	–	–	16,904
	2025	203	15,216	–	–	27,808
Finance income	2023	–	362	–	–	234
	2024	–	19	–	–	418
	2025	43,226	–	–	–	1,376
Finance costs	2023	34,564	2,523	–	–	14,482
	2024	36,853	5,755	–	–	26,047
	2025	40,421	4,414	–	–	45,945
Dividends receivable	2023	–	2,891	–	–	–
	2024	–	4,480	–	–	–
	2025	–	4,645	–	–	–
Contribution to the share capital	2023	24,310	5,196	1,116	–	–
	2024	13,273	1,578	243	–	–
	2025	28,791	6,211	13,719	–	–

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

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

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

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

During the year ended 31 December 2025, the Group received a loan from the Shareholder in the amount of KZT65,480 million (Note 14).

During the year ended 31 December 2025, the Group issued bonds in favour of the Shareholder in the amount of KZT42,326 million (Note 14).

As at 31 December 2024, certain debt securities issued by subsidiaries were indexed to reflect changes in foreign currency exchange rates. During the year ended 31 December 2024 and 2023, due to changes in exchange rates, the Company recognised a foreign exchange loss in the amount of KZT17,891 million and KZT5,711 million, respectively. As at 31 December 2023, the Company issued guarantee on certain borrowing of subsidiaries, the associate and other related parties to ensure the execution of obligations to the banks (Notes 20 and 31).

As at 31 December 2023, 2024 and 2025, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT124,449 million, KZT154,299 million and KZT164,264 million, respectively.

As at 31 December 2023, 2024 and 2025, the Group's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74%, from 0.075% to 9.25% and from 0.075% to 9.37%, respectively, and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 5.4% to 13.99%, from 6.53% to 14.5% and 6.53% to 16.3%, respectively.

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

Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Salaries, allowances and benefits in kind	347	609	729
Performance related bonus	442	207	307
Total compensation paid to key management personnel	789	816	1,036

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

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

Capital risk management

The Group manages its capital risk to ensure that it can continue as a going concern, maximising shareholder value and optimising its debt and equity balance. The Group's overall strategy remains unchanged from 2024.

There are no obligatory minimum equity requirements for the Group.

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

Categories of financial instruments

The Group

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Financial assets			
Amortised cost	51,655	62,707	65,175
FVTPL	73	632	632
Financial liabilities			
Amortised cost	2,485,353	3,164,038	4,022,440
FVTPL	35,719	32,697	91,496

The Company

	As at 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Financial assets			
Amortised cost	839,839	818,281	660,376
FVTPL	–	558	558
Financial liabilities			
Amortised cost	1,832,584	2,157,598	2,641,756
FVTPL	35,719	32,697	91,496

Financial risk management objectives

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

Market risk

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

Interest rate risk

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

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

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

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
The Group			
KZT borrowings	2025	–	–
	2024	397/(397)	(3,791)/3,791
	2023	397/(397)	(9,186)/9,186
Key interest rate NBRK	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
EURIBOR	2025	27/(27)	(1,005)/1,005
	2024	397/(397)	(6,797)/6,797
	2023	397/(397)	(4,369)/4,369
SARON	2025	35/(35)	(3,144)/3,144
	2024	–	–
	2023	–	–
Swiss Francs borrowings	2025	–	–
	2024	397/(397)	(19,862)/19,862
	2023	397/(397)	(8,099)/8,099
LRP	2025	350/(350)	(907)/907
	2024	–	–
	2023	–	–

* *1 basis point – 0.01%.*

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
The Company			
KZT borrowings	2025	–	–
	2024	397/(397)	(2,541)/2,541
	2023	397/(397)	(5,363)/5,363
Swiss Francs borrowings	2025	–	–
	2024	397/(397)	(12,868)/12,868
	2023	397/(397)	(8,099)/8,099
Base rate of the NBRK	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
SARON	2025	35/(35)	(2,180)/ 2,180
	2024	–	–
	2023	–	–

* *1 basis point – 0.01%.*

Currency risk

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

Foreign currency risk management strategies

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

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

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

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

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

Cross-currency swaps and borrowings

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

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

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

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

Financial results on derivative instruments

During 2025, under the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), and Citibank London in the amount of US$17,565,607 (KZT 9,220 million) and CHF 4,512,532 (KZT 2,926 million) (2024: US$17,674,778 (KZT 8,221 million) and CHF 4,540,916 (KZT 2,385 million), 2023: US$17,478,556 (equivalent to approximately KZT8,146 million).

As of 31 December 2025, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom), amounting to US$180,989,291 (KZT 91,496 million), was recognized as current liabilities.

During the years ended 31 December 2024 and 2023, as part of the cross-currency swap transactions, the Group and the Company received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London.

For the year ended 31 December 2024, the amounts received were 17,674,778 US dollars, equivalent to approximately KZT8,221 million, and 4,540,916 Swiss Francs, equivalent to approximately KZT2,385 million.

For the year ended 31 December 2023, the corresponding amounts received were 17,478,556 US dollars, equivalent to approximately KZT8,146 million, and 4,485,525 Swiss Francs, equivalent to approximately KZT2,345 million.

As at 31 December 2024 and 2023, the Group's and the Company's derivative financial instruments under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) are accounted at fair value through profit or loss.

As at 31 December 2024, the fair value in the amount of 62,267,864 US dollars, equivalent to approximately KZT32,697 million, was recognised within current liabilities.

As at 31 December 2023, the corresponding fair value of 78,578,766 US dollars, equivalent to approximately KZT35,719 million, was recognised within non-current liabilities. For the years ended 31 December 2024 and 2023, the change in fair value of derivative financial instruments of the Group and the Company was recognised within financial line items.

For the year ended 31 December 2024, the change was recognised within finance cost of KZT6,363 million and within finance income of KZT3,021 million, respectively.

For the year ended 31 December 2023, the corresponding change was recognised within finance cost of KZT35,182 million and within finance costs of KZT35,182 million, respectively.

Hedge effectiveness assessment

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

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

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

Sources of hedge ineffectiveness may include:

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

As of 31 December 2024 and 2025, the Group assesses the likelihood of significant hedge ineffectiveness under Strategy 2 as remote, given the high probability of receiving cash flows from revenue denominated in Swiss francs during the forecast period.

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

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

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2025					
Eurobonds					
Nominal values in US$	–	–	882,978,000	–	882,978,000
Nominal value in million Tenge	–	–	463,661	–	463,661
Average US$/CHF exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in million Tenge	–	–	(512,091)	–	(512,091)

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

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2024					
Nominal value in Swiss francs	39,613,561	69,467,385	30,084,195	911,043,258	1,070,208,399

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

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

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

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

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

	Cash flow hedge reserve (Strategy 1) *KZT'million*	**Cash flow hedge reserve (Strategy 2)** *KZT'million*	**Total** *KZT'million*
As at 1 January 2024	–	–	–
Effective portion of changes in fair value	28,226	20,399	48,625
Amount reclassified to profit or loss – effective portion as a reduction of revenue	–	(412)	(412)
Tax effect	(5,645)	(3,998)	(9,643)
As at 31 December 2024 and 1 January 2025	22,581	15,989	38,570
Effective portion of changes in fair value	44,034	53,550	97,584
Amount reclassified to profit or loss – effective portion as a reduction of revenue	(72,260)	(8,521)	(80,781)
Tax effect	5,645	(9,006)	(3,361)
31 December 2025	–	52,012	52,012

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

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

	As at 31 December 2023		
	Exchange rate increase/ (decrease)	**Effect on profit** *KZT'million*	**Direct effect on equity** *KZT'million*
The Group			
US dollars	14%/ (14%)	(40,334)/ 40,334	–
Euros	13%/ (13%)	(20,080)/ 20,080	–
Russian rubles	29%/ (29%)	(11,449)/ 11,449	–
Swiss Francs	17%/ (17%)	(34,438)/ 34,438	–
In other currencies	17%/ (17%)	(455)/ 455	–

	As at 31 December 2024		
	Exchange rate increase/ (decrease)	**Effect on profit** *KZT'million*	**Direct effect on equity** *KZT'million*
The Group			
US dollars	9%/ (7%)	1,372/ (1,108)	(32,621)/ 26,355
Euros	9%/ (6%)	(19,263)/ 12,736	–
Russian rubles	2%/ (23%)	(1,236)/ 14,186	–
Swiss Francs	12%/ (4%)	(8,581)/ 2,804	(58,553)/ 19,136
In other currencies	9%/ (13%)	139/ (214)	–

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

	As at 31 December 2023	
	Increase/ decrease in exchange rate	**Effect on profit** *KZT'million*
The Company		
US dollars	14%/ (14%)	(42,330) 42,330
Euros	17%/ (17%)	(10,420)/ 10,420
Swiss Francs	13%/ (13%)	(971)/ 971
In other currencies	29%/ (29%)	(550)/ 550

	As at 31 December 2024	
	Increase/ decrease in exchange rate	**Effect on profit** *KZT'million*
The Company		
US dollars	9%/ (7%)	(32,746)/ 26,456
Euros	12%/ (4%)	(65,566)/ 21,429
Swiss Francs	9%/ (6%)	(847)/ 560
In other currencies	2%/ (23%)	(56)/ 641

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

Credit risk

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

The Group recognises an allowance for expected credit losses for financial instruments in the amount equal to 12 month expected credit losses for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Group also recognises an expected credit losses allowance under financial guarantee agreements for 12 months or lifetime, depending on the change in credit risk since initial recognition. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For the purpose of internal credit risk management, the Group and the Company considers the following to be a default, as past experience has shown that a financial asset that meets one of the following criteria is generally non-recoverable:

- overdue: more than 90 days overdue on the counterparty's obligations (except when the Group has reasonable and substantiated information demonstrating that it is more appropriate to use the default criterion with a long delay in payment);
- downgrade of the external credit rating of the counterparty to the default "D";
- inability to fulfil obligations as a result of financial difficulties of the counterparty (suspension of interest accrual or decrease in the interest rate on the financial asset, write-off of the principal amount, extension of maturity of the financial asset, restructuring, leading to a decrease or write-off of the loan amount or debt forgiveness, etc.); or
- information generated internally or obtained from external sources indicates that the debtor is unlikely to make full payments to creditors, including the Group and the Company (not taking into account the collateral held by the Group and the Company).

Maximum exposure and year-end staging

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

The Group

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable*	–	–	–	20,316	20,316
Other financial assets					
– Normal**	35,376	–	–	–	35,376
Cash and cash equivalents					
– Not yet past due	204,614	–	–	–	204,614
Total	239,990	–	–	20,316	260,306

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable*	–	–	–	25,173	25,173
Other financial assets					
– Normal**	41,673	–	–	–	41,673
Cash and cash equivalents					
– Not yet past due	198,578	–	–	–	198,578
Total	240,251	–	–	25,173	265,424

As at 31 December 2025

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

The Company

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	645,201	–	–	–	645,201
Trade accounts receivable*	–	–	–	182,671	182,671
Other financial assets					
– Normal**	11,994	–	–	–	11,994
Cash and cash equivalents					
– Not yet past due	139,416	–	–	–	139,416
Total	796,611	–	–	182,671	979,282

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	507,405	–	–	–	507,405
Trade accounts receivable*	–	–	–	302,830	302,830
Other financial assets					
– Normal**	8,697	–	–	–	8,697
Cash and cash equivalents					
– Not yet past due	126,139	–	–	–	126,139
Total	642,241	–	–	302,830	945,071

As at 31 December 2025

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

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

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

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

As at 31 December 2024 and 2023, carrying value of cash held by the Group of KZT116,631 million and nil, respectively, which is other related party of the Group (58.7% and 54.8% of cash and cash equivalents, respectively). (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- and BB+, respectively (29.5% and 26.2% of cash and cash equivalents, respectively). As at 31 December 2024 and 2023, carrying value of cash held by the Company on digital account in the National Bank of Kazakhstan, a related party of the Company, is equal to KZT116,631 million and nil, respectively (92.5% and 80.4% of cash and cash equivalents, respectively) (Note 31). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- and BB+, respectively (6.6% and 10.2% of cash and cash equivalents, respectively).

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

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

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

For trade receivables and trade-related amounts due from related parties, the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade receivable and amounts due from related parties, used to reflect current conditions and estimates of future economic conditions.

Liquidity risk

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

The Company with its subsidiaries, uses a highly liquid instrument for the purposes of centralised cash management, namely current loans under the "cash pooling" mechanism with the possibility of early repayment at any time at the decision of the transaction participants. Cash flows from these short-term loans are presented on a net basis in the separate statement of cash flows.

During the year ended 31 December 2024 and 2023, the Company entered into agreements with subsidiaries to provide financial assistance to the Company in the amount of KZT229,880 million and KZT155,380 million, respectively, for a period of up to one year. As at 31 December 2024 and 2023, the carrying value of the received financial aid under the "cash pooling" mechanism amounted to KZT10,781 million and KZT49,603 million, respectively. As at 31 December 2024 and 2023, the carrying value of the financial aid given under the "cash pooling" mechanism amounted to KZT44,548 million and KZT15,542 million, respectively. (Note 9).

As at 31 December 2024 and 2023, the Group and the Company had available credit lines. As at 31 December 2024, the undrawn balances totalled KZT128,068 million with Halyk Bank of Kazakhstan JSC, ForteBank JSC and Citibank, compared to KZT131,000 million with Halyk Bank of Kazakhstan JSC and ForteBank JSC as at 31 December 2023.

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

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

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

The Group

	On demand *KZT'million*	Up to 1 month *KZT'million*	1–3 months *KZT'million*	3 months–1 years *KZT'million*	1–5 years *KZT'million*	Over 5 years *KZT'million*	Total *KZT'million*
2023							
Non-interest bearing:							
Trade accounts payable	–	190,389	195	10,385	–	–	200,969
Other liabilities	–	15,511	36,225	15,059	–	–	66,795
Interest-bearing:							
Borrowings	–	44,504	14,034	412,197	1,258,817	2,257,050	3,986,602
Lease	–	3,250	1,310	13,901	47,066	100,304	165,831
Derivative financial instruments	–	–	–	(10,364)	49,442	–	39,078
Financial guarantees	–	–	3,064	3,783	35,314	36,728	78,889
	–	253,654	54,828	444,961	1,390,639	2,394,082	4,538,164

	On demand *KZT'million*	Up to 1 month *KZT'million*	1–3 months *KZT'million*	3 months–1 years *KZT'million*	1–5 years *KZT'million*	Over 5 years *KZT'million*	Total *KZT'million*
2024							
Non-interest bearing:							
Trade accounts payable	–	223,237	7,725	389	–	–	231,351
Other liabilities	–	18,966	40,069	17,833	–	–	76,868
Interest-bearing:							
Borrowings	–	5,267	53,609	891,823	1,132,753	2,608,153	4,691,605
Lease	–	7,371	3,898	27,154	141,989	232,330	412,742
Derivative financial instruments	–	–	–	34,312	–	–	34,312
Financial guarantees	–	–	3,340	4,893	36,232	27,950	72,415
	–	254,841	108,641	976,404	1,310,974	2,868,433	5,519,293

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

The Company

	On demand *KZT'million*	Up to 1 month *KZT'million*	1–3 months *KZT'million*	3 months–1 years *KZT'million*	1–5 years *KZT'million*	Over 5 years *KZT'million*	Total *KZT'million*
2023							
Non-interest bearing:							
Trade accounts payable	–	54,960	194	9,186	–	–	64,340
Other current liabilities	–	33	15,029	2,316	–	–	17,378
Interest-bearing:							
Borrowings	–	43,649	4,007	303,363	929,805	1,945,591	3,226,415
Lease	–	2,751	584	2,629	3,479	–	9,443
Financial guarantees	–	490	13,061	98,909	403,309	447,121	962,890
Derivative financial instruments	–	–	–	(10,364)	49,442	–	39,078
	–	101,883	32,875	406,039	1,386,035	2,392,712	4,319,544

	On demand	Up to 1 month	1–3 months	3 months–1 years	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2024							
Non-interest bearing:							
Trade accounts payable	–	88,289	7,444	9,611	–	–	105,344
Other current liabilities	–	1	17,338	2,366	–	–	19,705
Interest-bearing:							
Borrowings	–	4,341	24,915	745,751	711,699	2,216,656	3,703,362
Lease	–	4,695	1,998	8,990	25,468	–	41,151
Financial guarantees	–	3,929	126,941	275,550	1,238,935	1,114,815	2,760,170
Derivative financial instruments	–	–	–	34,312	–	–	34,312
	–	101,255	178,636	1,076,580	1,976,102	3,331,471	6,664,044

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

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

Fair value of financial instruments

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

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

Cash and cash equivalents

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

Financial assets and liabilities

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

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

Derivative financial instruments

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

Borrowings

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

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

As at 31 December 2023, 2024 and 2025, the fair value of financial assets and financial liabilities, except for loans issued, borrowings and debt securities was not significantly different from carrying value. The carrying value and fair value of financial instruments as at 31 December is presented as follows:

The Group

	2023	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	4,577	4,257
Other financial assets	22,037	20,320
Borrowings	851,990	821,326
Debt securities:	1,265,557	1,182,596

	2024	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	2,692	2,516
Other financial assets	31,218	30,069
Borrowings	1,361,496	1,337,391
Debt securities:	1,291,892	1,208,326

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

The Company

	2023	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	645,201	644,881
Other financial assets	6,787	5,963
Borrowings	422,168	380,276
Debt securities:	1,265,557	1,182,596

	2024	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	507,405	507,229
Other financial assets	4,328	4,440
Borrowings	632,500	591,529
Debt securities:	1,291,892	1,208,326

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

Fair value hierarchy

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

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

The table below provides an analysis of financial instruments as at 31 December 2023, 2024 and 2025 broken down into the fair value hierarchy levels.

The Group

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	4,257	–	4,257
– other financial assets	–	20,247		20,247
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	73	73
Total	–	24,504	73	24,577
Financial liabilities carried at amortised cost				
– debt securities	–		564,075	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	752,077	–	752,077
– loans from the Shareholder	–	69,249	–	69,249
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	2,039,641	–	2,039,641

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	2,516	–	2,516
– other financial assets	–	29,437	–	29,437
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	632	632
Total	–	31,953	632	32,585
Financial liabilities carried at amortised cost				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	1,268,631	–	1,268,631
– loans from the Shareholder	–	68,760	–	68,760
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	2,578,414	–	2,578,414

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– other financial assets	–	37,450	515	37,965
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	632	632
Total	–	37,450	1,147	38,597
Financial liabilities carried at amortised cost				
– debt securities	–	318,156	–	318,156
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	1,841,777	–	1,841,777
– loans from the Shareholder	–	44,488	–	44,488
Financial liabilities recognised at fair value through profit or loss:	–	91,496	–	91,496
Total	–	3,097,613	–	3,097,613

The Company

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	644,881	–	644,881
– other financial assets	–	5,963	–	5,963
Total	–	650,844	–	650,844
Financial liabilities carried at amortised cost				
– debt securities	–	564,075	–	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	261,424	–	261,424
– loans from the Shareholder	–	118,852	–	118,852
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	1,598,591	–	1,598,591

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	507,229	–	507,229
– other financial assets	–	4,440	–	4,440
Total	–	511,669	–	511,669
Financial liabilities carried at amortised cost				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	511,988	–	511,988
– loans from the Shareholder	–	79,541	–	79,541
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	1,832,552	–	1,832,552

	Fair value as at 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets at amortised cost:				
– loans issued	–	–	282,052	282,052
– other financial assets	–	4,097	191	4,288
Total	–	4,097	282,243	286,340
Financial liabilities carried at amortised cost				
– debt securities	–	318,155	–	318,155
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	868,751	–	868,751
– loans from the Shareholder	–	91,373	–	91,373
Financial liabilities recognised at fair value through profit or loss:	–	–		
– derivative financial instruments	–	91,496	–	91,496
Total	–	2,171,471	–	2,171,471

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

For the year ended 31 December 2023, the Group and the Company has reconsidered market-observable inputs for the fair value of debt securities issued and determined that debt securities should be classified in level 2, as there were no observable transactions on the market in which these financial instruments
were traded.

For the year ended 31 December 2024, there were no transfers between levels in the fair value hierarchy.

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

The correction of the fair value and hierarchy levels did not result in any changes to the Group's and Company's financial position, profit or loss and other comprehensive income, cash flows and changes in equity.

31. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	39	–	–	39
– Yuriy Lavrinenko (i)	17	–	–	17
– Nurzhan Baidauletov (ii)	10	–	–	10
– Nurlan Akhanzaripov (iii)	7	–	–	7
– Ulf Wokurka	17	–	–	17
– Alexander Andreas Schierhuber (iv)	8	–	–	8
Director				
– Aidar Ryskulov (v)	–	–	–	–
– Nazira Nurbaeva (vi)	–	–	–	–
– Gibrat Auganov	–	–	–	–
– Kuat Irubayev (vii)	5	–	–	5
– Nurlan Sauranbayev	–	24	43	67
– Yernat Berdigulov	–	–	–	–
Total	**103**	**24**	**43**	**170**

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	41	–	–	41
– Natalia Godunova (viii)	13	–	–	13
– Ulf Wokurka	23	–	–	23
– Alexander Andreas Schierhuber	23	–	–	23
Director				
– Aidar Ryskulov	–	–	–	–
– Yelzhas Otynshiyev (xi)	–	–	–	–
– Gibrat Auganov (x)	–	–	–	–
– Kuat Irubayev	22	–	–	22
– Nurlan Sauranbayev	–	34	14	48
– Yernat Berdigulov	–	–	–	–
Total	**122**	**34**	**14**	**170**

Notes:

(i) Yuriy Lavrinenko was resigned as chairman of the board of directors and independent director on 7 September 2023.

(ii) Nurzhan Baidauletov was resigned as independent director on 19 June 2023.

(iii) Nurlan Akhanzaripov was resigned as independent director on 10 May 2023.

(iv) Alexander Andreas Schierhuber was appointed as independent director on 26 April 2023.

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

(vi) Nurbaeva Nazira resigned as director on 24 August 2023.

(vii) Kuat Irubayev was appointed as director on 29 June 2023.

(viii) Natalya Godunova was appointed as an independent director on 4 April 2024.

(xi) Yelzhas Otynshiyev was appointed as director on 22 February 2024.

(x) Gibrat Auganov was resigned as director on 22 February 2024.

Year ended 31 December 2025

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

Notes:

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

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

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

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

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

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

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

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2023, 2024 and 2025 included 1 director, details of whose remuneration are set out in note 31 above. Details of the remuneration for the year ended 31 December 2025 of the remaining 4 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	KZT'million	*KZT'million*	*KZT'million*
Salaries, allowances and benefits in kind	190	226	216
Performance related bonuses	331	141	140
Total	521	367	356

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

	Year ended 31 December		
	2023	**2024**	**2025**
Nil to HK$1,000,000	–	1	–
HK$1,000,001 to HK$1,500,000	1	4	3
HK$1,500,001 to HK$2,000,000	4	–	1
Total	5	5	4

During the years ended 2023, 2024 and 2025, no emoluments were paid by the Group to the directors, the supervisors of the Company or five highest paid individuals of the Group, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors waived or agreed to waive any emoluments during the Relevant Periods.

33. DIVIDENDS

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

34. EVENTS AFTER THE REPORTING DATE

Citibank

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

Societe Generale and Natixis

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

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

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

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

Halyk Bank of Kazakhstan JSC

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

The Export-Import Bank of China and China Development Bank

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

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

Citibank Kazakhstan JSC

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

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

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

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

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

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

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

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

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

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

Standard Chartered Bank

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

Debt securities issued

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

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

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

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

Derivative financial instruments

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

35. SUBSEQUENT FINANCIAL STATEMENTS

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

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

[To insert the firm's letterhead]

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

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

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

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

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

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

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
As at 1 January 2023	1,086,324	–	12,138	348,377	1,446,839	15,853	1,462,692
Profit for the year	–	–	–	133,508	133,508	3,276	136,784
Other comprehensive loss for the year	-	–	(4,918)	(532)	(5,450)	(8)	(5,458)
Total comprehensive (loss)/income for the year	–	–	(4,918)	132,976	128,058	3,268	131,326
Issue of share capital *(Note 13)*	24,310	–	–	–	24,310	–	24,310
Other contributions *(Note 13)*	–	–	–	142,345	142,345	–	142,345
Dividends	-	–	–	–	–	(1,617)	(1,617)
As at 31 December 2023	1,110,634	–	7,220	623,698	1,741,552	17,504	1,759,056
Profit for the year	–	–	–	157,818	157,818	2,987	160,805
Other comprehensive (loss)/income for the year	-	(38,570)	1,774	3,677	(33,119)	11	(33,108)
Total comprehensive (loss)/income for the year	-	(38,570)	1,774	161,495	124,699	2,998	127,697
Issue of share capital *(Note 13)*	13,273	–	–	–	13,273	–	13,273
Other contributions *(Note 13)*	–	–	–	71,516	71,516	–	71,516
Dividends	-	–	–	–	–	(2,225)	(2,225)
As at 31 December 2024	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

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

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

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

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

3.1 Basis of preparation

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

Going concern

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

The Group's and the Company's management has assessed the Group's and the Company's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group and the Company has financed major investment projects using funds from the government of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. Management of the Group and the Company has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date – the possibility of, and a positive decision from the discussions is considered to be high.

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

Basis of measurement

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

Basis of consolidation

The Historical Financial Information comprise the financial statements of the Company and entities controlled by it and by the subsidiaries listed in Note 32. The Group's investments in which it has significant influence are accounted for using the equity method. All intragroup transactions, balances, and unrealised gains and losses of the Group are eliminated on consolidation.

Functional and presentation currency

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

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

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

The following table presents foreign currency exchange rates to KZT:

	31 December 2023	31 December 2024	Average rate for 2023	Average rate for 2024
US$	454.56	525.11	456.31	469.44
Euros	502.24	546.74	493.33	507.86
Swiss Francs	541.08	580.68	508.16	533.96
Russian Roubles	5.06	4.88	5.40	5.08
UAE Durham	123.78	142.99	124.25	127.82

3.2 Material accounting policy information

Property, plant and equipment

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

Subsequent costs

The costs of the day-to-day servicing incurred during an asset's useful life (regular maintenance to ensure the asset remains in a working condition, technical inspections, etc.) are recorded in profit or loss when incurred. Costs are capitalised only if those costs qualify for recognition as assets in accordance with IAS 16 *Property, Plant and Equipment*.

Construction-in-progress

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

Borrowing costs

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

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

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

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

Leases

The Group as lessee

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

In accordance with IFRS 16 *Leases*, the Group applies practical expedient for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, for the leases with variable lease rates that do not depend on an index or rate and for the leases of low value assets (less than KZT2 million). The Group recognises short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease.

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

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

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

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

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

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

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

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

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items (Notes 6 and 23).

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

Inventories

Inventories are valued at the lower of cost or net realisable value. Costs comprise of charges incurred to bring the inventory to its present location and condition for its intended use. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. When inventories are released into production, sold or otherwise disposed of, they are valued at the weighted-average cost basis.

Financial instruments

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

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

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

Wherein:

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

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

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

During the Track Record Period, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

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

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

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

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

Derivative financial instruments

The Group uses the currency swap derivative financial instrument to manage its currency risk on borrowings. These derivative financial instruments are designated into hedging relationships from 1 October 2024 in the Historical Financial Information.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The net gain or loss incorporates interest income on derivative financial instruments and is included in the finance income. The change in fair value of derivative financial instruments is reflected in finance income or finance costs (Note 26).

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

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

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

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

Cash flow hedges

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

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

Hedge accounting is discontinued when:

(a) the Group revokes the hedging relationship;

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

(c) it no longer qualifies for hedge accounting.

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

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

Equity

Share capital

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

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

Other contributions

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

Government grants

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

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

Government grants are recognised in profit or loss on a systematic basis as expenses due to be compensated by the subsidies are recognised simultaneously in profit or loss. In particular, the government allows the Group to receive subsidies in the form of government grants to partially cover the cost of transporting passengers on socially important routes in Kazakhstan. Government grants are recognised on a systematic basis over the periods as the subsidies are used to cover carrier costs to transport passengers on socially important routes.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Revenue

The Group recognises revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised less Value Added Tax (hereinafter – "VAT") and rebates.

Revenue from freight transportation services

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

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

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

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

Pursuant to the Committee for Regulation of Natural Monoploies ("**CRNM**") Order *on the Approval of a Temporary Decreasing Coefficient for Railway Freight Transportation Tariffs*, certain contracts envisage discounts dependent on the volumes of services consumed. Revenue from these services is recognised based on contractual prices less estimated discounts. The Group uses the expected value method to estimate the discount amount.

As at 31 December 2024 and 2023, the Group has no obligations to counterparties associated with provision of discounts.

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

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

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

Revenue from passenger transportation services

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

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

Other revenue

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

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

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

Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15 *Revenue from Contracts with Customers*.

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Control assessment

Subsidiaries are those entities controlled by the Group. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the historical financial information of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Losses are attributed to non-controlling interests in full, even if this results in a debit balance ("deficit") (Note 32).

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

Loans at a rate below the market interest rate

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

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

Cash-generating unit identification

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

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

Assessment of impairment indicators of property, plant and equipment

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

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

As at 31 December 2023 and 2024, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of KZT to the Swiss Franc, as the transit tariff is set in Swiss Franc.

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

The management of the Group did not identify any events that occurred during the Track Record Period that could be considered as an indicator of the impairment of the single CGU as at 31 December 2024 and 2023.

Accounting treatment of financing arrangements with Industrial Development Fund JSC

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

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

Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation that arose to Industrial Development Fund JSC before the loss of control over the Railway Passenger Coach Construction Plant LLP as a financial liability (borrowing) according to IFRS 9 *Financial Instruments* and recognises passenger carriages and work-in-progress as property, plant and equipment items and construction in progress in accordance with IFRS 16.103 *Leases* (Note 3).

Key sources of estimation uncertainty

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

Impairment of property, plant and equipment

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

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

Recoverability of VAT

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

In accordance with the Tax legislation of Kazakhstan, up to 70% of the accrued VAT receivable is subject to refund from the budget on a quarterly basis, after the submission of the tax declaration. The remaining part of the accrued VAT is subject to refund based on the results of the tax audit, within 5 years. In 2024, the Group conducted an analysis of major suppliers and did not identify any signs of unreliability in accordance with the criteria of the Rules for the refund of excess VAT. Based on this analysis, the Group indicated a requirement to conduct a thematic tax audit for the period from first quarter of 2020 to fourth quarter 2023 in the amount of KZT142,427 million in order to confirm the amounts of excess VAT and receive a refund. In January 2025, an order was received from the tax authorities to conduct a tax audit to confirm the amounts of excess VAT from 1 January 2020 to 30 September 2024 in accordance with the Kazakhstan tax legislation. During 2023, no VAT tax audits were carried out, accordingly, the VAT subject to refund based on results of the tax audit was not refunded.

To assess VAT recoverability, the Group considers information from its internal tax department on projected VAT collection, correspondence with the tax authorities and historical recovery experience. Actual VAT amounts recovered could differ materially from Group estimates, which could affect future operating results significantly.

As at 31 December 2023 and 2024, total VAT recoverable amounted to KZT204,656 million and KZT315,184 million, respectively, of which KZT49,618 million and KZT120,475 million were classified as current assets. The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable during 2025 and believes that the total VAT receivable is fully recoverable.

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

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

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

Buildings and structures	10–140
Rail track infrastructure	5–100
Machinery and equipment	3–35
Vehicles	4–40
Others	2–50
Intangible assets	1–10

Taxation

Kazakhstan legislative acts and regulations are not always clearly written. Instances of inconsistent opinions between local, regional and national tax authorities are possible. Where additional taxes are imposed by the tax authorities, fines and interest applied are significant; fines are generally assessed at 80% of additional taxes accrued, and as at 31 December 2023 and 2024, interest is in average assessed at 19.69% and 18.27%, respectively. of additional accruals or overdue taxes. As a result, fines and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, fine and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2024 and 2023. Any differences between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

Fair value of derivative financial instruments

In 2022, the Company entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to partially manage the exposure to foreign exchange risk of borrowings denominated in US dollars. The Company pays a fixed amount of Swiss Francs in exchange for a fixed amount of US dollars. Fair value of the derivative financial instruments was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Company and counterparties.

In estimating the fair value of derivative financial instruments, the Company uses market-observable data to the extent it is available. The valuation is particularly sensitive to the change in forward exchange rates observable at the end of the reporting period. Forward exchange rates are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's separate financial statements within the next year. As at 31 December 2023, the liability reflected as a fair value of derivative financial instruments was estimated of KZT35,719 million using the market-observable forward exchange rates, which management believes are the most relevant.

As at 31 December 2023, the management of the Company performed analysis and applied the most relevant forward exchange rates, however, uncertainty exists related to geopolitical and market risks (including currency risk) and their impact on the world economy and the economy of Kazakhstan, which is likely to result in significant adjustments to the fair value of derivative financial instruments in future periods (Note 34).

5. SEGMENT INFORMATION

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

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

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

	Freight transportation	Passenger transportation	Reportable segments	Others	Elimination	Total
For the year ended 31 December 2023						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,682,550	101,682	1,784,232	–	–	1,784,232
Transportation revenue from intersegment transactions	1,443	67,151	68,594	–	(68,594)	–
Government grants	–	38,912	38,912	–	–	38,912
Other income from third parties	86,988	5,353	92,341	18,610	–	110,951
Other income from intersegment transactions	35,982	798	36,780	9,679	(46,459)	–
Total revenue and other income	1,806,963	213,896	2,020,859	28,289	(115,053)	1,934,095
Cost of sales	(1,389,101)	(201,563)	(1,590,664)	(21,441)	113,522	(1,498,583)
Gross profit	417,862	12,333	430,195	6,848	(1,531)	435,512
General and administrative expenses	(94,722)	(9,592)	(104,314)	(3,585)	1,405	(106,494)
Finance income	36,847	1,440	38,287	1,122	(7,188)	32,221
Finance costs	(188,846)	(22,382)	(211,228)	(396)	3,259	(208,365)
Foreign exchange (loss)/gain	(12,324)	(1,732)	(14,056)	(69)	1	(14,124)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	6,283	–	–	6,283
Share of the profit of associates and joint ventures	8,144	–	8,144	–	–	8,144
Impairment reversal of financial assets and contract assets	2,487	11	2,498	28	136	2,662
Impairment reversal/(impairment) of non-financial assets	1,734	(373)	1,361	(212)	–	1,149
Other profit and losses	3,930	1,078	5,008	17	(630)	4,395
Profit/(loss) before tax	181,395	(19,217)	162,178	3,753	(4,548)	161,383
Corporate income tax (expense)/benefit	(34,229)	5,362	(28,867)	(509)	4,777	(24,599)
Profit/(loss) for the year	147,166	(13,855)	133,311	3,244	229	136,784
Other key segment information						
Capital expenditure	628,238	76,151	704,389	540	–	704,929
Depreciation of property, plant and equipment *(Note 6)*	139,365	16,172	155,537	1,647	(6)	157,178

	Freight transportation	Passenger transportation	Reportable segments	Others	Elimination	Total
For the year ended 31 December 2024						
Key operating indices Revenue and other income						
Transportation revenue from third parties	1,875,558	110,523	1,986,081	–	–	1,986,081
Transportation revenue from intersegment transactions	1,702	90,490	92,192	–	(92,192)	–
Government grants	–	41,124	41,124	–	–	41,124
Other income from third parties	114,078	5,454	119,532	17,205	–	136,737
Other income from intersegment transactions	38,943	1,000	39,943	13,640	(53,583)	–
Total revenue and other income	2,030,281	248,591	2,278,872	30,845	(145,775)	2,163,942
Cost of sales	(1,512,468)	(226,168)	(1,738,636)	(26,176)	144,795	(1,620,017)
Gross profit	517,813	22,423	540,236	4,669	(980)	543,925
General and administrative expenses	(110,625)	(12,574)	(123,199)	(6,442)	1,251	(128,390)
Finance income	55,738	3,870	59,608	737	(7,390)	52,955
Finance costs	(158,367)	(29,278)	(187,645)	(247)	2,908	(184,984)
Foreign exchange (loss)/gain	(58,551)	(12,226)	(70,777)	435	722	(69,620)
Share of the profit of associates and joint ventures	10,772	–	10,772	–	–	10,772
Impairment reversal/(impairment) of financial assets and contract assets	1,730	(226)	1,504	207	(110)	1,601
Impairment of non-financial assets	(5,162)	(1,906)	(7,068)	(268)	–	(7,336)
Other profit and losses	3,588	1,712	5,300	258	(952)	4,606
Profit/(loss) before tax	256,936	(28,205)	228,731	(651)	(4,551)	223,529
Corporate income tax expense	(47,986)	(976)	(48,962)	(3,343)	(10,419)	(62,724)
Profit/(loss) for the year	208,950	(29,181)	179,769	(3,994)	(14,970)	160,805
Other key segment information						
Capital expenditure	1,006,018	110,003	1,116,021	54,217	–	1,170,238
Depreciation of property, plant and equipment *(Note 6)*	150,379	20,489	170,868	2,055	(2)	172,921

Geographical information of the Group

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

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

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

	As at 31 December	
	2023	2024
Kazakhstan	4,498,938	5,449,449
Russia	17,881	19,541
China	16,828	18,545
Total	4,533,647	5,487,535

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the years ended 31 December 2023 and 2024.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,291,479	295,342	245,620	1,267,851	3,959	10,937	126,317	3,241,505
Additions	591	653	11,408	39,776	2	1,399	603,471	657,300
Lease additions	–	48	1,073	45,237	–	1	–	46,359
Lease modifications	–	(76)	5,251	8,092	–	–	–	13,267
Disposals	(73)	(1,019)	(2,975)	(10,582)	(59)	(1,091)	(1,467)	(17,266)
Depreciation charge *(Note 5)*	(41,980)	(7,701)	(35,032)	(70,565)	–	(1,900)	–	(157,178)
Depreciation on disposal	57	492	2,742	10,528	–	1,089	–	14,908
Impairment reversal/(impairment)	29	(23)	(80)	254	–	(108)	(1,062)	(990)
Other movements and transfers *(note)*	165,641	25,749	19,967	316,959	(31)	173	(531,884)	(3,426)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Cost	1,779,867	389,889	575,524	2,254,692	3,871	31,315	207,150	5,242,308
Accumulated depreciation and impairment	(364,123)	(76,424)	(327,550)	(647,142)	–	(20,815)	(11,775)	(1,447,829)
Carrying value as at 31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Including:								
Right-of-use assets: Cost	–	1,843	42,735	111,578	–	7,320	–	163,476
Accumulated depreciation and impairment	–	(845)	(36,823)	(6,803)	–	(3,900)	–	(48,371)
Carrying value	–	998	5,912	104,775	–	3,420	–	115,105

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Additions	365	4,909	20,711	4,162	28	1,526	965,112	996,813
Lease additions	–	6	27,261	144,260	–	–	–	171,527
Lease modifications	–	117	(383)	(41)	–	–	–	(307)
Disposals	(457)	(1,912)	(38,630)	(2,202)	(7)	(640)	(1,768)	(45,616)
Depreciation charge *(Note 5)*	(42,240)	(7,129)	(35,863)	(85,408)	–	(2,281)	–	(172,921)
Depreciation on disposal	296	724	36,242	2,168	–	601	–	40,031
(Impairment)/impairment reversal	(59)	(298)	(36)	(23)	–	104	(229)	(541)
Other movements and transfers *(note)*	162,460	40,402	20,106	453,662	–	1,278	(679,146)	(1,238)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Cost	1,933,491	433,876	605,303	2,857,264	3,892	33,660	490,175	6,357,661
Accumulated depreciation and impairment	(397,382)	(83,592)	(327,921)	(733,136)	–	(22,572)	(10,831)	(1,575,434)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Including:								
Right-of-use assets: Cost	–	1,889	44,754	255,797	–	7,955	–	310,395
Accumulated depreciation and impairment	–	(1,165)	(20,386)	(11,738)	–	(4,815)	–	(38,104)
Carrying value	–	724	24,368	244,059	–	3,140	–	272,291

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

The Company

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2023	1,319,450	180,512	214,220	22,129	913	3,595	121,855	1,862,674
Additions	591	613	9,186	4,623	2	1,479	273,536	290,030
Lease additions	–	48	1,073	–	–	–	–	1,121
Lease modifications	–	20	5,251	8,093	–	–	–	13,364
Disposals	(72)	(448)	(1,560)	(9,673)	(59)	(988)	(9)	(12,809)
Depreciation charge	(42,463)	(4,277)	(30,533)	(4,245)	–	(874)	–	(82,392)
Depreciation on disposal	57	185	1,500	9,673	–	987	–	12,402
Impairment reversal/(impairment)	28	(9)	(80)	77	–	(107)	(1,011)	(1,102)
Contribution to the share capital of subsidiaries	(926)	(103)	(4)	(7)	(3)	–	–	(1,043)
Transfer to other non-current assets *(Note 8)*	–	–	–	–	–	–	(23,000)	(23,000)
Other movements and transfers *(note)*	167,044	2,524	14,582	5,963	–	7	(195,720)	(5,600)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Cost	1,809,023	229,554	509,000	79,005	853	15,129	185,829	2,828,393
Accumulated depreciation and impairment	(365,314)	(50,489)	(295,365)	(42,372)	–	(11,030)	(10,178)	(774,748)
Carrying value as at 31 December 2023	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Including:								
Right-of-use assets: Cost	–	285	46,519	–	–	–	–	46,804
Accumulated depreciation and impairment	–	(199)	(42,286)	–	–	–	–	(42,485)
Carrying value	–	86	4,233	–	–	–	–	4,319

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

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,443,709	179,065	213,635	36,633	853	4,099	175,651	2,053,645
Additions	365	4,815	19,315	4,731	28	1,397	501,431	532,082
Lease additions	–	1	27,261	–	–	–	–	27,262
Lease modifications	–	26	(382)	–	–	–	–	(356)
Disposals	(456)	(483)	(35,801)	(159)	(6)	(444)	(559)	(37,908)
Depreciation charge	(42,707)	(4,118)	(30,234)	(4,394)	–	(1,188)	–	(82,641)
Depreciation on disposal	296	284	34,053	158	–	440	–	35,231
(Impairment)/impairment reversal	(58)	(294)	(30)	3	–	103	(208)	(484)
Contribution to the share capital of subsidiaries	(35)	(820)	(92)	–	–	–	–	(947)
Transfer to other non-current assets *(note 8)*	–	–	–	–	–	–	(17,493)	(17,493)
Other movements and transfers *(note)*	162,529	6,063	11,444	8,560	–	412	(192,839)	(3,831)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Cost	1,962,647	239,370	530,496	92,009	875	16,198	475,201	3,316,796
Accumulated depreciation and impairment	(399,004)	(54,831)	(291,327)	(46,477)	–	(11,379)	(9,218)	(812,236)
Carrying value as at 31 December 2024	1,563,643	184,539	239,169	45,532	875	4,819	465,983	2,504,560
Including:								
Right-of-use assets: Cost	–	312	41,697	–	–	–	–	42,009
Accumulated depreciation and impairment	–	(256)	(18,069)	–	–	–	–	(18,325)
Carrying value	–	56	23,628	–	–	–	–	23,684

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

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

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

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

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

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

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

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

As at 31 December 2023 and 2024, all undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with tenants are due within one year.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

Description	Primary activity	Main country of operation/ country of registration	At 31 December 2023 Carrying amount	2023 Ownership interest	At 31 December 2024 Carrying amount	2024 Ownership interest
Associates						
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	15,890	33.33%	16,963	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	10,768	25%	15,607	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,195	49%	8,712	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc	China	5,136	49%	5,818	49%
Others			–	40–47%	1,578	40–49%
Total investment in associates			38,989		48,678	
Joint ventures						
Private Company KPMC Ltd.	Organisation of container block trains and freight forwarding activities for land-sea freight routes	China/ Kazakhstan	1,078	49%	876	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	497	50%	277	50%
CRK-Terminal LLC	Organisation of domestic and international freight transportation, provision of multimodal and transport and logistics services, freight forwarding services, construction of terminal and warehouse infrastructure, reconstruction and renewal of fixed assets	Russia	–	–	165	33.3%*
Private Company Middle Corridor Multimodal Ltd	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	4	33.33%*	78	33.33%*
Total investment in joint ventures			1,579		1,396	

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

The Company

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

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

The Group

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

During the year ended 31 December 2023, the Group, represented by its subsidiary Kedentransservice JSC, made a cash contribution in the amount of 80,740,632 yuan (KZT5,196 million) to the charter capital of China-Kazakhstan Trade and Logistics Company LLC (Xi'an), the Group's share of ownership in the associate is 49%.

In October 2023, the Group, represented by its subsidiary KTZ Express JSC, sold to a third party a 51% interest in its subsidiary, Private Company KPMC Ltd., for 1,000 US dollars (KZT0.5 million). The gain from the disposal of the subsidiary amounted to KZT1 million. As a result, the Group lost control over this subsidiary and recognised the remaining 49% interest at fair value as an investment in joint venture. In December 2023, the Group made a cash contribution, without changing the share of ownership, in the amount of KZT1,111 million to the charter capital of this entity.

In December 2023, the Group, represented by the Company, made a cash contribution in the amount of KZT5 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd., which was equally distributed between the Company, Azerbaijan Railways CJSC and Georgian Railway JSC. The Group's share in the joint venture is 33.33%.

During the year ended 31 December 2024, the Group, represented by the Company, made an additional cash contribution of KZT75 million to the charter capital of the Private Company Middle Corridor Multimodal Ltd.

During the year ended 31 December 2024, the Group, represented by its subsidiary KTZ Express JSC, made a cash contribution of 33,303,330 Russian Roubles (KZT168 million) to the charter capital of the joint venture CRK-Terminal LLC. The Group's ownership interest in the joint venture is 33.3%.

During the year ended 31 December 2024, the Group, represented by its subsidiary KTZ Express JSC, made a cash contribution of KZT1,578 million to the charter capital of Aktau International Container Hub LLP, which is distributed between the Group, represented by subsidiaries KTZ Express JSC and NC Aktau International Sea Trade Port JSC, and Shanhai (Hong Kong) Investment & Development Co. Ltd. The Group's ownership interest in the associate is 49%.

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

The Group

	2023				
	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	**Chinese-Kazakhstan International Logistics Company in Lianyungang**	**Aktau Marine North Terminal LLP**	**Transtelecom JSC**	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC**
Current assets	11,635	6,975	734	43,441	51,595
Non-current assets	–	21,998	35,215	146,464	54,398
Total assets	11,635	28,973	35,949	189,905	105,993
Current liabilities	34	1,447	5,347	114,014	20,564
Non-current liabilities	1,119	248	32,102	41,713	37,758
Total liabilities	1,153	1,695	37,449	155,727	58,322
Total net assets/(liabilities)	10,482	27,278	(1,500)	34,178	47,671
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,136	13,367	(600)	8,545	15,890
Accumulated impairment	–	(6,172)	–	–	–
Net assets/(liabilities) attributable to the Group, inclusive of impairment	5,136	7,195	(600)	8,545	15,890
Accumulated unrecognised loss	–	–	600	–	–
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	–	–	–	2,223	–
Carrying amount of investment	5,136	7,195	–	10,768	15,890
Revenue	153	10,588	3,912	84,186	298,970
(Loss)/profit and total Comprehensive (loss)/income for the year	(54)	334	6,887	9,063	17,362
Recognised share of the Group in (loss)/profit	(26)	163	–	2,266	5,787

	2024				
	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	Chinese-Kazakhstan International Logistics Company in Lianyungang	Aktau Marine North Terminal LLP	Transtelecom JSC	United Transportation and Logistics Company – Eurasian Railway Alliance JSC
Current assets	8,781	8,704	1,026	51,979	53,561
Non-current assets	4,698	23,852	33,776	72,970	51,462
Total assets	13,479	32,556	34,802	124,949	105,023
Current liabilities	347	1,235	13,217	29,296	19,162
Non-current liabilities	1,259	337	31,073	42,120	34,973
Total liabilities	1,606	1,572	44,290	71,416	54,135
Total net assets/(liabilities)	11,873	30,984	(9,488)	53,533	50,888
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,818	15,182	(3,795)	13,384	16,963
Accumulated impairment	–	(6,470)	–	–	–
Net assets/(liabilities) attributable to the Group, inclusive of impairment	5,818	8,712	(3,795)	13,384	16,963
Accumulated unrecognised loss	–	–	3,795	–	–
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	–	–	–	2,223	–
Carrying amount of investment	5,818	8,712	–	15,607	16,963
Revenue	216	2,531	3,121	86,174	378,196
Profit/(loss) and total comprehensive income/(loss) for the year	72	266	(7,988)	19,358	17,871
Recognised share of the Group in profit	36	130	–	4,839	5,957

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

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

8. OTHER NON-CURRENT ASSETS

The Group

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

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

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

For the years ended 31 December 2023 and 2024, the Group accrued depreciation expense on investment property in the amount of KZT150 million and KZT145 million, respectively.

As at 31 December 2024, the Group performed an analysis of assets related to corporate income tax withheld at the source of payment due to the accumulated carried forward corporate income tax losses. These assets expire for tax purposes within 10 years from the date of their occurrence. As at 31 December 2024, the Group classified corporate income tax withheld assets amounting to KZT35,441 million as non-current assets, as the Group does not expect that it will be able to utilise them within the next twelve months in accordance with the effective Kazakhstan tax legislation. As at 31 December 2023, the Group reclassified the corporate income tax withheld assets amounting KZT40,121 million from other current assets to other non-current assets (Note 12).

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

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

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

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

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

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

The Company

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

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

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

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

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

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

9. CASH AND CASH EQUIVALENTS

The Group

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

The Company

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

As at 31 December 2024, the Group's and the Company's cash on digital accounts represents programmable digital KZT only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder (Note 14).

As at 31 December 2024, the Group's weighted average interest rate on cash in current accounts was 8.19% in KZT and 0.16% in other currencies. And as at 31 December 2023, the Group's weighted average interest rate on cash in current accounts was 0.68% in KZT and 1.5% in other currencies.

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

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

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

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

10. INVENTORIES

The Group

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

The Company

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

11. TRADE ACCOUNTS RECEIVABLE

The Group

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

The Company

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

As at 1 January 2023, the Group's and the Company's trade accounts receivable arising from contract with customers amounted to KZT14,276 million and KZT46,441 million respectively.

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

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

For trade accounts receivable, the Group and the Company has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade accounts receivable, used to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables and amounts due from related parties using a provision matrix:

The Group

As at 31 December 2023

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

As at 31 December 2024

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

The Company

As at 31 December 2023

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

As at 31 December 2024

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

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

The Group

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

The Company

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

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

The Group

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

The Company

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

12. OTHER CURRENT ASSETS

The Group

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

The Company

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

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

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

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

The Group

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

The Company

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

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

The Group

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

The Company

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

13. EQUITY

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

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

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

Share issuance

During the years ended 31 December 2023 and 2024, the Company issued 1,000 shares that was paid in cash of KZT24,310 million and KZT13,273 million by the Shareholder, respectively.

Other contributions

During the years ended 31 December 2023 and 2024, the Company recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of KZT177,392 million and KZT89,395 million, respectively, net of deferred tax effect of KZT35,586 million and KZT17,879 million, respectively (Note 14 and 17).

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

Hedging reserve

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

During the year ended 31 December 2024, the Group implemented a cash flow hedge to reduce the risk of changes in KZT equivalent revenue from freight transit transportation denominated in Swiss Francs, as part of two strategies. To confirm highly probable transactions, the Group relied on the existence of a history of cash flows from freight transit transportation in Swiss Francs, sufficient infrastructure, as well as a favourable geographical location for freight transit transportation. The Group has a monopoly in terms of access to the main railway network and dominates in freight transportation services.

Strategy 1 (effective from 1 October 2024)

Eurobonds with the nominal amount of 882,978,000 US dollars issued in October 2022 on the Kazakhstan Stock Exchange in favour of the Shareholder, and due on 28 October 2025, as well as cross-currency swaps in the amount of 881,881,000 Swiss Francs with maturity date on 25 October 2025 are hedging instruments that are separately identifiable and reliably measurable. As at 31 December 2024, the carrying value of Eurobonds amounted to KZT448,785 million. The hedged item in this respect is the probable revenue from freight transit transportation of 875,066,510 Swiss Francs for the period from 1 January 2025 to 22 October 2025.

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

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

Strategy 2 (effective from 21 November 2024)

The principal debt of the Group's loans of 1,070,208,399 Swiss Francs, with fixed repayment schedules fully consistent with projected freight transit revenue flows in Swiss Francs, is a hedging instrument that is separately identifiable and reliably measurable. As at 31 December 2024, the carrying value of these loans amounted to KZT598,982 million. The hedged item in this respect is the highly probable revenue from transit transportation of 1,070,208,399 Swiss Francs for the period from 21 November 2024 to 15 November 2034, of which 139,167,166 Swiss Francs are repayable in 2025.

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

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

In December 2024, the revenue from freight transportation in international (transit) route, which is the cash flow hedged item, was received, and respectively, the accumulated loss of KZT412 million attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 22). The deferred tax effect amounted to KZT82 million (Note 17).

The Company

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

	Foreign currency translation reserve	Retained earnings	Total
As at 1 January 2023	326	834,172	834,498
Profit for the year	–	164,578	164,578
Other comprehensive (loss)/income for the year	(267)	133	(134)
Total comprehensive (loss)/income for the year	(267)	164,711	164,444
Other contributions	–	142,345	142,345
As at 31 December 2023	**59**	**1,141,228**	**1,141,287**
Profit for the year	–	128,024	128,024
Other comprehensive loss for the year	(128)	(145)	(273)
Total comprehensive (loss)/income for the year	(128)	127,879	127,751
Other contributions	–	71,516	71,516
As at 31 December 2024	**(69)**	**1,340,623**	**1,340,554**

14. BORROWINGS

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

The Group

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

The Company

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

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

The Group

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

The Company

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

Loans received

The Shareholder

In May 2023, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 19 May 2023, received borrowings in the total amount of KZT162,600 million to finance the acquisition of passenger carriages. Interest is paid annually at 0.05%. Principal is paid annually until full repayment in 2053. The loan was received at a below market interest rate and the fair value of the loan received was calculated based on the market rate of 11.59%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT139,498 million, net of deferred tax in the amount of KZT27,900 million through equity in retained earnings as other contributions (Note 13).

In January 2024, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 21 October 2010, to finance the construction of railways "Khorgos-Zhetygen" and "Uzen-Turkmenistan Border" for a total amount of KZT30,000 million, signed an additional agreement to extend the repayment period from 2024 until 2044 and change the interest rate from 2% to 9.25%. Interest on the loan is repaid in semi-annual payments. Due to a significant change in the terms of the loan, the Group and the Company recorded the transaction as a derecognition of the original financial liability and recognition of a new financial liability. The fair value was calculated based on the market rate of 12.25%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT6,003 million, net of deferred tax in the amount of KZT1,200 million through equity in retained earnings as other contributions (Note 13).

Citibank Kazakhstan JSC

In June 2023, the Group, represented by a subsidiary KTZ-Freight Transportation LLP, within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT13,000 million with an interest rate of 17.7%. The principal is repayable in full in June 2024. In July 2024, the Group received borrowings in the total amount of KZT14,000 million with an interest rate on 15%. In December 2024, the Group signed an additional agreement to extend the maturity until July 2025 and to change the interest rate from 15% to 16.5%.

ForteBank JSC

In 2023, the Group, represented by the Company, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, received KZT36,100 million with an interest rate of 17.5% to 18% and maturity up to six months. The Group made full early repayment of loans received. In 2024, the Group. In 2024, the Group received KZT97,000 million with an interest rate of 15.75% to 16.75% and maturity up to six months. The Group made full/partial repayment of loans received in the amount of KZT55,000 million.

HSBC Continental Europe

In 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ Passenger locomotives LLP, under the Master Framework Agreement with HSBC Continental Europe, together with HSBC Bank Plc and HSBC Kazakhstan Subsidiary Bank JSC, and with the support of the COFACE export-credit

agency, dated 31 May 2012 to finance the acquisition of freight and passenger locomotives for a total of 880,877,000 Euros and its addendums, borrowed 4,350,789 Euros (KZT2,137 million) (including the COFACE premium). Loan interest is paid semi annually at EUR CIRR + 0.4% margin, which is fixed at each tranche date. Principal is repaid semiannually until full repayment in 2031.

Societe Generale and Natixis

In 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ Passenger locomotives LLP, under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 329,415,953 Euros (equivalent to approximately KZT162,473 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034. In 2024, the Group borrowed 134,375,973 Euros (equivalent to approximately KZT67,738 million) (including BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m+1.15% margin. Principal is repaid semi-annually until full repayment in 2035.

Halyk Bank of Kazakhstan JSC

In 2023, the Group, represented by the Company and its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT89,000 million with an interest rate of 18.5% to 18.75% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT70,000 million. In 2024, the Group borrowed KZT97,000 million with an interest rate of 15.75% to 17.25% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of KZT78,000 million.

In 2023, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, received KZT3,156 million to finance the acquisition of freight diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2032.

In 2023, the Group, represented by its subsidiary KTZ-Passenger locomotives LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, received KZT10,034 million to finance the acquisition of passenger diesel and electric locomotives. Interest is repaid quarterly at the interest rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Principal is repayable in semi-annual installments until full repayment in 2029.

In 2023, the Company, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed KZT10,000 million with an interest rate of 18.75% and a maturity of up to six months. The Group has made full early repayment of loans received. In 2024, the Company borrowed KZT30,000 million with an interest rate of 15.75% to 16.75% and a maturity of up to one year.

Eurasian Development Bank ("EDB")

In 2023, the Group, represented by its subsidiary KTZ-Freight transportation, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles borrowed 10,045,278,800 Russian Roubles (equivalent to approximately KZT50,345 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034. In 2024, the Group borrowed 7,640,071,200 Russian Roubles (equivalent to approximately KZT37,956 million). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

Citibank

In 2024, the Group, represented by the Company, under the credit line Agreement with Citibank, dated 4 April 2024, borrowed funds in the total amount of 150,000,000 Swiss Francs (KZT77,828 million) with an interest rate from 3.21% to 3.4% and a repayment period of up to one year.

In 2024, the Group, represented by its subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP, under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US dollars in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (234,670 million Tenge) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. The principal is repayable quarterly until full repayment in 2034.

Citibank and Santander

In November 2023, the Group, represented by the Company, under the credit agreement with Citibank and Santander and the guarantee of MIGA, dated 19 September 2023 to finance the acquisition of electric locomotives, passenger carriages, capital and current repairs of railway tracks, borrowed 513,491,580 Swiss Francs (KZT264,633 million) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95%. Principal is repaid semi-annually until full repayment in 2033. The grace period for repayment of principal debt is 1 year.

European Bank for Reconstruction and Development ("EBRD")

In 2024, the Group, represented by the Company, under the credit line agreement with EBRD, dated 4 July 2024, borrowed funds in the total amount of 200,000,000 Swiss Francs (KZT107,986 million). Interest is repaid semi-annually at SARON 6m + 1.80% margin. The principal is repayable semi-annually until full repayment in 2029.

Early repayment of non-current borrowings

In 2023, the Group, represented by its subsidiaries KTZ Express JSC and KTZ-Passenger locomotives LLP, under loan agreement with Eurasian Bank for Reconstruction and Development, dated 18 September 2014 made an early repayment of borrowings received in the amount of KZT8,095 million.

In 2023, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, made an early partial repayment of borrowings received of KZT18,262 million. In 2024, the Group made an early full repayment of borrowings received of KZT60,540 million.

In 2023, the Group, represented by its subsidiary KTZ-Passenger locomotives LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, made an early partial repayment of borrowings received of KZT6,483 million. In 2024, the Group made an early partial repayment of borrowings received of KZT9,198 million.

Debt securities issued

As at 31 December, debt securities issued include:

The Group

	Repayment date	Exchanges	2023	2024
Debt securities, by price *(note i)*				
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	–	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855	101,717
Inflation rate + 2.52% (12.03%) Bonds (100%) in KZT	25 April 2026	KASE	56,302	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380	41,380
NBRK Base rate+0.75% (16%) Bonds (100%) in KZT	30 January 2026	AIX	–	30,000
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	–	10,889
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in KZT	22 July 2024	KASE	129,491	–
9.25% Bonds (100%) in KZT	15 November 2024	KASE	76,831	–
Total debt securities issued			1,265,557	1,291,892
Current portion of debt securities issued			232,078	471,552
Long-term portion of debt securities issued			1,033,479	820,340
			1,265,557	1,291,892

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

The Company

	Repayment date	Exchanges	2023	2024
Debt securities, by price *(note i)*				
2% Eurobonds (100%) in US$	28 October 2025	KASE	372,174	448,785
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	136,146	136,717
9.25% Bonds (100%) in KZT	24 June 2044	KASE	–	114,750
7.37% Bonds (100%) in KZT	30 December 2042	KASE	100,855	101,717
Inflation rate + 2.52% (12.03%) Bonds (100%) in KZT	25 April 2026	KASE	56,302	54,090
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380	41,380
NBRK Base rate+0.75% (16%) Bonds (100%) in KZT	30 January 2026	AIX	–	30,000
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	17,761	18,947
1.8% Bonds (100%) in KZT	10 July 2044	AIX	–	10,889
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in KZT	22 July 2024	KASE	129,491	–
9.25% Bonds (100%) in KZT	15 November 2024	KASE	76,831	–
Total debt securities issued			1,265,557	1,291,892
Current portion of debt securities issued			232,078	471,552
Long-term portion of debt securities issued			1,033,479	820,340
			1,265,557	1,291,892

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

In June and December 2023, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT73,709 million and KZT100,000 million, respectively, with a coupon rate of 8.74% per annum and a maturity date in 2043. Coupon payment - twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 11.59% and 12.25%, respectively. The Group recognised an adjustment to fair value of the bonds in the amount of KZT38,434 million, net of deferred tax in the amount of KZT7,687 million through equity in retained earnings as other contributions (Note 13).

In June and December 2024, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT20,316 million and KZT143,653 million, respectively, with a coupon rate of 9.25% per annum and a maturity date in 2044. Coupon payment - twice a year. Digital KZT were used in this issue (Note 9). The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34% and 14.50%, respectively. The Group and the Company recognised an adjustment to fair value of the bonds in the amount of KZT49,499 million, net of deferred tax in the amount of KZT9,900 million through equity in retained earnings as other contributions (Note 13).

In July 2024, the Group, represented by the Company, to implement the project "Construction of Darbaza-Maktaaral railway line", issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT44,200 million, with a coupon rate of 1.8% per annum and a maturity date in 2044. Coupon payment – twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT33,893 million, net of deferred tax in the amount of KZT6,779 million through equity in retained earnings as other contributions (Note 13).

In December 2024, the Group, represented by the Company, to refinance obligations, issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of KZT30,000 million, with a coupon rate of Base rate of National Bank of Kazakhstan + 0.75% margin per annum and a maturity date in 2026. Coupon payment - twice a year.

State subsidy of the interest rate

In May 2020, the Group, represented by the Company, entered into a contract with the Ministry of Industry and Construction of the Republic of Kazakhstan to subsidise part of the coupon rate in the amount of KZT307,194 million, on bonds issued in 2019 at the coupon rate of 11.5% per annum and used for early repayment of Eurobonds issued in 2017 in the amount of 780,000,000 US dollars, which in turn were attracted and utilised for infrastructure modernisation, updating locomotives and freight carriages. The Agreement stipulates that the amount of subsidy should be provided for under the republican budget program "Subsidising the coupon rate on the carrier's bonds issued for the development of the main railway network and rolling stock of railway transport" (hereinafter - "the Program"). Since the budget Program is available to all transportation companies that have the status of a "carrier" in accordance with the Law on Railway Transport, the Group's management accounts for the financing under this Program as a government grant recognised within finance income.

In 2024, the Group and the Company recognised income from government subsidies under the Program in the amount of KZT22,300 million as part of finance income (Note 26). No income from government subsidies was recognised by the Group and the Company under the Program in 2023.

The fair value of borrowings and debt securities issued is presented in Note 34.

Credit agreements and covanents

In accordance with the Group's arrangements with HSBC Continental Europe regarding financial and non-financial covenants, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023 and 2024, this covenant was met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT59,611 million and KZT51,253 million, respectively.

The Group's loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated historical financial information of the Group. As at 31 December 2023 and 2024, this covenant was met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT139,143 million and KZT217,682 million, respectively.

The Group's loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023 and 2024, these covenants were met. As at 31 December 2023 and 2024, the carrying value of this loan is KZT51,206 million and KZT79,276 million, respectively.

The Group's and the Company's loan agreement with Citibank and Santander under the MIGA guarantee includes compliance with certain financial covenants such as EBITDA to interest expense and Total debt to EBITDA (with the share of subsidiaries' debt to third parties not exceeding 35% of total debt) calculated based on the consolidated results of the Group. As at 31 December 2023 and 2024, these covenants were met. As at 31 December 2023 and 2024, the Group's and the Company's carrying value of this loan is KZT256,069 million and KZT274,190 million, respectively.

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

Under the loan agreement with Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank), as at the end of each financial year, the total aggregate assets and total revenue of the Company, Kaztemirtrans JSC, KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024, these conditions were met, and the carrying amount of the loan was KZT220,910 million.

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated statements of cash flows from financing activities.

The Group

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

15. LEASE LIABILITIES

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

The Group

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

The Company

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

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

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

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

Flat carriages

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into an agreement to lease 2,000 flat carriages with a total value of KZT47,391 million (taking into account the additional agreement dated 29 September 2023) and at interest of 15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

In 2023, within the framework of the agreement, the Group received 393 flat carriages and recognised right-of-use assets of KZT9,683 million for 32 years and a lease liability of KZT4,759 million for 15 years. In 2024, the Group received 193 flat carriages and recognised right-of-use assets of KZT5,077 million for 32 years and a lease liability of KZT2,734 million for 15 years.

In July 2024, the Group, represented by its subsidiary KTZ Express JSC, entered into a lease agreement for 2,000 flat cars with a total amount of KZT63,356 million and an interest rate of 13.75% per annum, of which 7% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The Group acts as a lessee.

In 2024, within the framework of this agreement, the Group received 373 flat carriages and recognised right-of-use assets of KZT12,108 million for 32 years and a lease liability of KZT7,583 million for 15 years.

Passenger carriages

In December 2022, the Group, represented by its subsidiary Passenger Transportation JSC, under the implementation of the investment project "Purchase of passenger carriages", entered into an agreement for the lease of 11 passenger carriages with a total value of KZT7,427 million and an interest rate of 1.5% per annum. The grace period for the principal is 6 years, the Group acts as a lessee. In 2023, under this agreement, the Group received 6 passenger carriages and recognised right-of-use assets of KZT4,043 million for 28 years and a lease liability of KZT2,581 million for 20 years.

In September 2023, the Group, represented by its subsidiary Passenger Transportation JSC, entered into an agreement for the lease of 100 passenger carriages with a total value of KZT65,796 million and an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. In 2023, under this agreement, the Group received 38 passenger carriages and recognised right-of-use assets of KZT24,402 million for 40 years and a lease liability of 10,832 million for 15 years. During 2024, under this agreement, the Group received 62 passenger carriages and recognised right-of-use assets in the amount of KZT41,244 million for 40 years and a lease liability in the amount of KZT19,581 million for 15 years.

In May 2024, the Group, represented by its subsidiary Passenger Transportation JSC, entered into a lease agreement for 157 passenger carriages with a total amount of KZT103,432 million and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The Group acts as a lessee. During 2024, under this agreement, the Group received 50 passenger carriages and recognised right-of-use assets in the amount of KZT32,830 million for 40 years and a lease liability of KZT15,235 million for 15 years.

In August 2024, the Group, represented by its subsidiary Passenger Transportation JSC, entered into a lease agreement for 3 electric trains with a total amount of KZT11,802 million (taking into account the additional agreement dated 29 August 2024) and an interest rate of 14.5% per annum, of which 10% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The Group acts as a lessee. During 2024, under this agreement, the Group received 1 electric train and recognised a right-of- use asset in the amount of KZT3,911 million for 40 years and a lease liability in the amount of KZT1,817 million for 15 years.

Freight open wagons

In July 2023, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into an agreement for the lease of 3,000 open wagons with a total value of KZT88,125 million and an interest rate of 13.15% per annum, of which 6% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. In 2023, under this agreement, the Group received 242 open wagons and recognised right-of-use assets of KZT7,109 million for 22 years and a lease liability of KZT5,040 million for 14 years. In 2024, under this agreement, the Group received 1,689 open wagons and recognised right-of-use assets of KZT49,090 million for 22 years and a lease liability of KZT33,524 million for 14 years.

Lease agreements and their violation

The terms and conditions of lease agreements of the Group, represented by subsidiaries KTZ Express JSC, Passenger Transportation JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, includes compliance with the financial covenant "Debt Security Coverage Ratio" calculated on the basis of the annual consolidated results of the Group. As at 31 December 2024, this condition was met.

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

Lease agreements with Transtelecom JSC

In 2024, the Group, represented by the Company, entered into a lease agreement of communication channels with its associate Transtelecom JSC and recognised right-of-use assets and a lease liability in the amount of KZT27,261 million for 5 years.

16. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

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

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

Employee retirement compensation and other long-term employment benefits are paid in accordance with Rules No. 1, Rules No. 2, Rules No. 3 and a collective agreement for 2021-2023 and 2024-2026 between the Group and its staff.

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

Post-employment defined employee benefits:

- a one-time retirement payment;
- a one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;
- a payment of between KZT70 thousand and KZT200 thousand per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;
- a benefit payment depending on work experience in the industry over six months – twenty four months from the date of the termination of an employment agreement of between KZT70 thousand and KZT200 thousand per month, in accordance with Rules No. 2;
- sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules No. 3;
- financial support to pensioners for the holidays;
- vouchers for sanatorium-resort treatment to pensioners;
- funeral aid of pensioners;
- a one-time payment to pensioners on special anniversaries;
- the reimbursement for denture treatment costs to pensioners;
- the reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- financial support for sanatorium-resort treatment to employees;
- financial assistance on denture treatment to employees;
- a one-time payment to employees on anniversaries;
- the reimbursement of railway ticket expense to employees.

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

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2024 by Rinat Shakenov, licensed actuarial valuer in Kazakhstan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Group

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

The Company

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

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

The Group

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

The Company

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

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

The Group

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

The Company

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

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

The Group

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

The Company

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

The calculation of the Group's and the Company's obligation has been prepared on the basis of published mortality statistics, as well as the Group's actual data on the number, age, gender and years of service of employees and retirees, and statistics on changes in the number of employees, the expectation that all employees who will be given the opportunity to benefit from the Rules No. 1, Rules No. 2 and Rules No. 3 will take advantage of them. The average longevity after retirement age for the Group's and the Company's current and former employees who have retired is 15.6 years for men and 19.6 years for women in 2024, and 14.6 years for men and 18.7 years for women in 2023.

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

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

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

The Group

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

The Company

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

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

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

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

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

17. CORPORATE INCOME TAX

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

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

The table below provides a reconciliation of income tax expenses based on accounting profit before tax at the statutory rate against income tax expenses reported for the years ended 31 December:

	2023	2024
Profit before tax	161,383	223,529
Official tax rate	20%	20%
Calculated tax expense at the official rate	32,277	44,706
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:		
Adjustment of income tax for prior years	(227)	(217)
(Non-taxable income)/non-deductible expenses	(8,814)	8,074
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161
Income tax expense recognised in profit or loss	24,599	62,724

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

The Group

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

The Company

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

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

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

The Group

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

The Company

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

The Group

	At 31 December	
	2023	**2024**
Net deferred tax liabilities as at the beginning of the year	(357,428)	(411,828)
Recognised in profit or loss	(18,813)	(47,972)
Recognised in equity	(35,587)	(17,879)
Recognised in other comprehensive income	–	9,643
Net deferred tax liabilities as at the end of the year	(411,828)	(468,036)

The Company

	At 31 December	
	2023	**2024**
Net deferred tax liabilities as at the beginning of the year	(231,832)	(258,072)
Recognised in profit or loss	(21,293)	(18,872)
Recognised in equity	(35,586)	(17,879)
Recognised in other comprehensive income	30,639	5,652
Net deferred tax liabilities as at the end of the year	(258,072)	(289,171)

The Group has not recognised deferred tax assets relating to the portion of tax losses carried forward of subsidiaries. Management believes it is improbable that there will be sufficient taxable income available in the future against which any such deferred tax assets can be utilised. As at 31 December 2023 and 2024, the total tax effect of unrecognised tax losses carried forward amounted to KZT420 million and KZT9,470 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

18. TRADE ACCOUNTS PAYABLE

The Group

	At 31 December	
	2023	**2024**
Accounts payable for the supply of property, plant and equipment	46,789	86,906
Accounts payable for services provided	92,628	84,619
Accounts payable for inventories received	56,961	52,106
Other accounts payable	4,591	7,720
	200,969	231,351

The Company

	At 31 December	
	2023	**2024**
Accounts payable for the supply of property, plant and equipment	40,226	76,129
Accounts payable for services provided	14,786	15,840
Accounts payable for inventories received	7,108	9,336
Other accounts payable	2,220	4,039
	64,340	105,344

As at 31 December, the Group's and Company's trade accounts payable were denominated in the following currencies:

The Group

	2023	**2024**
KZT	174,516	203,015
Euros	9,542	13,414
US$	10,018	13,000
UAE Dirham	5,899	–
In other currencies	994	1,922
	200,969	231,351

The Company

	2023	2024
KZT	64,168	105,177
Russian ruble	163	167
US$	9	–
	64,340	105,344

The Group's and the Company's trade accounts payable are interest-free. For the years ended 31 December 2023 and 2024, the Group's trade accounts payable are normally settled on 38 days and 48 days terms, respectively, the Company's trade accounts payable are normally settled on 33 days and 46 days terms, respectively.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

The Group

	At 31 December	
	2023	2024
0–30 days	157,159	209,240
31–90 days	30,562	13,669
91–180 days	5,973	4,546
181–365 days	5,759	1,958
Over 365 days	1,516	1,938
	200,969	231,351

The Company

	At 31 December	
	2023	2024
0–30 days	45,890	98,844
31–90 days	14,129	2,143
91–180 days	3,413	2,192
181–365 days	325	1,052
Over 365 days	583	1,113
	64,340	105,344

19. CONTRACT LIABILITIES

The Group

	At 31 December	
	2023	**2024**
Freight transportation	110,568	125,382
Passenger transportation	3,542	4,258
Other	1,758	3,530
	115,868	133,170

The Company

	At 31 December	
	2023	**2024**
Freight transportation	2,133	2,000
Others	980	1,801
	3,113	3,801

Movement of the Group's and the Company's contract liabilities are as follows:

The Group

	Year ended	
	2023	**2024**
At 1 January	119,393	115,868
Amounts deferred during the year for future periods	(1,788,985)	(1,970,537)
Amount recognised as revenue during the year	1,785,460	1,987,839
At 31 December	115,868	133,170

The Company

	Year ended	
	2023	**2024**
At 1 January	2,439	3,113
Amounts deferred during the year for future periods	(829,397)	(907,443)
Amount recognised as revenue during the year	830,071	908,131
At 31 December	3,113	3,801

As at 1 January 2023, the Group's and the Company's contract liabilities amounted to KZT119,393 million and KZT2,439 million, respectively.

The Group's revenue recognised in the Track Record Period, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023 and 2024 amounted to KZT100,494 million and KZT95,811 million, respectively. The Company's revenue recognised in the Track Record Period, which was included in the balance of advances received and deferred income at the beginning of the years ended 31 December 2023 and 2024 amounted to KZT2,436 million and KZT3,109 million, respectively.

Contract liabilities of the Group and the Company as at 31 December 2023 and 2024 will be recognised as revenue within 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	At 31 December	
	2023	**2024**
Deferred income (government grants)	44,804	99,999
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	12,530	14,302
Advances received	10,015	9,700
Provisions	2,611	748
Others	3,397	2,331
Total other non-financial liabilities	73,357	127,080
Provisions for unused vacation and other employee Benefits	36,225	40,069
Financial guarantee contract liabilities	28,536	27,449
Salary payable	15,511	18,966
Others	15,059	17,833
Total other financial liabilities	95,331	104,317
	168,688	231,397
Current portion of other liabilities	98,910	112,627
Non-current portion of other liabilities	69,778	118,770
	168,688	231,397

The Company

	At 31 December	
	2023	**2024**
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	3,559	4,231
Advances received	118	93
Others	118	331
Total other non-financial liabilities	3,795	4,655
Provisions for unused vacation and other employee Benefits	15,025	17,336
Financial guarantee contract liabilities	3,377	7,096
Salary payable	33	1
Others	2,320	2,368
Total other financial liabilities	20,755	26,801
	24,550	31,456
Current portion of other liabilities	24,550	31,456
Non-current portion of other liabilities	–	–
	24,550	31,456

As disclosed in Note 31, the Group the Company has provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 December 2023 and 2024, liabilities under financial guarantee agreements for Nursultan Nazarbayev International Airport JSC were KZT15,315 million and KZT14,897 million, respectively, and for Aktobe Rail and Section Mill Plant LLP were KZT13,202 million and KZT12,553 million, respectively.

In addition, the Company recognised liabilities under financial guarantee contracts on the finance lease agreement and borrowings of subsidiaries, as at 31 December 2023 and 2024, the liability under these financial guarantees was KZT27,148 million and KZT50,121 million, respectively. (Note 31)

Provisions include provisions for agreements under which as at 31 December 2023 and 2024, there is a high probability that an outflow of resources embodying economic benefits will be required to settle the liabilities. Provisions were recognised through other profit or losses.

As at 31 December 2023 and 2024, provisions for unused vacation and other employee benefits are reclassified as financial liabilities as they represent liabilities arising from the performance of contracts.

As at 31 December 2023 and 2024, the Group's and the Company's other financial liabilities were primarily denominated in KZT.

21. LOAN ISSUED OF THE COMPANY

	At 31 December	
	2023	2024
Current loans:		
KTZ-Passenger Locomotives LLP	3,048	25,078
KTZ-Freight Transportation LLP	10,115	17,187
Passenger Transportation JSC	514	2,292
Kaztemirtans JSC	1,702	–
Temirzholsu JSC	171	–
Others	124	124
Less: allowance for impairment	(132)	(132)
Total current loans	15,542	44,549
Non-current loans:		
Passenger Transportation JSC	52,437	53,754
Vostokmashzaod JSC	7,669	4,054
Less: allowance for impairment	(3,180)	(1,406)
Total non-current loans	56,926	56,402
Debt securities issued by subsidiaries:		
KTZ-Freight Transportation LLP	255,526	239,380
Kaztemirtans JSC	135,651	99,676
KTZ-Passenger Locomotives LLP	33,891	36,363
Passenger Transportation JSC	33,381	29,853
KTZ Express JSC	115,340	1,565
Less: allowance for impairment	(1,056)	(383)
Total debt securities	572,733	406,454
Total loans issued and debt securities issued by subsidiaries	645,201	507,405
Current portion of loans	104,224	83,244
Non-current portion of loans	540,977	424,161
	645,201	507,405

Short-term loans were issued to subsidiaries under the 'cash pooling' mechanism with the possibility of early repayment at any time at the discretion of the participants.

As at 31 December 2023 and 2024, loans issued are expressed in KZT, while debt securities issued by subsidiaries KTZ-Freight Transportation LLP, KTZ-Passenger Locomotives LLP and KTZ Express JSC in the total amount of KZT176,667 million and KZT191,197 million, respectively, indexed to the Swiss Franc.

Debt securities issued by subsidiaries

KTZ Express JSC

In December 2023, the Company concluded a trilateral agreement with its subsidiaries Kedentransservice JSC and KTZ Express JSC to replace the issuer Kedentransservice JSC with KTZ Express JSC for debt securities with a nominal value of KZT21,848 million with a maturity on 15 November 2029 and coupon rate of 9.25% per annum.

During 2024, the Company extended the maturity date until 10 July 2029 of debt securities issued by a subsidiary KTZ Express JSC and subject to redemption on 10 July 2024. In addition, the Company converted debt securities into KZT indexed to the Swiss Franc at the rate of 535.5 KZT per 1 Swiss franc. Due to a material change in the terms of debt securities, the Company recorded this transaction as the derecognition of the original financial asset and the recognition of a new financial asset. As a result, the new financial asset as at the conversion date amounted to KZT85,572 million with the coupon rate "SARON 6m + margin 2.2%". Coupon payment is made twice a year.

In December 2024, a subsidiary KTZ Express JSC, in order to refinance these debt securities, made a targeted reissue in favor of the Company of debt securities without a fixed maturity date ('perpetual') in the amount of KZT90,540 million indexed to Swiss Francs and with the coupon rate of "SARON 6m + margin 2.2%". Coupon payment – twice a year. The Company classified these perpetual debt securities as investments in subsidiaries.

In December 2024, the Company, as part of the Liquidity Management Program on the Astana International Exchange (AIX), purchased debt securities issued by a subsidiary KTZ Express JSC with indexation to the Swiss Franc in the amount of KZT1,578 million with a coupon rate of "SARON 3m + margin 2%". The coupon and principal debt are repaid in quarterly installments until full repayment in 2027.

Wagonservice JSC

In June 2023, the Company replaced the previously issued financial aid to the subsidiary Wagonservice JSC in the amount of KZT6,176 million with debt securities issued with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In September 2023, the Company, as part of the project on the acquisition of carriages, acquired debt securities issued by the subsidiary Wagonservice JSC with a nominal value of KZT26,077 million and coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin". Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

KTZ-Freight Transportation LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT48,500 million issued by its subsidiary KTZ-Freight Transportation LLP with a coupon rate of SARON 6m + 3% margin. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

In December 2023, the Company extended the maturity of debt securities indexed to the Swiss Franc issued by its subsidiary KTZ-Freight Transportation LLP and due on 5 December 2023. In addition, the Company changed the coupon rate from 3.25% to SARON 6m + 3% margin. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of a new financial asset. As a result, the new financial asset at the date of recognition amounted to KZT89,036 million. Coupon payment – twice a year. Principal is repayable in semi-annual installments until full repayment in 2033.

KTZ-Passenger Locomotives LLP

In November 2023, the Company, as part of the Liquidity Management Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX), acquired debt securities indexed to the Swiss Franc in the amount of KZT32,340 million issued by its subsidiary KTZ-Passenger Locomotives LLP with maturity on 6 November 2033 and a coupon rate of SARON 6m + 0.95% margin. Coupon payment – twice a year.

Kaztemirtrans JSC

In July 2023, a subsidiary Kaztemirtrans JSC, in order to refinance debt securities indexed to the US dollar acquired by the Company on 15 June 2020, as part of the second issue of the First Bond Program on the Kazakhstan Stock Exchange Astana International Exchange (AIX) in the amount KZT397,560 million, made a targeted re-issue of the debt securities in favor of the Company without a specified maturity date ('perpetual'), with a payment of the premium in the amount of KZT14,750 million which was reflected in finance income. Due to a substantial change in terms of the debt securities, the Company recorded this transaction as the derecognition of the initial financial asset and the recognition of new financial assets. As a result, the Company acquired perpetual debt securities indexed to the US dollar in the amount of KZT397,481 million with a coupon rate of 2% per annum and perpetual debt securities in the amount of KZT67,429 million with a coupon rate of "base rate of the National Bank of the Republic of Kazakhstan + 2% margin". Coupon payment – twice a year. The US dollar indexed perpetual debt securities were issued with a coupon rate below market and the fair value was calculated based on the market rate of 11%. The Company recognised an adjustment to US dollar indexed perpetual debt securities to fair value in the amount of KZT321,282 million as an investment in subsidiaries.

In August 2023, the Company decided to reduce the coupon rate: from 2% to 0.4% per annum, for the period from 29 July 2023 to 28 October 2023, for indexed perpetual debt securities; from 18.75% to 0.5% per annum, for the period from 29 July 2023 to 31 December 2023, for perpetual debt securities in Tenge. As a result, the Company recognised an adjustment to the carrying amount of perpetual debt securities due to the modification in the amount of KZT2,384 million as an investment in subsidiaries.

In December 2023, the terms and conditions of perpetual debt securities have been changed providing the Kaztemirtrans JSC with an unconditional right, in its sole discretion, to defer the coupon payment (in whole or in part) in favor of the Company. The Company reclassified perpetual debt securities at carrying value in the total amount of KZT146,068 million as an investment in subsidiaries.

22. REVENUE

During the Track Record Period, revenue from freight transportation included:

	Year ended 31 December	
	2023	**2024**
Revenue from contracts with customers:		
International (transit) routes	655,888	698,797
Domestic routes	439,857	507,501
International (export) routes	274,069	322,631
International (import) routes	185,758	194,279
Additional charges related to the transportation process	60,675	67,769
Other revenue from freight transportation	66,303	84,581
	1,682,550	1,875,558

In December 2024, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of KZT412 million attributable to the hedging instrument was reclassified from other comprehensive income to freight transportation revenue (Note 13).

Revenue from freight transportation is recognised over time.

During the Track Record Period, revenue from passenger transportation included:

	Year ended 31 December	
	2023	2024
Revenue from contracts with customers:		
Passenger transportation	89,866	94,003
Other revenue from passenger transportation	11,816	16,520
	101,682	110,523

For the years ended 31 December 2023 and 2024, revenue from passenger transportation of KZT1,449 million and KZT1,763 million, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, respectively, and KZT100,233 million and KZT108,760 million was recognised over time, respectively.

Total revenue from contracts with customers for the year ended 31 December 2023 and 2024 amounted to KZT1,784,232 million and KZT1,986,081 million, respectively.

23. OTHER REVENUE

	Year ended 31 December	
	2023	2024
Revenue from the lease of carriages	45,953	63,368
Revenue from the sale of goods and provision of other services	49,615	61,172
Revenue from fines	10,475	6,382
Revenue from the lease of other property, plant and equipment	4,908	5,815
	110,951	136,737

Revenue from the sale of goods and the provision of other services mainly consists of revenue from loading and unloading services, vehicle servicing and the sale of materials and scrap metal.

The Group leases out carriages and other property, plant and equipment under operating lease agreements. Accounts receivable under operating leases are payable within one year. Operating leases do not include an extension or early termination option. The Group is not exposed to currency risk as a result of operating leases, as all leases are denominated in KZT. The lessee does not have an option to purchase carriages and other property, plant and equipment at the end of the lease term.

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

For the years ended 31 December 2023 and 2024, revenue of KZT21,479 million and KZT18,544 million is recognised at a point in time, respectively and KZT38,611 million and KZT49,010 million is recognised over time, respectively.

24. COST OF SALES

	Year ended 31 December	
	2023	2024
Staff salaries and benefits	558,072	636,511
Other staff costs	58,176	65,989
Employee benefit expenses and other long-term employee benefits *(Note 16)*	6,611	14,150
Total staff costs	622,859	716,650
Repairs and maintenance	229,398	234,961
Fuel and lubricants	219,739	195,945
Depreciation of property, plant and equipment	136,620	151,235
Depreciation of right-of-use assets	13,873	13,814
Amortisation of intangible assets	1,100	876
Electricity	64,980	90,967
Work and services of a production nature	77,113	71,246
Materials and supplies	58,190	62,300
Property tax and other taxes, excluding social tax and social contributions	27,655	29,816
Utilities and building maintenance	5,891	7,730
Telecommunication services	2,631	3,125
Other costs	38,534	41,352
	1,498,583	1,620,017

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023	2024
Compensation to key management personnel *(Note 33)*	790	816
Other staff costs	5,967	7,116
Staff salaries and benefits	60,676	70,541
Employment benefit expenses and other long-term employee benefits *(Note 16)*	328	512
Total staff costs	67,761	78,985
Property tax and other taxes, excluding social tax and social contributions	7,853	17,942
Depreciation of property, plant and equipment	2,738	2,583
Depreciation of right-of-use assets	313	346
Amortisation of intangible assets	1,647	1,517
Third parties expenses	4,299	3,809
Expenses to hold celebrations and cultural and mass events	2,717	3,273
Consulting and legal services	995	2,304
Auditor's remuneration	566	569
Business trip expenses	1,945	2,590
Charity	–	2,000
Membership fee	855	1,299
Repairs and maintenance	1,310	1,216
Utilities and building maintenance	752	1,170
Lease expenses	936	1,133
Telecommunication services	659	653
Insurance	583	636
Banking services	431	442
Expenses to maintain social sphere facilities	405	431
Other expenses	9,729	5,492
	106,494	128,390

26. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2023	2024
Finance income		
Interest rate state subsidies on financial liabilities	2,220	28,019
Interest on cash and cash equivalents	12,209	11,517
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,491	10,010
Income from guarantees issued	1,427	1,322
Other finance income	5,874	2,087
	32,221	52,955

	Year ended 31 December	
	2023	2024
Finance costs		
Interest costs and loan discount amortisation	161,945	152,777
Lease interest expenses	8,995	19,502
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	35,182	6,363
Loss from the ineffective part of hedging instruments *(Note 13)*	–	3,609
Other finance costs	2,243	2,733
	208,365	184,984

27. IMPAIRMENT REVERSAL OF FINANCIAL ASSETS AND CONTRACT ASSETS

	Year ended 31 December	
	2023	2024
Impairment losses reversed (recognised) on:		
– loans issued	21	1,729
– financial assets at amortised cost	964	1,263
– contract assets	445	448
– cash and cash equivalents	17	6
– trade accounts receivable	1,166	(1,194)
– other financial assets	49	(651)
	2,662	1,601

28. IMPAIRMENT REVERSAL/(IMPAIRMENT) OF NON-FINANCIAL ASSETS

	Year ended 31 December	
	2023	2024
Impairment losses (recognised) reversed on:		
– corporate income tax withheld	–	(4,229)
– property, plant and equipment	(990)	(541)
– VAT recoverable	(414)	(300)
– investments in associates	4,697	(298)
– investments in joint ventures	343	(231)
– intangibles assets (except for goodwill)	(1,322)	(160)
– other non-current non-financial assets	(560)	(6)
– other current non-financial assets	(605)	(1,570)
	1,149	(7,336)

29. OTHER PROFIT AND LOSSES

	Year ended 31 December	
	2023	2024
Losses on disposal of property, plant and equipment	(654)	(3,849)
Income from investment property	1,355	1,554
(Accruals)/reversal of provisions	(174)	2,484
Others	3,868	4,417
	4,395	4,606

30. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the year. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. During the Track Record Period, the Company had no outstanding antidilutive instruments.

	Year ended 31 December	
	2023	2024
Weighted average number of common shares	496,692,677	496,693,715
Profit for the year attributable to the Shareholder (in KZT million)	133,508	157,818
Earnings per common share (KZT)	269	318

31. FINANCIAL AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2023 and 2024, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral railway line, the construction of a bypass railway line bypassing the Almaty station, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of KZT1,867,649 million and KZT2,427,217 million, respectively.

Liabilities under lease agreements with Industrial Development Fund JSC

In August 2017, the Group, represented by its subsidiary KTZ Express JSC, entered into lease agreements with Industrial Development Fund JSC to lease 1,995 platform carriages for KZT29,700 million for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, platform carriages with a total value of 23,984 million Tenge had not been delivered. The Group is working on the addendum to the lease agreement to reduce the volume of supply to the actually delivered quantity as at 31 December 2023 in the amount of KZT5,716 million. As at 31 December 2024, the remaining delivery are completed.

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into an agreement to lease 2,000 platform carriages for 47,391 million Tenge, for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered platform carriages was KZT5,077 million. As at 31 December 2024, the remaining platform carriages are delivered.

In September 2023, the Group, represented by its subsidiary Passenger transportation JSC, entered into an agreement for the lease of 100 passenger carriages with a total value of 65,796 million Tenge. The lease term is 15 years, with an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered passenger carriages was KZT40,947 million. As at 31 December 2024, the remaining passenger carriages are delivered.

In August 2023, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into an agreement for the lease of 3,000 open wagons with a total value of 88,125 million Tenge. The lease term is 14 years, with an interest rate of 13.15% per annum, of which 6% per annum is subsidized by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 December 2023, the commitment for the undelivered open wagons was KZT81,016 million. As at 31 December 2024, the remaining open wagons are delivered.

Other contractual liabilities

As at 31 December 2023 and 2024, the Group, represented by its subsidiary KTZ Express JSC, has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 December 2023 and 2024, the outflow of resources embodying economic benefits under this agreement is not probable.

Contingent liabilities

Litigation

The Group and the Company is subject to various legal proceedings related to its business operations, such as property damage claims. The Group and the Company does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position and the Company's financial position, the Group's and the Company's results of operations or cash flows.

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 December 2023 and 2024. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

The Group's and the Company's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial position and the Company's financial position.

Insurance

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group and the Company maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, management has analysed and classified the Group's assets that belongs to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified to the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's and the Company's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these consolidated historical financial information as the Group's and the Company's management assesses that there are no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position of the Group or the separate financial statements of the Company, results of operations or cash flows of the Group and the Company.

Guarantees

Guarantees were presented as follows:

The Group

				At 31 December		
				2023		2024
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
Development Bank of Kazakhstan JSC	Execute the Obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	17,125	until 2033	15,907
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	22,408	until 2033	21,940
Development Bank of Kazakhstan JSC	Execute the obligations of an associate Transtelecom JSC for the implementation of ACS of Energy Dispatching Traction	30 June 2014	until 2024	1,497	N/A	–

The Company

			At 31 December At 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	KTZ-Freight Transportation LLP to finance the acquisition of freight electric locomotives	27 May 2013 and 3 September 2018	until 31 December 2027 to 30 October 2032	48,107 (96 million Euros)	until 31 December 2027 to 30 October 2032	42,668 (78 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	27 May 2013 and 3 September 2018	until 31 December 2027 to 30 October 2032	19,804 (39 million Euros)	until 31 December 2027 to 30 October 2032	15,965 (29 million Euros)

			At 31 December 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
Industrial Development Fund JSC	Passenger Transportation JSC under finance lease agreements	21 December 2016 and 6 September 2024	until 20 December 2036 to 10 December 2042	131,044	until 20 December 2036 to 10 December 2042	141,947
	Kaztemirtrans JSC under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	25,072	until 28 August 2032 to 30 November 2035	21,224
	KTZ Express JSC under finance lease agreements	28 August 2017 and 30 November 2020	until 28 August 2032 to 30 November 2035	56,028	until 28 August 2032 to 30 November 2035	56,352
Development Bank of Kazakhstan JSC	Nursultan Nazarbayev International JSC to finance its modernisation	28 March 2018	until 28 March 2033	22,408	until 28 March 2033	21,940
	Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 5 July 2033	17,125	until 5 July 2033	15,907
	Execute the obligations of an associate Transtelecom JSC for the implementation of the project ACS of Energy Dispatching Traction	30 June 2014	until 2024	1,497	N/A	–
	Wagonservice JSC, a subsidiary of Passenger Transportation JSC to finance the acquisition of passenger carriages	7 August 2015	until 5 March 2035	5,035	until 5 March 2035	5,035
	Passenger Transportation JSC under finance lease agreements	31 August 2023 and 13 May 2024	until 13 May 2039 to 31 August 2039	87,400	until 13 May 2039 to 31 August 2039	226,722
	Kaztemirtrans JSC under finance lease agreements	2 August 2023	until 2 August 2038	111,680	until 2 August 2038	111,680
	KTZ Express JSC under finance lease agreements	5 July 2024	N/A	–	until 29 August 2040	85,594

			At 31 December 2023		At 31 December 2024	
Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT' million*	**Guarantee period**	**Guarantee amount** *KZT' million*
Halyk Bank of Kazakhstan JSC	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	3 November 2022	until 19 October 2029	58,996	until 19 October 2029	40,713
	KTZ-Freight Transportation LLP to finance the acquisition of freight diesel and electric locomotives	3 November 2022	until 3 November 2032	65,284	N/A	–
Eurasian Development Bank	KTZ-Freight Transportation LLP to finance the acquisition of freight diesel locomotives	11 May 2023	until 18 April 2034	51,292 (10,137 million Russia Roubles)	until 18 April 2034	79,350 (16,260 million Russia Roubles)
Citibank Kazakhstan JSC	KTZ-Freight Transportation LLP to replenish working capital	30 November 2009	until 27 June 2025	13,013	until 27 June 2025	14,000
Societe Generale and Natixis	KTZ-Freight Transportation LLP to finance the acquisition of freight electric locomotives	23 February 2023	until 28 February 2034	119,805 (237 million Euros)	until 28 February 2034	164,075 (300 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	23 February 2023	until 28 February 2034	47,945 (96 million Euros)	until 28 February 2034	81,602 (149 million Euros)
Citibank	KTZ-Freight Transportation LLP to finance the acquisition of freight electric locomotives	7 May 2024	N/A	–	until 15 May 2034	189,806 (327 million Euros)
	KTZ-Passenger Locomotives LLP to finance the acquisition of passenger electric locomotives	7 May 2024	N/A	–	until 15 May 2034	58,824 (101 million Euros)

Note 20 discloses the Group's and the Company's carrying value of these guarantees.

As at 31 December 2023 and 2024, the Group and the Company had no case of using the financial guarantees listed above.

Financial guarantee agreements with Industrial Development Bank of Kazakhstan JSC provide for the Company's compliance with certain financial covenants, such as debt to EBITDA and interest coverage ratio on an annual basis, as well as compliance with the condition that the Company has any two of the three corporate ratings (S&P, Fitch, Moody's) at a level not lower than BB-. As at 31 December 2023 and 2024 these terms have been met.

As at 31 December 2023 and 2024, in accordance with arrangements with HSBC Continental Europe in relation to financial and non-financial covenants on loans received by subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP in the amount of KZT67,911 million and KZT58,633 million, respectively, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group and comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023 and 2024, these covenants were met.

As at 31 December 2023 and 2024, in accordance with the loan agreement with EDB, obtained by the subsidiary KTZ-Freight Transportation LLP for KZT51,292 million and KZT79,350 million, respectively, the Company has to comply with certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group as well as compliance with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023 and 2024, these covenants were met.

As at 31 December 2023 and 2024, in accordance with loan agreements with Societe Generale and Natixis, obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT167,630 million and KZT245,676 million, respectively, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023 and 2024, this covenant was met.

Under the loans from Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank) obtained by the subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP for the total amount of KZT248,630 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Kaztemirtrans JSC, KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024, these conditions were met.

32. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At date of this report, the Company has direct and indirect interest in the following principal subsidiaries:

Name of subsidiary	Notes	Legal form	Principal activities	Place and date of incorporation/ establishment	Paid up issued/ registered Capital		Equity interest attributable to the Company, %		At date of this report
					2023	2024	31 December 2023	31 December 2024	
Kaztemirtrans JSC	2	Joint stock company	Freight carriage operation	Kazakhstan 21 October 2003	70,239	70,239	100	100	100
Passenger Transportation JSC	2	Joint stock company	Passenger transportation	Kazakhstan 21 May 2002	93,849	93,849	100	100	100
KTZ-Freight Transportation LLP	2	Limited liability partnership	Freight transportation and locomotive haulage	Kazakhstan 14 October 2003	63,296	78,064	100	100	100
KTZ Express JSC	2	Joint stock company	Multimodal transportation	Kazakhstan 15 July 2013	47,914	47,914	100	100	100
Kedentransservice JSC	3	Joint stock company	Freight forwarding services, handling rolling stock, terminal services	Kazakhstan 11 December 1997	3,402	3,402	100	100	100
Temirzholsu JSC	4	Joint stock company	Utilities	Kazakhstan 27 January 2004	14,518	15,918	100	100	100
Militarised Railway Security LLP	4	Limited liability partnership	Security	Kazakhstan 26 December 2001	2,632	2,632	100	100	100
Aktau International Sea Commercial Port National Company JSC *(note 1)*	2	Joint stock company	Vessel loading and unloading work, vessel servicing	Kazakhstan 11 October 1996	25,480	25,480	100	100	100
Port Kuryk LLP	5	Limited liability partnership	Freight transhipment and vessel servicing	Kazakhstan 23 July 2012	12,993	60,005	100	100	100
KTZ- Passenger Locomotives LLP	2	Limited liability partnership	Locomotive rolling stock services	Kazakhstan 31 August 2021	96,891	96,891	100	100	100

Notes:

(1) In November 2013, the Shareholder transferred a 100% ownership interest in National Company Aktau International Sea Commercial Port JSC to the Group's trust management. National Company Aktau International Sea Commercial Port JSC is recognised as a Group subsidiary although the Group does not legally hold shares in it.

(2) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance with IFRS Accounting Standards and Order No. 404 of the Minister of Finance. These entities were audited by Deloitte LLP, independent audit firm registered in the Republic of Kazakhstan.

(3) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. This entity were audited by Ernest & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(4) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. These entities were audited by Alma Audit LLP, independent audit firms registered in the Republic of Kazakhstan.

(5) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were prepared in accordance IFRS Accounting Standards and Order No. 404 of the Minister of Finance. This entity were audited by AR Group audit LLP, independent audit firms registered in the Republic of Kazakhstan.

None of the subsidiaries had issued any debt securities that are held by third parties as at 31 December 2024 and 2023 or at any time during the Track Record Period. All the debt securities issued by the subsidiaries are held by the Company.

33. RELATED PARTY TRANSACTIONS

For the purpose of Historical Financial Information, parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party when making financial or operational decisions. In addition, parties under common control within the Group are considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Kazakhstan government through its numerous authorities, affiliates and other organisations (collectively "Other SOEs"). The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's business, and that the dealing of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the Kazakhstan government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationship, the directors are of the opinion that, the Group has made adequate and appropriate disclosure of related party transactions relevant to the business. For the remaining related party transactions that has not been included in the disclosures, none are material related party transactions that require separate disclosures.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of related party relationships for those related parties with which the Group and the Company entered into significant transactions or had significant balances outstanding as at 31 December are detailed below.

The Group

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties *(note)*
Amounts due from related parties					
– trade in nature	2024	–	20	191	153
– non-trade in nature	2024	–	2,142	20	5,049
		–	2,162	211	5,202
– trade in nature	2023	–	12	115	308
– non-trade in nature	2023	–	3,362	31	2,906
		–	3,374	146	3,214
Amounts due to related parties					
– trade in nature	2024	–	5,750	27,988	2,012
– non-trade in nature	2024	–	9,107	1,499	12,610
		–	14,857	29,487	14,622
– trade in nature	2023	–	5,479	37,696	2,942
– non-trade in nature	2023	–	8,738	1,207	10,457
		–	14,217	38,903	13,399
Cash on current accounts	2024	–	–	1	–
	2023	–	–	112,141	–
Cash on digital accounts	2024	–	–	–	116,631
	2023	–	–	–	–
Restricted cash	2024	–	–	–	197
	2023	–	–	–	202
Loans received	2024	1,002,575	–	–	154,299
	2023	768,615	–	–	125,449
Lease liabilities	2024	–	31,296	–	140,393
	2023	–	9,831	–	58,445
Financial guarantee contract liabilities	2024	–	–	–	14,897
	2023	–	19	–	15,315

Note: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties *(note)*
Sale of goods, services and non-current assets	2024	–	110,476	–	29,434	103,418
	2023	–	72,316	–	22,635	83,862
Recovered/(accrued) allowances for expected credit losses and impairment of advances paid	2024	–	394	–	96	(70)
	2023	–	1,233	–	(4)	(12)
Purchase of goods, services and non-current assets	2024	–	26,623	–	93,221	75,278
	2023	–	33,215	–	124,842	33,999
Receipt of loans	2024	238,169	–	–	–	37,956
	2023	336,309	–	–	–	50,345
Repayment of loans received	2024	1,175	–	–	–	11,160
	2023	1,175	–	–	–	4,629
New lease agreements (Group as lessee)	2024	–	27,261	–	–	80,475
	2023	–	1,121	–	–	23,213
Lease payments	2024	–	11,188	–	–	16,904
	2023	–	20,944	–	–	3,675
Finance income	2024	–	19	–	–	418
	2023	–	362	–	–	234
Finance costs	2024	36,853	5,755	–	–	26,047
	2023	34,564	2,523	–	–	14,482
Dividends due	2024	–	4,480	–	–	–
	2023	–	2,891	–	–	–
Share capital contribution	2024	13,273	1,578	243	–	–
	2023	24,310	5,196	1,116	–	–

Note: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

The Company

		Shareholder	Associates	Companies making up the Shareholder Group	Subsidiaries of the Company	Other related parties[(note)]
Amounts due from related parties						
– trade in nature	2024	–	2	10	301,160	84
– non-trade in nature	2024	–	–	8	–	2,154
		–	2	18	301,160	2,238
– trade in nature	2023	–	2	4	181,490	87
– non-trade in nature	2023	–	14	19	25	1,046
		–	16	23	181,515	1,133
Amounts due to related parties						
– trade in nature	2024	–	3,835	782	3,869	1,126
– non-trade in nature	2024	–	504	4	5	4
		–	4,339	786	3,874	1,130
– trade in nature	2023	–	4,015	1,327	3,075	768
– non-trade in nature	2023	–	308	3	22	2
		–	4,323	1,330	3,097	770
Cash on current accounts	2024	–	–	–	–	–
	2023	–	–	112,137	–	–
Cash on digital accounts	2024	–	–	–	–	116,631
	2023	–	–	–	–	–
Loan issued	2024	–	–	–	505,147	–
	2023	–	–	–	640,624	–
Including allowances for expected credit losses	2024	–	–	–	(434)	–
	2023	–	–	–	(1,152)	–
Loans received	2024	1,002,575	–	–	10,781	–
	2023	768,615	–	–	49,603	–
Lease liabilities	2024	–	30,545	–	7	–
	2023	–	8,396	–	6	–
Financial guarantee contract liabilities	2024	–	–	–	50,121	14,897
	2023	–	19	–	27,148	15,315

Note: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Subsidiaries of the Company	Other related parties *(note)*
Sale of goods and services	2024	–	203	–	124	882,334	881
	2023	–	305	–	182	805,758	230
Accrued allowances for expected credit losses and impairment of advances paid	2024	–	49	–	1	–	(73)
	2023	–	(49)	–	(1)	(1)	(9)
Purchase of goods, services and non-current assets	2024	–	9,944	–	3,834	198,647	10,820
	2023	–	18,108	–	6,768	174,770	4,231
Loans issue	2024	–	–	–	–	32,457	–
	2023	–	–	–	–	282,155	–
Loan repayment	2024	–	–	–	–	93,424	–
	2023	–	–	–	–	61,453	–
Proceeds from borrowings	2024	238,169	–	–	–	908	–
	2023	336,309	–	–	–	16,680	–
Repayment of borrowings	2024	1,175	–	–	–	39,730	–
	2023	1,175	–	–	–	–	–
Finance income	2024	–	–	–	66,534	–	–
	2023	–	19	–	–	108,691	418
Finance costs	2024	39,590	362	–	–	19	234
	2023	36,130	5,539	–	–	15	–
Dividend income	2024	–	2,165	–	–	21,901	–
	2023	–	4,479	–	–	15,632	–
Investments in subsidiaries	2024	–	2,891	–	–	59,114	–
	2023	–	–	–	–	27,381	–
Share capital contribution	2024	13,273	–	75	–	–	–
	2023	24,310	–	5	–	–	–
New lease agreements	2024	–	27,261	–	–	1	–
	2023	–	1,121	–	–	–	–
Lease payments	2024	–	10,288	–	–	4	–
	2023	–	19,989	–	–	4	–

(a) Amounts due from related parties

The Group

As at 1 January 2023, amounts due from related parties amounted to KZT1,648 million.

The balances of KZT435 million and KZT364 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT6,299 million and KZT7,211 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

Note: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

The Company

As at 1 January 2023, amounts due from related parties amounted to KZT46,176 million.

The balances of KZT181,583 million and KZT301,256 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT1,104 million and KZT2,162 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

Aging analysis of the trade-related amounts due from related parties, net of allowances for expected credit losses, is prepared based on the invoice dates at the end of each reporting period, as follows:

The Group

	At 31 December	
	2023	**2024**
0–30 days	376	241
31–90 days	59	64
91–180 days	–	39
181–365 days	–	20
	435	364

As at 31 December 2023 and 2024, included in the Group's trade-related amounts due from related parties balance with aggregate carrying amount of KZT435 million and KZT364 million were past due as at the respective reporting date.

The Company

	At 31 December	
	2023	**2024**
0–30 days	181,575	301,211
31–90 days	8	–
91–180 days	–	25
181–365 days	–	20
	181,583	301,256

As at 31 December 2023 and 2024, included in the Company's trade-related amounts due from related parties balance with aggregate carrying amount of KZT181,583 million and KZT301,256 million were past due as at the respective reporting date.

(b) Amounts due to related parties

The Group

The balances of KZT46,117 million and KZT35,750 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT20,402 million and KZT23,216 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

The Company

The balances of KZT9,185 million and KZT9,612 million as of 31 December 2023 and 2024, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30–60 days. The remaining balance of KZT335 million and KZT517 million as of 31 December 2023 and 2024, respectively, was non-trade in nature, unsecured, interest-free and repayable on demand.

Aging analysis of the trade-related amounts due to related parties is prepared based on the invoice date at the end of each reporting period, as follows:

The Group

	At 31 December	
	2023	**2024**
0–30 days	38,121	35,408
31–90 days	2,646	104
91–180 days	107	28
181–365 days	5,143	5
Over 365 days	100	205
	46,117	35,750

The Company

	At 31 December	
	2023	**2024**
0–30 days	7,618	9,354
31–90 days	1,363	56
91–180 days	4	–
181–365 days	147	–
Over 365 days	53	202
	9,185	9,612

During the year ended 31 December 2023 and 2024, the Group and the Company issued bonds in favour of the Shareholder in the amount of KZT173,709 million and KZT238,169 million, respectively (Note 14).

During the year ended 31 December 2023, the Group received a loan from the Shareholder in the amount of KZT162,600 million (Note 14).

As at 31 December 2023 and 2024, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT125,449 million and KZT154,299 million, respectively.

As at 31 December 2023 and 2024, the Group's and the Company's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74% and from 0.075% to 9.25%, respectively, and maturity varying from 13 to 50 years, and at initial recognition were reflected at fair value at rates from 5.4% to 13.99% and from 6.53% to 14.5%, respectively.

As at 31 December 2024, certain debt securities issued by subsidiaries were indexed to reflect changes in foreign currency exchange rates. During the year ended 31 December 2023 and 2024, due to changes in exchange rates, the Company recognised a foreign exchange loss in the amount of KZT5,711 million and KZT17,891 million, respectively. As at 31 December 2023, the Company issued guarantee on certain borrowing of subsidiaries, the associate and other related parties to ensure the execution of obligations to the banks.

Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production), Samruk-Energo JSC (electricity), Settlement and financial centre for renewable energy support LLP (electricity), National Bank of the Republic of Kazakhstan (cash deposits). The Group also provides freight transportation services and lease of rolling stock to Shareholder group companies, associates and joint ventures, as well as other related parties.

Compensation to key management personnel of the Group

	Year ended 31 December	
	2023	**2024**
Salaries, allowances and benefits in kind	348	609
Performance related bonus	442	207
Total compensation paid to key management personnel	790	816

34. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's and the Company's principal financial instruments consist of loans, debt securities issued (bonds), lease liabilities, derivative financial instruments, cash and cash equivalents as well as trade accounts receivable and trade accounts payable and other financial assets and liabilities. The main risks arising from the Group's and the Company's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group and the Company further monitors the market risk and liquidity risk arising from all financial instruments.

Capital risk management

The Group and the Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the Shareholder by optimising debt and equity balance. The Group's and the Company's overall strategy remains unchanged during the Track Record Period.

There are no mandatory minimum capital requirements for the Group and the Company.

The Group's and the Company's equity structure includes net debt (loans, debt securities and lease liabilities less cash and cash equivalents) and equity (which comprises share capital, hedge reserve, foreign currency translation reserve, retained earnings and non-controlling interests).

Categories of financial instruments

The Group

	As at 31 December	
	2023	**2024**
Financial assets		
Amortised cost	51,655	62,707
FVTPL	73	632
Financial liabilities		
Amortised cost	2,485,353	3,164,038
FVTPL	35,719	32,697

The Company

	As at 31 December	
	2023	**2024**
Financial assets		
Amortised cost	839,839	818,281
FVTPL	–	558
Financial liabilities		
Amortised cost	1,832,584	2,157,598
FVTPL	35,719	32,697

Financial risk management objectives

Risk management is an essential element of the Group's and the Company's operations. The Group and the Company monitors and manages financial risks relating to the Group's and the Company's operations through internal risk reports which analyse risk exposure by the degree and size of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. A description of the Group's risk management policies in relation to those risks presented below.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group and the Company manage market risk through periodic estimates of potential losses that could arise from adverse changes in market conditions.

Interest rate risk

The interest rate risk to the Group and the Company is the risk of changes in market interest rates reducing the overall return on the Group's and the Company's investments and/or increasing cash outflow on its loans and debt securities. The Group and the Company limit its interest rate risk by monitoring changes in interest rates in the currencies in which its financial instruments are held, and by maintaining a balance between its loans with fixed and floating interest rates.

The Group's and the Company's exposure to the interest rate risk mainly relates to its loans and debt securities issued with floating interest rates.

The following table shows the sensitivity of the Group's and the Company's profit and equity to possible changes in interest rates on borrowings (through the effect on interest for floating interest rate borrowing) with all other variables remaining constant.

The Group

	31 December 2023		31 December 2024	
	Interest rate increase/ (decrease) in basis points	Effect on profit/equity	Interest rate increase/ (decrease) in basis points	Effect on profit/equity
KZT borrowings	397/(397)	(9,186)/9,186	397/(397)	(3,791)/3,791
Euros borrowings	397/(397)	(4,369)/4,369	397/(397)	(6,797)/6,797
Swiss Francs borrowings	397/(397)	(8,099)/8,099	397/(397)	(19,862)/19,862

The Company

	31 December 2023		31 December 2024	
	Interest rate increase/ (decrease) in basis points[8]	Effect on profit/equity	Interest rate increase/ (decrease) in basis points[8]	Effect on profit/equity
KZT borrowings	397/(397)	(5,363)/5,363	397/(397)	(2,541)/2,541
Swiss Francs borrowings	397/(397)	(8,099)/8,099	397/(397)	(12,868)/12,868

Currency risk

The Group and the Company undertakes transactions denominated in foreign currencies, consequently, exposing itself to exchange rate fluctuations.

A significant portion of the Group's and the Company's short-term and long-term foreign currency debt is denominated in US$, Swiss Francs and Euros and Russian Roubles. A change in the KZT value against the US$, or any other foreign currency in which debt is denominated will result in a foreign exchange gain or loss. During the year ended 31 December 2023 and 2024, the Group incurred a foreign exchange loss of KZT14,124 million and KZT69,620 million, respectively, of which a major portion is attributable to borrowing as disclosed in Note 14 and the Company incurred a foreign exchange loss of KZT16,650 million and KZT80,880 million, respectively, which is primarily attributed to loans issued and loans received. The Company issues loans to subsidiaries being indexed to changes in foreign currency exchange rates.

Cross – currency swaps and borrowings

In October-November 2022, the Group, represented by the Company, entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US dollars. Borrowings represent interest and principal payments on USD denominated Eurobonds in the amount of 882,978,000 US dollars with a coupon rate of 2% per annum and maturity in October 2025 and the holder is the Shareholder.

The Group and the Company, pays a fixed amount of Swiss Francs in exchange for a fixed amount of US dollars. The payment of these fixed amounts in Swiss Francs is a manage of the foreign exchange risk of borrowings, as the Group has a share of revenue denominated in Swiss Francs. These derivative financial instruments are designated into hedging relationships from 1 October 2024 in the Historical Financial Information.

Financial results on derivative instruments

During 2024, as part of the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London in the amount of 17,674,778 US Dollars (equivalent to approximately KZT8,221 million), 4,540,916 Swiss Francs (equivalent to approximately KZT2,385 million) and 4,485,525 Swiss Francs (equivalent to approximately KZT2,345 million). During 2023, the Group received 17,478,556 US dollars (equivalent to approximately KZT8,146 million).

As at 31 December 2024, the Group's and the Company's fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 62,267,864 US Dollars (equivalent to approximately KZT32,697 million) was recognised within current liabilities. As at 31 December 2023, the Group's and the Company's fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 78,578,766 US Dollars (equivalent to approximately KZT35,719 million) within non-current liabilities.

Hedging policy

During the year ended 31 December 2024, the Group implemented a cash flow hedge to reduce the risk of changes in KZT equivalent revenue from freight transit transportation denominated in Swiss francs, as part of two strategies (Note 13). Potential sources of ineffectiveness under both Strategy 1 and Strategy 2 are differences in the timing of cash flows from hedged items and hedging instruments, as well as changes in forecasted revenue from freight transit transportation. An additional source of ineffectiveness under Strategy 1 is the change in the fair value of the cross-currency swap due to changes in market interest rates in Swiss Francs and US dollars. The Group considers that the ineffectiveness of the hedge has a remote probability due to the high probability of cash flows from freight transit revenue in Swiss Francs during the relevant period.

As of 31 December 2024, the Group and the Company assesses the likelihood of significant hedge ineffectiveness under Strategy 2 as remote, given the high probability of receiving cash flows from revenue denominated in Swiss francs during the forecast period.

The Group

The Group applies the following currency swaps and foreign-currency bonds under Strategy 1:

	Maturity dates				
	Up to 3 months	3–9 months	9–12 months	Over 12 months	Total
31 December 2024					
Eurobonds					
Nominal values in USD	–	–	882,978,000	–	882,978,000
Nominal value in KZT million	–	–	463,661	–	463,661
Average USD/CHF exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in KZT million	–	–	(512,091)	–	(512,091)

The Group applies the following foreign-currency borrowings under Strategy 2:

	Maturity dates				
	Up to 3 months	3–9 months	9–12 months	Over 12 months	Total
31 December 2024					
Nominal value in Swiss francs	39,613,561	69,467,385	30,084,195	911,043,258	1,050,208,399

The impact of the hedging instruments on the consolidated statement of financial position is presented below:

	Nominal value (in original currency)	Carrying amount	Line item in the consolidated statements of financial position	Changes in fair value/ foreign-currency remeasurement used for assessing ineffectiveness for the period
31 December 2024				
Borrowings in Swiss francs	1,050,208,399	567,213	Borrowings	(20,399)
Eurobonds in US dollors	882,978,000	448,785	Borrowings	(37,037)
Currency swaps in Swiss francs	881,881,000	32,697	Derivative financial instruments	8,811

A reconciliation of each component of equity and an analysis of other comprehensive income are presented below:

	Cash flow hedge reserve (Strategy 1)	Cash flow hedge reserve (Strategy 2)	Total
1 January 2024	–	–	–
Effective portion of changes in fair value	28,226	20,399	48,625
Amount reclassified to profit or loss – effective portion as a reduction of revenue	–	(412)	(412)
Tax effect	(5,645)	(3,998)	(9,643)
31 December 2024	22,581	15,989	38,570

The following table reflects the sensitivity of the Group's and the Company's profit and equity to potential changes in the US$, Euro, Russian Rouble, Swiss Francs and other exchange rates, provided all other parameters remain constant.

The Group

	Year ended 31 December					
	2023			2024		
	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity
US$	14%/ (14%)	(40,334)/ 40,334	–	9%/ (7%)	1,372/ (1,108)	(32,621)/ 26,355
Euros	13%/ (13%)	(20,080)/ 20,080	–	9%/ (6%)	(19,263)/ 12,736	–
Russian Roubles	29%/ (29%)	(11,449)/ 11,449	–	2%/ (23%)	(1,236)/ 14,186	–
Swiss Francs	17%/ (17%)	(34,438)/ 34,438	–	12%/ (4%)	(8,581)/ 2,804	(58,553)/ 19,136
In other currencies	17%/ (17%)	(455)/ 455	–	9%/ (13%)	139/ (214)	–

The Company

	Year ended 31 December					
	2023			2024		
	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity
US$	14%/ (14%)	(42,330) 42,330	–	9%/ (7%)	(32,746)/ 26,456	(32,621)/ 26,355
Euros	17%/ (17%)	(10,420)/ 10,420	–	12%/ (4%)	(65,566)/ 21,429	–
Swiss Francs	13%/ (13%)	(971)/ 971	–	9%/ (6%)	(847)/ 560	19,136
In other currencies	29%/ (29%)	(550)/ 550	–	2%/ (23%)	(56)/ 641	–

Credit risk

Credit risk arising from a party's inability to meet the terms of the Group's and the Company's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the Group's obligations to that party. It is the Group's and the Company's policy to enter into financial instruments with a range of creditworthy parties. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The Group and the Company recognises an allowance for expected credit losses for financial instruments in the amount equal to 12 month expected credit losses for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group and the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Group and the Company also recognises an expected credit losses allowance under financial guarantee agreements for 12 months or lifetime, depending on the change in credit risk since initial recognition. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For the purpose of internal credit risk management, the Group and the Company considers the following to be a default, as past experience has shown that a financial asset that meets one of the following criteria is generally non-recoverable:

- overdue: more than 90 days overdue on the counterparty's obligations (except when the Group has reasonable and substantiated information demonstrating that it is more appropriate to use the default criterion with a long delay in payment);
- downgrade of the external credit rating of the counterparty to the default "D";
- inability to fulfil obligations as a result of financial difficulties of the counterparty (suspension of interest accrual or decrease in the interest rate on the financial asset, write-off of the principal amount, extension of maturity of the financial asset, restructuring, leading to a decrease or write-off of the loan amount or debt forgiveness, etc.); or
- information generated internally or obtained from external sources indicates that the debtor is unlikely to make full payments to creditors, including the Group and the Company (not taking into account the collateral held by the Group and the Company).

The Group

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade accounts receivable*	–	–	–	20,316	20,316
Other financial assets – Normal**	35,376	–	–	–	35,376
Cash and cash equivalents	204,614	–	–	–	204,614
Total	239,990	–	–	20,316	260,306

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade accounts receivable*	–	–	–	25,173	25,173
Other financial assets – Normal**	41,673	–	–	–	41,673
Cash and cash equivalents	198,578	–	–	–	198,578
Total	240,251	–	–	25,173	265,424

The Company

As at 31 December 2023

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Loan issued	645,201	–	–	–	645,201
Trade accounts receivable*	–	–	–	182,671	182,671
Other financial assets – Normal**	11,994	–	–	–	11,994
Cash and cash equivalents	139,416	–	–	–	139,416
Total	796,611	–	–	182,671	979,282

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Loan issued	507,405	–	–	–	507,405
Trade accounts receivable*	–	–	–	302,830	302,830
Other financial assets – Normal**	8,697	–	–	–	8,697
Cash and cash equivalents	126,139	–	–	–	126,139
Total	642,241	–	–	302,830	945,071

* For the trade accounts receivable to which the Group and the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the Historical Financial Information.

** The credit quality of the financial assets included in deposits and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of financial assets is considered to be "doubtful."

Credit risk concentrations may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

As at 31 December 2023, cash held by the Group on current accounts in Kazpost JSC, a related party of the Group (54.8% of cash and cash equivalents). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BB+ 'stable' (26.2% of cash and cash equivalents). As at 31 December 2024, carrying value of cash held by the Group of 116,631 million tenge on digital accounts in National Bank of Kazakhstan, which is other related party of the Group (58.73% of cash and cash equivalents) (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- (29.45% of cash and cash equivalents).

As at 31 December 2023, cash held by the Company on current accounts in Kazpost JSC, a related party of the Company (80.4% of cash and cash equivalents). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BB+ 'stable' (10.2% of cash and cash equivalents). As at 31 December 2024, carrying value of cash held by the Company on digital account in the National Bank of Kazakhstan, a related party of the Company, is equal to KZT116,631 million (92.5% of cash and cash equivalents) (Note 33). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- (6.6% of cash and cash equivalents).

The Group and the Company has procedures in place to ensure that sales are only made to customers with the appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group and the Company operates on a prepayment basis with the majority of its customers.

In addition, the Group and the Company exposed to credit risk on financial guarantees provided to banks. The maximum risk of the Group and the Company in this regard is equal to the maximum amount that the Group and the Company obliged to pay in the events of claims for guarantees disclosed in Note 31.

For trade receivables and trade-related amounts due from related parties, the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade receivable and amounts due from related parties, used to reflect current conditions and estimates of future economic conditions.

Liquidity risk

The Group and the Company manages short-term, mid-term and long-term financing liquidity risk in accordance with Shareholder requirements. The Group and the Company manages liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constantly monitoring projected and actual cash flows and comparing the maturity of financial assets and liabilities.

The Company with its subsidiaries, uses a highly liquid instrument for the purposes of centralised cash management, namely current loans under the "cash pooling" mechanism with the possibility of early repayment at any time at the decision of the transaction participants. Cash flows from these short-term loans are presented on a net basis in the separate statement of cash flows. During the year ended 31 December 2023 and 2024, the Company entered into agreements with subsidiaries to provide financial assistance to the Company in the amount of KZT155,380 million and KZT229,880 million, respectively, for a period of up to one year. As at 31 December 2023 and 2024, the carrying value of the received financial aid under the "cash pooling" mechanism amounted to KZT49,603 million and KZT10,781 million, respectively. As at 31 December 2023 and 2024, the carrying value of the financial aid given under the "cash pooling" mechanism amounted to KZT15,542 million and KZT44,548 million, respectively.

As at 31 December 2023, the Group and the Company, has credit lines available in Halyk Bank of Kazakhstan JSC and ForteBank JSC for the total amount of KZT131,000 million. As at 31 December 2024, the Group and the Company, has credit lines available in Halyk Bank of Kazakhstan JSC, ForteBank JSC and Citibank with undrawn balances totalling KZT128,068 million.

The Group and the Company control and monitor compliance with the covenants set by the Shareholder and credit/guarantee agreements on a regular basis.

The following tables reflect the contractual terms of the Group's and the Company's financial liabilities. The table was prepared using undiscounted cash flows on financial liabilities based on the earliest date at which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

The Group

	Up to 1 month	1–3 months	3 months–1 year	1–5 years	Over 5 years	Total
2023						
Non-interest bearing:						
Accounts payable	190,389	195	10,385	–	–	200,969
Other liabilities	15,511	36,225	15,059	–	–	66,795
Interest-bearing:						
Borrowings	44,504	14,034	412,197	1,258,817	2,257,050	3,986,602
Lease	3,250	1,310	13,901	47,066	100,304	165,831
Derivative financial instruments	–	–	(10,364)	49,442	–	39,078
Financial guarantees	–	3,064	3,783	35,314	36,728	78,889
	253,654	54,828	444,961	1,390,639	2,394,082	4,538,164
2024						
Non-interest bearing:						
Accounts payable	223,237	7,725	389	–	–	231,351
Other liabilities	18,966	40,069	17,833	–	–	76,868
Interest-bearing:						
Borrowings	5,267	53,609	891,823	1,132,753	2,608,153	4,691,605
Lease	7,371	3,898	27,154	141,989	232,330	412,742
Derivative financial instruments	–	–	34,312	–	–	34,312
Financial guarantees	–	3,340	4,893	36,232	27,950	72,415
	254,841	108,641	976,404	1,310,974	2,868,433	5,519,293

The Company

	Up to 1 month	1–3 months	3 months–1 year	1–5 years	Over 5 years	Total
2023						
Non-interest bearing:						
Accounts payable	54,960	194	9,186	–	–	64,340
Other liabilities	33	15,029	2,316	–	–	17,378
Interest-bearing:						
Borrowings	43,649	4,007	303,363	929,805	1,945,591	3,226,415
Lease	2,751	584	2,629	3,479	–	9,443
Financial guarantees	490	13,061	98,909	403,309	447,121	962,890
Derivative financial instruments	–	–	(10,364)	49,442	–	39,078
	101,883	32,875	406,039	1,386,035	2,392,712	4,319,544
2024						
Non-interest bearing:						
Accounts payable	88,289	7,444	9,611	–	–	105,344
Other liabilities	1	17,338	2,366	–	–	19,705
Interest-bearing:						
Borrowings	4,341	24,915	745,751	711,699	2,216,656	3,703,362
Lease	4,695	1,998	8,990	25,468	–	41,151
Financial guarantees	3,929	126,941	275,550	1,238,935	1,114,815	2,760,170
Derivative financial Instruments	–	–	34,312	–	–	34,312
	101,255	178,636	1,076,580	1,976,102	3,331,471	6,664,044

The amounts presented in the table of financial guarantee agreements reflect the maximum amounts that the Group and the Company will be obliged to pay in the event of claims under guarantee agreements. As at reporting date the Group and the Company believes that with probability of more than 50% no payments under these agreements will be required. At the same time the given estimate may change if there is a change in the probability of claims under guarantee agreements. This probability is determined by the probability of default of counterparty's account receivable

Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale. As no readily available market exists for a large part of the Group's and the Company's financial instruments, judgement is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

The following methods and assumptions are used by the Group and the Company to estimate the fair value of these financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments.

Financial assets and liabilities

For financial assets and liabilities maturing within 12 months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial assets and liabilities maturing in over 12 months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates.

Derivative financial instruments

Fair value of the derivative financial instrument was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group, the Company and counterparties.

Borrowings

The fair value for bank loans was estimated by discounting the scheduled future cash flows of individual loans through estimated maturity using prevailing market rates as at the respective year end for debt with a similar maturity and credit-rating profile. The Group's and the Company's bank loans are mostly provided by international financial institutions and foreign banks. Although interest rates on these borrowings are lower than interest rates of private commercial credit institutions in Kazakhstan, they are treated as the market interest rate for this lender category. The fair value of debt securities issued (bonds) has been determined based on market prices at the reporting date.

Fair value of the Group's and the Company's financial assets and financial liabilities not regularly measured at fair value (but fair value is mandatorily disclosed)

As at 31 December 2023 and 2024, the fair value of the Group's and the Company's financial assets and financial liabilities, except for loans issued, borrowings and debt securities was not significantly different from carrying value. The carrying value and fair value of financial instruments as at 31 December 2024 and 2023 is presented as follows:

The Group

	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	4,577	4,257	2,692	2,516
Other financial assets	22,037	20,320	31,218	30,069
Borrowings	851,990	821,326	1,361,496	1,337,391
Debt securities	1,265,557	1,182,596	1,291,892	1,208,326

The Company

	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	645,201	644,881	507,405	507,229
Other financial assets	6,787	5,963	4,328	4,440
Borrowings	422,168	380,276	632,500	591,529
Debt securities	1,265,557	1,182,596	1,291,892	1,208,326

Fair value hierarchy

The Group and the Company estimates fair value using the following fair value estimate hierarchy, taking into account the materiality of data used to generate the given estimates:

- level 1: quotes on an active market (uncorrected) in relation to identified financial instruments;
- level 2: data differing from quotes attributable to level 1, and available directly (i.e. quotes) or indirectly (i.e. data generated from quotes). This category includes instruments estimated using market quotes on active markets for similar instruments, market quotes for similar instruments on market not treated as active, or other estimation methods, all of whose data used is directly or indirectly based on observable primary data;
- level 3: data that is not available. This category includes instruments estimated using information not based on observable primary data. Moreover, any such unobservable data has a significant impact on an instrument's estimation. This category includes instruments estimated based on quotes for similar instruments that require the use of material unobservable quotes or judgements to reflect the different between instruments.

The Company

The table below provides an analysis of financial instruments as at 31 December 2024 and 2023 broken down into the fair value hierarchy levels.

The Group

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at amortised cost:				
– loans issued	–	4,257	–	4,257
– other financial assets	–	20,247	–	20,247
Financial assets recognised at fair value through profit of loss:				
– other financial assets	–	–	73	73
Total	–	24,504	73	24,577
Financial liabilities recognised at amortised cost:				
– debt securities	–	564,075	–	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	752,077	–	752,077
– loans from the Shareholder	–	69,249	–	69,249
Financial liabilities recognised at fair value through profit of loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	2,039,641	–	2,039,641

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at amortised cost:				
– loans issued	–	2,516	–	2,516
– other financial assets	–	29,437	–	29,437
Financial assets recognised at fair value through profit of loss:				
– other financial assets	–	–	632	632
Total	–	31,953	632	32,585
Financial liabilities recognised at amortised cost:				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	1,268,631	–	1,268,631
– loans from the Shareholder	–	68,760	–	68,760
Financial liabilities recognised at fair value through profit of loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	2,578,414	–	2,578,414

The Company

	Fair value as at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at amortised cost:				
– loans issued	–	644,881	–	644,881
– other financial assets	–	5,963	–	5,963
Total	–	650,844	–	650,844
Financial liabilities recognised at amortised cost:				
– debt securities	–	564,075	–	564,075
– debt securities from the Shareholder	–	618,521	–	618,521
– bank loans	–	261,424	–	261,424
– loans from the Shareholder	–	118,852	–	118,852
Financial liabilities recognised at fair value through profit of loss:				
– derivative financial instruments	–	35,719	–	35,719
Total	–	1,598,591	–	1,598,591

	Fair value as at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at amortised cost:				
– loans issued	–	507,229	–	507,229
– other financial assets	–	4,440	–	4,440
Total	–	511,669	–	511,669
Financial liabilities recognised at amortised cost:				
– debt securities	–	347,515	–	347,515
– debt securities from the Shareholder	–	860,811	–	860,811
– bank loans	–	511,988	–	511,988
– loans from the Shareholder	–	79,541	–	79,541
Financial liabilities recognised at fair value through profit of loss:				
– derivative financial instruments	–	32,697	–	32,697
Total	–	1,832,552	–	1,832,552

The fair values of the financial assets and financial liabilities in levels 2 and 3 have been determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the counterparty credit risk and market forward exchange rates for derivative financial instruments.

For the year ended 31 December 2023, the Group and the Company has reconsidered market-observable inputs for the fair value of debt securities issued and determined that debt securities should be classified in level 2, as there were no observable transactions on the market in which these financial instruments were traded.

For the year ended 31 December 2024, there were no transfers between levels in the fair value hierarchy.

The correction of the fair value and hierarchy levels did not result in any changes to the Group's and Company's financial position, profit or loss and other comprehensive income, cash flows and changes in equity.

35. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period are as follow:

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	39	–	–	39
– Yuriy Lavrinenko (i)	17	–	–	17
– Nurzhan Baidauletov (ii)	10	–	–	10
– Nurlan Akhanzaripov (iii)	7	–	–	7
– Ulf Wokurka	17	–	–	17
– Alexander Andreas Schierhuber (iv)	8	–	–	8
Director				
– Aidar Ryskulov (v)	–	–	–	–
– Nazira Nurbaeva (vi)	–	–	–	–
– Gibrat Auganov	–	–	–	–
– Kuat Irubayev (vii)	5	–	–	5
– Nurlan Sauranbayev	–	24	43	67
– Yernat Berdigulov	–	–	–	–
Total	**103**	**24**	**43**	**170**

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonus remuneration	Total remuneration
Board of directors				
Independent director				
– John (Ian) McKay	41	–	–	41
– Natalia Godunova (viii)	13	–	–	13
– Ulf Wokurka	23	–	–	23
– Alexander Andreas Schierhuber	23	–	–	23
Director				
– Aidar Ryskulov	–	–	–	–
– Yelzhas Otynshiyev (xi)	–	–	–	–
– Gibrat Auganov (x)	–	–	–	–
– Kuat Irubayev	22	–	–	22
– Nurlan Sauranbayev	–	34	14	48
– Yernat Berdigulov	–	–	–	–
Total	**122**	**34**	**14**	**170**

Notes:

(i) Yuriy Lavrinenko was resigned as chairman of the board of directors and independent director on 7 September 2023.

(ii) Nurzhan Baidauletov was resigned as independent director on 19 June 2023.

(iii) Nurlan Akhanzaripov was resigned as independent director on 10 May 2023.

(iv) Alexander Andreas Schierhuber was appointed as independent director on 26 April 2023.

(v) Aidar Ryskulov was appointed as chairman of the board of directors on 7 September 2023.

(vi) Nurbaeva Nazira resigned as director on 24 August 2023.

(vii) Kuat Irubayev was appointed as director on 29 June 2023.

(viii) Natalya Godunova was appointed as an independent director on 4 April 2024.

(xi) Yelzhas Otynshiyev was appointed as director on 22 February 2024.

(x) Gibrat Auganov was resigned as director on 22 February 2024.

No remuneration was paid by the Group to any directors or chief executive as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Track Record Period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

36. FIVE INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

The five highest paid individuals of the Group for the Track Record Period did not include any of directors or set out in Note 35 above. Details of the remuneration for the Track Record Period of the individuals are as follows:

	Year ended 31 December	
	2023	**2024**
Salaries, allowances and benefits in kind	190	226
Performance related bonuses	331	141
	521	367

	Number of employees Year ended 31 December	
	2023	**2024**
Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	1	4
HK$1,500,001 to HK$2,000,000	4	–

During the Track Record Period, no emoluments were paid by the Group to the directors, the supervisors of the Company or five highest paid individuals of the Group, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors waived or agreed to waive any emoluments during the Track Record Period.

37. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

38. EVENTS AFTER THE REPORTING DATE

Citibank

In 2025, the Group, represented by its subsidiaries KTZ-Freight Transportation LLP, under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US$ in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (KZT49,328 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. Principal is repayable quarterly until full repayment in 2035.

In 2025, the Group, represented by the Company, under the credit line agreement with Citibank dated 4 April 2024, borrowed funds in the total amount of 250,000,000 Swiss Francs (KZT159,514 million) with an interest rate of SARON + 2% and a maturity of up to one year. The Group has made partial early repayment of the loans received in the amount of 62,000,000 Swiss Francs (41,418 million tenge).

In January–March 2026, the Group, represented by the Company, under the credit line agreement with Citibank concluded on 4 April 2024, made an early repayment of loans received in the amount of CHF88,000,000 (KZT56,247 million).

Societe Generale and Natixis

In 2025, the Group, represented by KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP, its subsidiaries, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 56,854,843 Euros (KZT33,441 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

In 2025, the Group, represented by KTZ-Freight Transportation LLP, its subsidiary, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 280,445,323 Euros (KZT159,028 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

In January–March 2026, the Group, represented by its subsidiary KTZ-Passenger Locomotives LLP, under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 9,845,578 Euros (KZT5,529 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

In January–March 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 66,656,416 Euros (KZT37,893 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

In April–May 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 11,323,532 Euros (KZT6,139 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

In May 2026, the Group, represented by its subsidiary KTZ-Passenger Locomotives LLP, under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 2,344,511 Euros (KZT1,283 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

Halyk Bank of Kazakhstan JSC

In 2025, the Group represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, drew down borrowings in the total amount of KZT160,000 million with an interest rate of 16.75% to 19.50% and a maturity of up to one year. The Group has made partial repayment of loans received in the total amount of KZT158,000 million.

In January–March 2026, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC dated 26 February 2015, borrowed KZT70,000 million at the interest rate of National Bank of the Republic of Kazakhstan base rate + margin 1.5% with a repayment term of up to one year. The Group made a partial early repayment of loans received in the amount of KZT40,000 million.

The Export-Import Bank of China and China Development Bank

In 2025, the Group, represented by KTZ-Freight Transportation LLP, its subsidiary, as part of its loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese yuan, borrowed 571,716,269 Chinese yuan (KZT43,322 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

In January–March 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese yuan, borrowed 353,210,353 Chinese yuan (KZT25,374 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

In April 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese yuan, borrowed 425,063,408 Chinese yuan (KZT28,709 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

Citibank Kazakhstan JSC

In 2025, the Group, represented by a subsidiary KTZ-Freight Transportation LLP, within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT14,000 million with an interest rate of 18%. The Group has made early repayment of the loan.

In February 2026, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, as part of its Master Agreement with Citibank Kazakhstan JSC on short-term loans dated 30 November 2009, borrowed KZT14,000 million with an interest rate of 18.11% and maturity of up to one year.

Asian Infrastructure Investment Bank, International Finance Corporation, Standard Chartered Bank

On 9 January 2026, the Group, represented by the Company, as part of the implementation of the construction of a bypass railway line bypassing the Almaty station project (hereinafter – the "Project"), entered into a mandate letter and a loan agreement with the Asian Infrastructure Investment Bank (hereinafter – AIIB), the International Finance Corporation (hereinafter – IFC), and Standard Chartered Bank under the MIGA guarantees, for a total amount of 243,428,993 Swiss Francs.

In February 2026, The Group under the loan agreement concluded with AIIB on 9 January 2026 to finance the Project for a total amount of 119,923,249 Swiss francs, received borrowed funds in the total amount of 72,501,178 Swiss francs (KZT46,732 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with IFC dated 9 January 2026 to finance the Project for a total amount of 39,974,416 Swiss Francs borrowed 24,167,059 Swiss Francs (KZT15,577 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with Standard Chartered Bank under the guarantee of MIGA dated 9 January 2026 to finance the Project for a total amount of 83,531,328 Swiss Francs borrowed 51,896,370 Swiss Francs (KZT33,335 million). Loan interest is paid semi-annually at SARON 6M + 0.55%. Principal is repaid semi-annually until full repayment in 2035.

Shareholder

In 2025, the Group, represented by the Company, received borrowings amounting to KZT65,480 million under a loan agreement with the Shareholder concluded on 19 May 2025 to finance the purchase of passenger carriages. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT56,989 million, net of deferred tax in the amount of 11,398 million tenge through equity in retained earnings as other contributions.

Deutsche Bank Luxembourg, S.A. and Banco Santander, S.A.

In 2025, the Group, represented by KTZ-Freight Transportation LLP, its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 146,246,583 Swiss Francs (KZT94,956 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2035.

In March 2026, the Group, represented by KTZ-Freight Transportation LLP, its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 38,958,316 Swiss Francs (KZT24,233 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In April 2026, the Group, represented by KTZ-Freight Transportation LLP, its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 15,897,241 Swiss Francs (KZT9,209 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In June 2026, the Group, represented by KTZ – Freight Transportation LLP, its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of 445,000,000 US Dollars in Swiss Francs equivalent, borrowed 36,692,052 Swiss Francs (KZT22,224 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

In 2025, the Group, represented by the Company, under a loan agreement with Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC dated 18 July 2025, to finance the construction of large-scale railway infrastructure projects and the modernisation of existing railway lines, for a total amount of 600,000,000 US Dollars in Swiss Francs equivalent, received borrowed funds of 484,680,000 Swiss Francs (KZT324,954 million). Loan interest is repaid quarterly at SARON 6m + 1.6%. Principal is repayable in a single payment in July 2028.

ForteBank JSC

In 2025, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, drew down borrowings in the amount of 80,000 million tenge with an interest rate of 18% to 19.50% and maturity up to six months. The Group has made partial early repayment of loans received in the amount of KZT102,000 million.

Freedom Bank Kazakhstan JSC

In 2025, the Group, represented by the Company, under the credit line agreement dated 30 October 2025 with Freedom Bank Kazakhstan JSC drew down borrowings in a total amount of KZT10,000 million with an interest rate of 19.50% and maturity of up to one year.

Standard Chartered Bank

In June 2026, the Group, represented by the Company, under a credit agreement with Standard Chartered Bank, with MIGA guarantee, dated 15 May 2026, to finance the modernisation of railway infrastructure, fleet renewal of passenger and freight locomotives and wagons, borrowed 155,820,000 Chinese yuan (KZT96,613 million). Loan interest is paid semi-annually at SARON 6m + 0.60%. Principal is repaid semi-annually until full repayment in 2033.

Debt securities issued

In 2025, the Group, represented by the Company, as part of the Eurobonds issuance on the Kazakhstan Stock Exchange in favor of the Shareholder in the amount of 882,978,000 US Dollars dated 28 October 2022, signed a memorandum to extend the maturity of the Eurobonds from 2025 to 2028 and to change the coupon rate from 2% to 3%. Coupon rate – twice a year. As the modification is considered insignificant, the Group recognized an adjustment to the carrying amount of the bonds issued within finance income in the amount of 80,296,949 US$ (KZT43,226 million).

In 2025, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Moiynty, issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT42,326 million with a coupon rate of 9.37% per annum and a maturity date in 2045. Coupon payment – twice a year. Digital tenge were used in this issue. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 16.30%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT16,206 million, net of deferred tax in the amount of KZT3,241 million through equity in retained earnings as other contributions.

In February 2026, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 2,220,000,000 Chinese Yuan (KZT158,730 million) to finance the construction of the new railway line Bakhty–Ayagoz and the acquisition of six marine vessels with a coupon rate of LPR1Y+ 1.2 % per annum and a maturity date in 2028. Coupon rate – twice a year.

In April 2026, the Group, represented by the Company, for the purpose of implementing projects for the modernisation of the Altynkol-Zhetygen railway section, construction of the Darbaza-Maktaaral railway line, modernisation of railway stations and implementation of microprocessor automatic blocking systems, issued two tranches of Eurobonds on the London Stock Exchange (LSE), Kazakhstan Stock Exchange (KASE) and Astana International Exchange (AIX) with a total volume of 1,000,000,000 US Dollars (KZT461,550 million), 500,000,000 US Dollars each, with coupon rates of 4.875% and 5.25% per annum and maturity dates in 2031 and 2036, respectively. Coupon payments are made twice a year. The bonds were issued at prices of 99.453% and 99.043% of par value, respectively. As a result of the Eurobond issuance, the Group received proceeds of 990,675,000 US Dollars (KZT457,246 million).

In May 2026, the Group, represented by the Company, for the purpose of constructing the Bakhty-Ayagoz railway line and acquiring 6 sea vessels, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 1,180,000,000 Chinese Yuan (KZT80,287 million) with a coupon rate of 4.2% per annum and a maturity date in 2029. Coupon payments are made twice a year.

In May 2026, the Group, represented by the Company, for the purpose of implementing the project for deepening the water area of Aktau port, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 44,000,000 US Dollars (KZT20,412 million) with a coupon rate of 5.5% per annum and a maturity date in 2028. Coupon payments are made twice a year.

Derivative financial instruments

In April 2026, under cross-currency swap transactions concluded in October–November 2022, the Group, represented by the Company, paid to Societe Generale SA (France) and Citibank London cash in the amount of 524,395 Swiss francs (KZT310 million) and received from J.P. Morgan Securities plc. (United Kingdom), Societe Generale SA (France) and Citibank London cash in the amount of 13,245,000 US Dollars (KZT6,125 million) and 300,840 Swiss francs (KZT178 million).

Share issuance

During 2025, the Group issued 1,010 shares paid by the Shareholders by contributing non-current assets with a total fair value of KZT28,791 million.

Share capital

In 2025, the Group recognised a difference between loans received from Shareholder at rates lower than market and fair value of KZT73,195 million less the deferred tax effect of KZT14,639 million.

39. SUBSEQUENT FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended 31 December 2025 have been prepared by the Company subsequent to 31 December 2024 and up to the date of this report. No dividends or distributions have been declared or made by the Company in respect of any period subsequent to 31 December 2024.

The following is the text of a report on Joint Stock Company «National Company «Kazakhstan Temir Zholy» prepared for the purpose of incorporation in this document received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JOINT STOCK COMPANY «NATIONAL COMPANY «KAZAKHSTAN TEMIR ZHOLY» AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Joint Stock Company «National Company «Kazakhstan Temir Zholy» (the "Company") and its subsidiaries (together, the "Group") set out on pages [IB-[●]] to [IB-[●]], which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 December 2025, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [IB-[●]] to [IB-[●]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the **[REDACTED]** of the **[REDACTED]** of the Company **[REDACTED]**.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of the financial performance and cash flows of the Group for the year ended 31 December 2025 with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page [IB-] have been made.

Dividends

We refer to note 33 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the year ended 31 December 2025.

[●]
Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued financial statements of the Group for the year ended 31 December 2025. The previously issued financial statements were audited by Ernst & Young LLP in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (the "Historical Financial Statements").

The Historical Financial Information is presented in Kazakhstan Tenge ("KZT") and all values are rounded to the nearest million (KZT'million) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2025** *KZT'million*
Revenue and other income		
Revenue from freight transportation	21	2,463,197
Revenue from passenger transportation	21	129,250
Government grants	5	43,275
Other revenue	22	121,361
Total revenue and other income		2,757,083
Cost of sales	23(a)	(1,924,051)
Gross profit		833,032
General and administrative expenses	23(b)	(145,837)
Finance income	25	88,618
Finance costs	25	(245,844)
Foreign exchange loss		(19,990)
Share of profits and losses of associates and joint ventures	7	1,634
Impairment of financial assets and contract assets	23(d)	(3,893)
Impairment of non-financial assets	23(e)	(11,480)
Other profits and losses	23(c)	2,781
Profit before tax		499,021
Income tax expenses	17	(155,375)
Profit for the year		343,646

	Notes	**Year ended 31 December 2025** *KZT'million*
Other comprehensive income/(loss), net of income tax:		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit plans	16	276
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Fair value loss on cash flow hedging instruments	13	(97,584)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13, 21	80,781
Income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	3,361
Foreign exchange difference on translation of foreign operations		4,595
Other comprehensive loss for the year		(8,571)
Total comprehensive income for the year		335,075
Profit for the year attributable to:		
The Shareholder		339,919
Non-controlling interests		3,727
		343,646
Total comprehensive income attributable to:		
The Shareholder		331,350
Non-controlling interests		3,725
		335,075
Earnings per share, in KZT	24	684

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2025** *KZT'million*
Assets		
Non-current assets		
Goodwill		15,520
Intangible assets		11,022
Property, plant, and equipment	6	5,875,447
Investments in joint ventures	7	11,637
Investments in associates	7	56,464
Other non-current assets	8	1,136,788
Deferred tax assets	17	312
Total non-current assets		7,107,190
Current assets		
Inventories	10	86,422
Other current assets	12	95,839
Corporate income tax prepaid		8,219
Value-added tax ("VAT") recoverable	4	48,789
Contract assets		1,071
Trade accounts receivable	11	18,009
Cash and cash equivalents	9	232,973
Total current assets		491,322
Total assets		7,598,512
Equity and liabilities		
Equity		
Share capital	13	1,152,698
Hedging reserve	13	(52,012)
Foreign currency translation reserve	13	13,589
Retained earnings		1,255,462
Equity attributable to the Shareholder		2,369,737
Non-controlling interests		18,493
Total equity		2,388,230

	Notes	**As at 31 December 2025** *KZT'million*
Non-current liabilities		
Borrowings	14	2,697,359
Other non-current liabilities	20	177,442
Lease liabilities	15	224,936
Deferred tax liabilities	17	615,181
Employee benefit obligations	16	41,027
Total non-current liabilities		3,755,945
Current liabilities		
Trade accounts payable	18	525,770
Other taxes payable		16,083
Other current liabilities	20	129,821
Contract liabilities	19	149,196
Borrowings	14	488,658
Lease liabilities	15	45,146
Derivative financial instruments	30	91,496
Employee benefit obligations	16	8,167
Total current liabilities		1,454,337
Net current liabilities		(963,015)
Total liabilities		5,210,282
Total equity and liabilities		7,598,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Share capital *KZT'million*	Hedging reserve *KZT'million*	Foreign currency translation reserve *KZT'million*	Retained earnings *KZT'million*	Shareholder's equity *KZT'million*	Non-controlling interests *KZT'million*	Total equity *KZT'million*
As at 1 January 2025	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317
Profit for the year	–	–	–	339,919	339,919	3,727	343,646
Other comprehensive (loss)/income for the year	–	(13,442)	4,595	278	(8,569)	(2)	(8,571)
Total comprehensive (loss)/income for the year	–	(13,442)	4,595	340,197	331,350	3,725	335,075
Issue of shares *(Note 13)*	28,791	–	–	–	28,791	–	28,791
Other contributions *(Note 13)*	–	–	–	58,556	58,556	–	58,556
Dividends	–	–	–	–	–	(3,509)	(3,509)
As at 31 December 2025	1,152,698	(52,012)	13,589	1,255,462	2,369,737	18,493	2,388,230

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 31 December 2025** *KZT'million*
Cash flows from operating activities:		
Profit for the year		343,646
Adjustments for:		
Income tax expenses recognised in profit or loss	17	155,375
Finance costs	25	245,844
Depreciation and amortisation	8, 23	196,219
Finance income	25	(88,618)
Reclassification of the loss on cash flow hedging instruments to profit for the year	13, 21	80,781
Foreign exchange loss	30	19,990
Impairment of non-financial assets	23(e)	11,480
Post-employment benefits and other long-term employee benefit expenses	23	3,281
Share of profits and losses of associates and joint ventures	7	(1,634)
Impairment of financial assets and contract assets	23(d)	3,893
Other		13,465
Operating income before changes in working capital and other balances		983,722
Change in trade accounts receivable		(27,099)
Change in inventories		(25,134)
Change in other current and non-current assets (including long-term VAT recoverable)		(133,114)
Change in trade accounts payable		166,443
Change in other taxes payable		1,167
Change in other liabilities and contract liabilities		1,478
Change in employee benefit obligations		(8,553)
Cash generated from operations before interest and corporate income tax payments		958,910
Interest paid		(222,376)
Interest received		30,866
Corporate income tax paid		(20,603)
Net cash flows from operating activities		746,797

	Notes	**Year ended 31 December 2025** *KZT'million*
Cash flows from investing activities:		
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(925,368)
Share capital contributions in joint ventures without a change in ownership interest	7	(7,143)
Investments acquired in associates	7	(6,211)
Dividends received from associates		4,693
Repayment of loans issued		2,272
Proceeds from sale of other non-current assets		1,499
Other		(2,009)
Net cash flows used in investing activities		(932,267)
Cash flows from financing activities:		
Proceeds from borrowings	14	908,235
Repayment of borrowings	14	(648,674)
Repayment of lease liabilities	14	(18,072)
Dividends paid to non-controlling interests in subsidiaries		(3,509)
Transfers to restricted cash		(14,368)
Transfers from restricted cash		4,427
Net cash flows generated from financing activities		228,039
Net increase in cash and cash equivalents		42,569
Cash and cash equivalents at the beginning of the year	9	198,578
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency		(8,166)
Effect of change in the allowance for expected credit losses		(8)
Cash and cash equivalents at the end of the year	9	232,973
Non-cash transactions:		
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	14	272,755

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 December 2025** *KZT'million*
Assets		
Non-current assets		
Intangible assets		9,397
Property, plant, and equipment	6	3,090,677
Investments in joint ventures	7	223
Investments in associates	7	3,262
Investments in subsidiaries	28	1,658,624
Loans issued	26	193,209
Other non-current assets	8	440,419
Total non-current assets		5,395,811
Current assets		
Inventories	10	36,407
Other current assets	12	49,413
VAT recoverable		14,565
Loans issued	26	113,391
Trade accounts receivable	11	346,312
Cash and cash equivalents	9	122,018
Total current assets		682,106
Total assets		6,077,917
Equity and liabilities		
Equity		
Share capital	13	1,152,698
Foreign currency translation reserve	13	(669)
Retained earnings		1,753,643
Total equity		2,905,672

	Notes	**As at 31 December 2025** *KZT'million*
Non-current liabilities		
Borrowings	14	1,873,712
Lease liabilities	15	11,628
Deferred tax liabilities	17	374,212
Employee benefit obligations	16	16,358
Total non-current liabilities		2,275,910
Current liabilities		
Trade accounts payable	18	220,086
Other taxes payable		7,944
Other current liabilities	20	157,135
Contract liabilities	19	2,788
Borrowings	14	404,398
Lease liabilities	15	8,979
Derivative financial instruments	30	91,496
Employee benefit obligations	16	3,509
Total current liabilities		896,335
Net current liabilities		(214,229)
Total liabilities		3,172,245
Total equity and liabilities		6,077,917

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Joint Stock Company «National Company «Kazakhstan Temir Zholy» ("the Company") was created in the Republic of Kazakhstan (hereinafter – "Kazakhstan") in accordance with Resolutions of the Kazakhstan Government ("the Ultimate Shareholder") to establish a holding company for management of railway industry assets. The Company was registered on 15 May 2002. The Historical Financial Information include the results of the operations of the Company and its controlled subsidiaries (collectively – "the Group"). The address of the Company's registered office is 6 D. Kunayev Street, Astana, 010000, Republic of Kazakhstan.

Joint Stock Company «Samruk – Kazyna» Sovereign Wealth Fund» ("the Shareholder") is the Company's sole shareholder.

The Group operates the state railway system, providing freight and passenger transportation services, the main railway network services, and ensuring the operation, maintenance and modernization of the main railway network in Kazakhstan. The railways industry is subject to regulations by the state, according to statutory acts ("Kazakhstan Entrepreneurial Code" etc.) the government approves railway network services tariffs and provides grants for partially subsidising passenger transportation on socially important routes. The level of regulated tariffs differs based on the type of freight transported. The government does not regulate international transit and container freight transportation tariffs. In addition to its core freight and passenger transportation services, the Group generates other revenue from supplementary services, mainly the sale of goods, loading and unloading services, vehicle servicing and leasing of carriages and other property, plant and equipment under operating leases. The majority of the other revenue is attributable to the Freight Transportation operating segment as described in note 5. The principal activities of the principal subsidiaries are disclosed in Note 28.

2. BASIS OF PREPARATION

Statement of compliance

The Group's Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Going concern

The Group's Historical Financial Information have been prepared on a going concern basis. Going concern assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future covering at least 12 months after the reporting date. As at 31 December 2025, current liabilities of the Group exceeded its current assets by KZT963,015 million.

As at 31 December 2025, current liabilities include borrowings of KZT488,658 million that are payable within twelve months after the reporting date. At the same time, profit for the year ended 31 December 2025 amounted to KZT343,646 million, and cash inflows from operating activities amounted to KZT746,797 million.

Group management has assessed the Group's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the government of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date. Please refer to note 34 for the loans obtained and debt securities issued subsequent to 31 December 2025.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Furthermore, provided that the Company remains a subsidiary of the Shareholder, the Shareholder intends and is able to provide the Group with sufficient financial support to enable it to continue its normal operations for at least 12 months from

the date of this report. As at 31 December 2025, the Group has available credit lines with an undrawn balance in a total amount of KZT259,680 million (Note 30), which has been partially utilised in the subsequent period (Note 34). As at 31 December 2025, part of the Group's liabilities are represented by loans from the Shareholder in the amount of KZT975,160 million (Note 29), including a current portion in the amount of KZT37,630 million. Based on past experience, the Group's management believes that it will be able to negotiate changes in payment terms on its payables with the Shareholder, if necessary. After completing the relevant analysis including management's review of the Group's working capital forecast and the assessment of the available mitigating actions to management whereby management can carry out certain actions to improve the going concern and liquidity position of the Group, the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis is appropriate in preparing the Historical Financial Information.

Basis for measurement

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value as at the reporting date.

Basis of consolidation

The Historical Financial Information comprise the financial statements of the Company and entities controlled by it and by the subsidiaries listed in Note 28. The Group's investments in which it has significant influence are accounted for using the equity method. All intragroup transactions, balances, and unrealised gains and losses of the Group are eliminated on consolidation.

Functional and presentation currency

The Group's Historical Financial Information is presented in KZT. The assets and liabilities of foreign operations, where the functional currency is different to KZT, are translated into KZT at the exchange rate prevailing on the reporting date, while profit and loss items are translated into KZT at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded to other comprehensive income. On disposal of a foreign operation, all accumulated foreign exchange differences related to this specific foreign operation are recognised in profit or loss.

KZT is not a fully convertible currency outside of the Republic of Kazakhstan. Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the market rate effective at the transaction date using market rates set by the Kazakhstan Stock Exchange ("KASE"). For foreign currencies not quoted by KASE, exchange rates are set by the National Bank of Kazakhstan using cross-rates to the US dollar ("US$") in accordance with quotations received from Reuters.

Monetary assets and liabilities denominated in foreign currencies are translated to the entity's functional currency at the exchange rate effective at the reporting date. All differences arising from a change in exchange rates subsequent to the transaction date recognised in profit or loss, except for exchange differences from translation recognised in other comprehensive income and exchange differences on loans that are directly attributable to the acquisition, construction or production of an asset, meeting certain requirements included in the cost of this asset. Non-monetary assets and liabilities denominated in foreign currencies that are carried at fair value are remeasured at the rates prevailing at the date when fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are carried at historical cost are not remeasured. Foreign exchange gains or losses in profit or loss are presented separately in the consolidated statement of profit or loss and other comprehensive income.

The following table presents foreign currency exchange rates to KZT:

	31 December 2025	Average rate for 2025
US$	505.53	521.59
Euros	593.44	590.15
Swiss Francs	637.33	630.43
Russian Roubles	6.34	6.28
Chinese Yuan	73.22	71.94

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of the Historical Financial Information, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Description of the standard and interpretation	Applicable to annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined by the IASB
Amendments to IFRS 7 and IFRS 9 *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to IFRS 7 and IFRS 9 *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual Improvements to *IFRS Accounting Standards – Volume 11:* IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
Amendments to IAS 21 *Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency*	1 January 2027
IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18")	1 January 2027
IFRS 19 and its amendments *Subsidiaries without Public Accountability: Disclosures and Amendments thereof*	1 January 2027
IFRS 20 *Regulatory Assets and Regulatory Liabilities*	1 January 2029

Management does not expect that the adoption of standards above will have a significant impact on the consolidated financial statements of the Group in the future periods.

The management is in the process of analysing the impact of IFRS 18 on the consolidated financial statements of the Group.

Material accounting policy information

Property, plant, and equipment

Property, plant and equipment is stated at historical cost less subsequent accumulated depreciation and impairment losses. Depreciation is charged once the asset becomes available for its intended use.

Subsequent costs

The costs of the day-to-day servicing incurred during an asset's useful life (regular maintenance to ensure the asset remains in a working condition, technical inspections, etc.) are recorded in profit or loss when incurred.

Costs incurred subsequent to the acquisition of an item of property, plant and equipment that meets the recognition criteria in accordance with IAS 16 *Property, Plant and Equipment* are capitalised, and the replaced items of property, plant and equipment are written off.

Construction in progress

Construction-in-progress comprises costs directly related to the acquisition and construction of property, plant and equipment, including the appropriate allocation of directly attributable variable overheads incurred during construction. The carrying value of construction-in-progress is regularly reviewed for impairment.

Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset.

The Group capitalises borrowing costs on general purpose borrowings to the extent they are used to obtain a qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year and used to construct and produce a qualifying asset, other than borrowings received specifically for the purpose of obtaining a qualifying asset.

Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. As a result, capitalised borrowing costs denominated in foreign currencies, adjusted for exchange differences, cannot exceed the borrowing costs that would have been capitalised if the borrowing had been denominated in the functional currency. Any excess exchange difference is recognised in profit or loss.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

The Group as lessee

For the lease contracts (or separate components of the contracts), under which the Group is granted the right to control the use of an identified asset (as defined by IFRS 16 *Leases*) for a certain period of time in exchange for consideration, the Group recognises a right-of-use asset and a corresponding lease liability at the inception of the contract. Non-lease components of the contracts are accounted for in accordance with other relevant standards.

In accordance with IFRS 16, the Group applies practical exemption for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, and for the leases of low original value assets (less than KZT2 million). However, an asset may have a low value only if it is not highly dependent on or highly interrelated with other assets. The Group recognises short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted by using the Group incremental borrowing rate, except when the rate is implicit in the lease and can be readily determined.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- Lease payments change due to index or rate changes or a change in expected payments under a guaranteed residual value, in which cases lease liabilities are remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a floating interest rate change, in which case a revised discount rate is used);

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

At the commencement date, the Group measures the right-of-use asset at cost that includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured according to the accounting policy that is applied for own assets, including for depreciation and amortisation and impairment measurement.

The recognised right-of-use asset is depreciated over the shorter period of expected useful life of the underlying asset or lease term. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the Group's intent to purchase, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The Group presents lease liabilities in the consolidated statement of financial position as a separate line (Note 15), while right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned, i.e. within property, plant and equipment (Note 6).

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items (Notes 6 and 22).

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are valued at the lower of cost or net realisable value. Costs comprise of charges incurred to bring the inventory to its present location and condition for its intended use. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Inventory, being used in production, for sale or other disposal, is valued on a weighted-average cost basis.

Financial instruments

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

With the exception of trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical exception, financial assets and financial liabilities are initially measured at fair value plus or minus, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers*.

All recognised financial assets are measured subsequently either at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Wherein:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and

- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

For the year ended 31 December 2025, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are further evaluated for impairment.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Gains or losses on insubstantial modification of financial liabilities at amortised cost are recognised in profit or loss. A gain or loss is determined as the difference between the carrying value at the date of modification and the present value of the estimated future cash flows discounted using an initial effective interest rate of the financial instrument.

A substantial modification should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments

The Group uses the currency swap derivative financial instrument to manage its currency risk on borrowings. These derivative financial instruments were designated into hedging relationships in the consolidated financial statements.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Gains or losses arising from changes in the fair value of derivative instruments designated as hedging instruments are recognised directly in other comprehensive income, accumulated in the cash flow hedge reserve, and subsequently reclassified to profit or loss in the period in which the hedged item affects profit or loss, except for the ineffective portion of the cash flow hedge, which is recognised in profit or loss.

If derivatives are not designated into hedging relationships, the resulting gain or loss is recognised in profit or loss immediately. The net gain or loss incorporates interest income on derivative financial instruments and is included in the finance income. The change in fair value of derivative financial instruments, which are not designated into hedging relationships, is reflected in finance income or finance costs *(Note 25)*.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are presented as non-current assets or

non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Instruments for hedging foreign currency risk on liabilities under future transactions are recognised as cash flow hedging instruments.

The Group documents relationship between the hedging instrument and the hedged item from the date of their designation in accordance with the risk management and hedging strategies. In addition, at the date of designation of the hedging relationship and thereafter the Group documents the efficiency of the hedging instrument from the perspective of compensation of changes in the hedged item's fair value or cash flows in relation to the hedged risk.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flows hedging

The Group uses a combination of certain foreign-currency borrowings and, where applicable, related swap agreements to hedge its exposure to foreign exchange risk associated with forecast transactions, as described in Note 30.

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. A gain or loss relating to the ineffective portion is recognised immediately in profit or loss for the reporting period, and is included in the finance costs line item. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when:

(a) the Group revokes the hedging relationship;

(b) the hedging instrument expires or is sold, terminated, or exercised; or

(c) it no longer qualifies for hedge accounting.

If the cash flow hedge is discontinued, the amount accumulated in other comprehensive income remains in other comprehensive income if future cash flows that are the hedged item are still expected to occur. Otherwise, amount is immediately reclassified to profit or loss.

The Group uses currency swaps and non-derivative foreign currency financial liabilities (e.g. bonds and loans) as hedge of its exposure to foreign currency risk in forecast sales transactions *(Note 13)*.

Equity

Share capital

Common shares are classified as equity. Costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from equity proceeds. All non-cash contributions to share capital are assessed by an independent appraiser at fair value as at the date of the contribution.

Other contributions

The Group enters into equity transactions with the Shareholder, such as asset transfers, adjustments for below market interest loans and others that would not relate to the acquisition of additional equity interest in the Group. The Group recognises such transactions through equity within retained earnings *(Note 13)*.

Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants that compensate for expenses incurred

Government grants that reimburse costs that have already been incurred are recognised in profit or loss on a systematic basis at the same time when these costs are recognised in profit or loss.

In particular, the government of the Republic of Kazakhstan allows the Group to receive subsidies in the form of government grants to partially cover the cost of transporting passengers including locomotive traction on socially important routes in Kazakhstan. Government grants are recognised on a systematic basis over the periods as the subsidies are used to cover carrier costs to transport passengers on socially important routes.

Government grants for the acquisition of long-term assets (interest rate subsidies under finance lease agreements)

Government grants partly subsidising interest rates on loans are recognised in finance income during the year when the Group recognises the corresponding finance costs.

When grants relate to long-term assets, their fair value is recognised as deferred income in profit or loss on a systematic basis over the expected useful lives of the respective long-term assets.

In particular, the Group participates in a government program that provides interest rates subsidies under finance lease agreements (hereinafter, "lease agreements") for the acquisition of railcars. Grants are recognised when there is reasonable assurance that all conditions of the program will be met. The amount of government grants is determined as the present value of future compensation, discounted at the rate stipulated in the lease agreements.

Revenue

The Group recognises revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised less VAT.

Revenue from freight transportation services

Freight transportation service revenue is recognised over time. The extent of completion of the freight transportation process is calculated as the ratio of transportation provided as at the reporting date to total transportation.

The Group provides services on monthly 100% prepayment terms, as agreed in contracts with customers. Prepayments received from customers for transportation services not yet rendered are typically short-term and recognised as advances received within contract liabilities at the date of receipt.

Advances received from customers for domestic, international import, international export and international transit freight transportation services are recognised as deferred income within contract liabilities once transportation has started. Deferred income is credited to revenue of the reporting period as the services are provided.

There is no significant financing component in contracts with the Group's customers due to the short time elapsed between the transfer of the promised services to the customer and the moment the customer pays for these services.

The contracts that are in the scope of the Committee for Regulation of Natural Monopolies (CRNM) Order on "approval of the temporary reducing coefficient to the tariff for regulated mainline railway network services of freight transportation" provide for discounts depending on the volume of service consumed. Revenue from these services is recognised based on contractual prices less estimated discounts. The Group uses the expected value method to estimate the discount amount.

As at 31 December 2025, the Group has no obligations to counterparties associated with provision of discounts.

The Group discloses handling service revenue in freight transportation service revenue and recognises it by the extent of completion of the services at the reporting date, as the performance obligation is satisfied over time and customers receive and use the benefits of the Group's performance simultaneously. The extent of service completion is calculated as the ratio of transportation volume, provided as at the reporting date to total transportation volumes.

Rolling stock handling services are provided, as a rule, based on prepayments, which are recognised as advances received within contract liabilities.

Additional charges related to the transportation process and other revenue from freight transportation are recognised over time.

Revenue from passenger transportation services

Revenue from passenger transportation services is recognised over time by the extent of completion of transportation at the reporting date. Proceeds from ticket sales are recognised as deferred income, accounted for as contract liabilities, which is transferred to revenue from the time of departure of a passenger. Prepayments received from customers for transportation services not yet rendered are recorded within advances at the time of their receipt. Upon receipt of applications for passenger transportation and issuing tickets, advances approximating the expected estimated revenue from the services are transferred to deferred income. Deferred income is similarly transferred to revenue as passengers depart.

Passenger transportation services are generally completed within several hours/days. An analysis of past experience has shown that passenger transportation in progress at the reporting date is insignificant.

Other revenue

Other revenue includes penalties received, revenues from the sale of goods, materials, scrap metal, loading and unloading services and vehicle servicing.

Other revenue from the provision of services is recognised over time as the services are provided. When a performance obligation is not satisfied over time (sale of goods, materials and scrap metals and others), the performance obligation is satisfied at a point in time.

The Group when accounting for significant contracts under which the period between the transfer of the promised goods or services to the customer and the respective payment exceeds one year, adjusts the transaction price for the time value of money.

Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15.

Under IFRS 15, if a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the seller-lessee does not meet the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to proceeds for the transfer by applying IFRS 9 *Financial Instruments*.

Other employee benefits

Defined benefit plans

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the collective agreements between the Group entities and their employees and internal regulations, including Early Retirement Rules ("Rules No. 1"), workforce reduction compensation rules ("Rules No. 2") and sectoral old-age benefit rules ("Rules No. 3").

Pursuant to these documents, the Group provides benefits under an unfunded scheme, including one-off retirement and early termination payments (depending on length of service), monthly or lump-sum payments ranging from KZT 70,000 to KZT 200,000 under Rules No. 1 and Rules No. 2, sectoral old-age allowances under Rules No. 3, and various benefits to pensioners and employees, such as financial support, sanatorium treatment, anniversary and funeral payments, dental assistance and reimbursement of railway ticket expenses.

The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of the benefits associated with one-off retirement payments and similar post-employment benefits are accrued over the period of employment using the projected unit credit method, consistent with the accounting methodology applied for defined benefit post-employment plans. Actuarial gains and losses arising in the year are recognized in other comprehensive income. Actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising from differences between previous actuarial assumptions and actual outcomes. Other movements, including current service cost, past service cost and the effects of curtailments or settlements, are recognized in profit or loss in the period in which they arise. The unwinding of the discount is recognized as a finance cost in the consolidated statement of comprehensive income.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate and mortality assumptions. The discount rate is used to determine the present value of future liabilities, while mortality assumptions are used to project the future stream of benefit payments, which is then discounted to arrive at the present value of the obligations.

Employee benefits other than one-off retirement payments and similar post-employment benefits are considered as other long-term employee benefits, including compensation payable in connection with early termination of employment under Rules No. 1 and Rules No. 2, sectoral old-age benefits under Rules No. 3 prior

to retirement, as well as other benefits such as sanatorium-resort treatment support, dental assistance, anniversary payments and reimbursement of railway ticket expenses.

The expected cost of these benefits is accrued over the period of employment using the projected unit credit method. Actuarial gains and losses on other long-term employee benefits are recognized immediately in profit or loss.

These obligations are valued by independent qualified actuaries on an annual basis. The programs are unfunded, do not require employee contributions, and the Group does not maintain plan assets to cover these obligations.

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate.

The Group considers any potential effects on the Group associated both with physical risks (shallowing of the Caspian Sea, change in the climate's physical parameters) and transition risks (related legislation and regulations, changes in customer behaviour, use of new technologies, etc.). While the Group believes that its business model and services will remain competitive after the transition to a low-carbon economy, climate-related factors increase uncertainty about the estimates and assumptions underlying some items in the financial statements. Although climate-related risks may not currently have a significant impact on the assessment, the Group closely monitors relevant changes and developments, such as the adoption of new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful lives of property and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk, in particular, such as climate-related legislation and regulations and changes in demand for the Group's services;

- Decommissioning liability. The Group has no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group (Note 27);

- Emission rights. The Group is not subject to state regulation and GHG emission quotas system in the RK, and it is not among the entities receiving free allowances for CO_2 and other GHG emissions. Therefore, the Group is not exposed to the risks associated with the need to acquire additional allowances or pay fines for excess emissions within the state quotas system.

The Group's management analysed potential impact of climate-related factors on the consolidated financial statements and concluded that no material impact on the estimates and indicators was identified as at the reporting date.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in *Note 3*, management of the Group is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised in the Historical Financial Information and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Control assessment

Subsidiaries are those entities controlled by the Group. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Losses are attributed to non-controlling interests in full, even if this results in a debit balance ("deficit").

Under the trust management agreement with the Shareholder, the Shareholder transferred 100% shares in National Company Aktau International Sea Commercial Port JSC in the Shareholder's ownership to the Company for trust management and granted wide powers to the Company for managing operations and this shareholding. The Company recognised National Company Aktau International Sea Commercial Port JSC as its subsidiary because the agreement allows it to manage relevant activities of this entity and receive dividends practically at its sole discretion.

Loans at a rate below the market interest rate

The Group receives loans from the Shareholder/Ultimate Shareholder at a rate below the market rate for similar loans. These loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The Group calculates the fair value (amortised cost) of these loans using market rates on governmental long-term treasury bonds with comparable maturities, given the Group's status as a monopolist in the Kazakhstan railway industry and 100% state ownership, and recognises an adjustment to the loan value (less the related deferred tax) within equity. When no comparable maturities exist, the Group extrapolates the most comparable market rates to the life of the loan received by the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The benefit from government loans with an interest rate below the market, where the Group, upon receipt of loans, qualifying under certain criteria established by the Republic of Kazakhstan for all market participants, is recognised by the Group as a government grant. In other cases, the Group considers these loans as transactions with the Ultimate Shareholder and accounts for the fair value adjustments of the loans received at a rate below market through equity.

Identifying the cash-generating units

In accordance with IAS 36 *Impairment of Assets*, a cash-generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Taking into account the Group's current operating model and industry tariff regulation in the Republic of Kazakhstan (Note 1), the Group's management concluded that freight transportation, passenger transportation, mainline railway infrastructure and ancillary assets intended to support the operational functioning of the infrastructure form a single CGU ("Transportation Operations CGU"), as the cash inflows from these operations are not largely independent.

The Group's operations are influenced by the following factors:

- State tariff regulation of trunk railway network services. Tariffs are approved by the CRNM and are not formed in an active market. The Group has no ability to change prices at its own discretion, as stipulated by the Law of the Republic of Kazakhstan "On Railway Transport";

- Mechanism of the temporary balancing fee, approved by the Law of the Republic of Kazakhstan On Railway Transport and paid to the Passenger Traction Operator and the National Infrastructure Operator from the revenues of the National Freight Carrier from transit traffic in accordance with the Rules for calculating and paying the temporary balancing fee;

- Temporary reduction factor applied to tariffs for regulated services of the mainline railway network on socially significant passenger routes, approved by the CRNM in accordance with the legislation on natural monopolies. The application of the temporary reduction factor serves as a regulatory mechanism for cross-subsidizing passenger transportation on socially significant routes;

- The legal and functional indivisibility of the mainline railway network, since the mainline railway network is not subject to privatization and is classified as property transferred to national institutions in accordance with the procedure established by authorised bodies pursuant to the Law of the Republic of Kazakhstan On Railway Transport. Consequently, there is no objective and reliable basis for allocating infrastructure assets among different modes of transportation.

The factors above influence the redistribution of revenues from the freight segment in favor of passenger transportation and infrastructure and create a systemic economic interdependence of cash inflows, which precludes the generation of independent and distinct inflows for each of these segments.

Based on the foregoing, currently, the lowest level at which cash inflows can be identified as largely independent (as defined in IAS 36) is the combination of these business segments into a single CGU.

The Group also identified separate CGUs for other business activities where cash flows are generated independently of the mainline railway infrastructure, freight transportation, passenger transportation, and ancillary services intended to support the operational functioning of the infrastructure.

The rules for identifying CGUs are applied consistently and reviewed when facts and circumstances change (completion of privatization/structural reforms approved by the Government of the Republic of Kazakhstan; changes in the tariff structure/subsidy mechanisms; the emergence of an active market generating independent cash inflows, etc.).

The Group notes that changes in the operating model or the completion of restructuring processes in future periods may result in a revision of the identified CGUs and, accordingly, may impact the carrying amount of the Group's long-term assets in future periods.

Assessment of impairment indicators of property, plant and equipment

When assessing impairment indicators of property, plant and equipment the Group considers external and internal impairment indicators. The management of the Group considered external and internal impairment indicators to determine if any events or changes in circumstances demonstrate that the carrying amount of property, plant and equipment is not recoverable.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in market rates, in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service provision, current replacement costs and other changes in circumstances.

As at 31 December 2025, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of KZT to the Swiss Francs, as the transit tariff is set in Swiss Francs.

The assessment of whether each external and internal factor is an indication of impairment requires significant management judgement. Management's key judgement is based on the fact that amid the current geopolitical situation and disruption of traditional transportation and logistics chains, the country's transit potential is a key factor in the promotion of transcontinental trade.

As at 31 December 2025, the Group's management did not identify any events that occurred during 2025 that could be considered an indicator of impairment of the "Transportation Operations CGU" and other CGUs except for two CGUs. The Group's management determined the recoverable amounts of these two CGUs and no impairment losses were recognised during the year.

Accounting for finance agreements with Industrial Development Fund JSC

The Group, represented by Joint Stock Company «Passenger Transportation» and Railway Passenger Coach Construction Plant LLP (disposed in 2023), entered into a number of trilateral purchase-sale and finance lease agreements with Industrial Development Fund JSC, which is under the common control of the Ultimate Shareholder, to renew its passenger carriage fleet. Under the agreements, Industrial Development Fund JSC finances Railway Passenger Coach Construction Plant LLP's construction of passenger carriages on a 100% prepayment basis for ownership with a further finance lease to Joint Stock Company «Passenger Transportation».

Management of the Group concluded that the transaction between Railway Passenger Coach Construction Plant LLP and Industrial Development Fund JSC does not meet the requirements of IFRS 15 to account for the asset sale at the Group level, as control over passenger carriages is not transferred to Industrial Development Fund JSC, but remains with the Group.

Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation that arose to Industrial Development Fund JSC before the loss of control over the Railway Passenger Coach Construction Plant LLP as a financial liability (borrowing) according to IFRS 9 and recognises passenger carriages as property, plant and equipment items and construction in progress in accordance with IFRS 16 (Note 3).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment, intangible assets and goodwill

The Group assesses at each reporting date whether there is an indication that the carrying amount of property, plant and equipment and intangible assets may be impaired.

If any such an indication exists, the recoverable amount of the assets or CGU is estimated and compared to its carrying amount. Impairment is recognised should the carrying amount exceed the recoverable amount of assets. The recoverable amount is the greater of fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its relevant recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (WACC rate) that management believes reflects the current market assessment of the time value of money and the risks specific to the assets. The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment being recognised in future periods.

As at 31 December 2025, for certain individual CGUs, comprising other business activities, due to the presence of impairment indicators, the Group's management determined the recoverable amount and identified no impairment.

In addition, the Group's management assesses the recoverability of goodwill annually as at 31 December or whenever there are indicators of impairment of the CGU which includes the assets of its subsidiary Joint Stock Company «Kedentransservice». As at 31 December 2025 the carrying amount of goodwill amounted to KZT15,520 million.

To assess the impairment of goodwill, the Group's management performed an impairment test as at 31 December 2025 and determined the recoverable amount based on a value in use calculation.

The cash flow estimates incorporate a number of subjective factors, including operational and financial factors, using the best available evidence. These plans and forecasts are typically prepared for a 10-year period and are extrapolated to the subsequent medium-term period using projected inflation rates and projected growth rates for freight and passenger traffic, and tariffs. For longer periods, a long-term growth rate is determined, which is applied to projected future cash flows in the long-term period.

The Group applied a 10-year cash flow forecasting period, as the Group develops a general development strategy for a 10-year period and makes forecasts within the framework of this strategy, incorporating into the forecast the growth in the volume of services provided (operations, freight forwarding and logistics, transshipment and terminal activities) based on the GDP growth rates of the Republic of Kazakhstan and neighboring regions, as such correlation was observed in prior periods. Given the availability of 10-year GDP growth rate forecasts, the Group's management believes it can reliably forecast its cash flows over a 10-year period and extrapolate beyond that using the projected inflation rate and projected long-term growth rate.

Financial assumptions include significant estimates related to the projected level and growth of tariffs and discounts provided. The discount rate (WACC) used to calculate the value in use was 12.46%, and cash flows beyond the 10-year period were extrapolated using a growth rate of 3.31%, which corresponds to the long-term average growth rate of the industry.

The Group's management concluded that the recoverable amount of the CGU to which goodwill has been allocated was higher than its carrying amount as at 31 December 2025.

In calculating value in use, the most significant assumptions were those made with respect to the discount rate and the volume of operations and freight forwarding and logistics services.

The Group's management believes that a reasonably possible change in the key assumptions underlying the calculation of the recoverable amount of goodwill would not cause the carrying amount of goodwill to exceed its recoverable amount.

Recoverability of VAT

At each reporting date, the Group estimates its provision for non-recoverable VAT incurred from the provision of international transportation services. The Group cannot charge VAT to customers and, accordingly, can only realise it from the tax authorities.

In accordance with the Tax legislation of Kazakhstan, up to 70% of the accrued VAT receivable is subject to refund from the budget on a quarterly basis, after the submission of the tax declaration. The remaining part of the accrued VAT is subject to refund based on the results of the tax audit, within 5 years. In 2024, the Group conducted an analysis of major suppliers and did not identify any signs of unreliability in accordance with the criteria of the Rules for the refund of excess VAT. Based on this analysis, the Group indicated a requirement to conduct a thematic tax audit for the period from first quarter of 2020 to fourth quarter 2023 in the amount of KZT142,427 million in order to confirm the amounts of excess VAT and receive a refund. In January 2025, an order was received from the tax authorities to conduct a tax audit to confirm the amounts of excess VAT from 1 January 2020 to 30 September 2024 in accordance with the Kazakhstan tax legislation. In April 2025, as a result of the tax audit, the tax authority confirmed the amount of VAT excess eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023, amounting to KZT137,949 million. As at 31 December 2025, the Group recognised a provision of KZT4,478 million for the unconfirmed excess VAT amount that is eligible for reimbursement from the budget for the period from first quarter of 2020 to fourth quarter 2023.

To assess VAT recoverability, the Group considers information from its internal tax department on projected VAT collection, correspondence with the tax authorities and historical recovery experience, any amount considered not recoverable is recognised as impairment of VAT recoverable in the profit or loss. Actual VAT amounts recovered could differ materially from Group estimates, which could affect future operating results significantly.

As at 31 December 2025, total VAT recoverable amounted to KZT421,676 million, of which KZT48,789 million were classified as current assets. The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable during 2026 and believes that the total VAT receivable is fully recoverable.

Depreciation of property, plant and equipment and amortisation of intangible assets

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over estimated useful lives, The estimates of useful lives, residual values and depreciation methods are reviewed at each reporting date and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimates. Estimates of the useful lives and residual value of these assets are based on expected economic use, repair and maintenance programmes, and activity levels, technological advancements and other business conditions. A change in these assumptions could result in significantly different depreciation amounts than those previously recognised.

The estimated useful lives applied by the Group are as follows (in years):

Buildings and constructions	10–140
Railway track infrastructure	5–100
Machinery and equipment	3–35
Vehicles	4–40
Other	2–50
Intangible assets	1–10

Taxation

Various Kazakhstan legislative acts and regulations are not always clearly written. Instances of inconsistent opinions between local, regional and national tax authorities are possible. Where additional taxes are imposed by the tax authorities, fines and interest applied are significant; fines are generally assessed at 80% of additional taxes accrued, and interest is in average assessed at 20.75% of additional accruals or overdue taxes. As a result, penalties and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, penalties and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2025. Any difference between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

5. SEGMENT INFORMATION

The Group's operating segments are based on services provided. The Group has two reportable segments, namely freight transportation and passenger transportation. All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds, are thus not separately disclosed and combined into "Others".

Key management personnel (the Management Board and the Board of Directors of the Company) are identified as the chief operating decision maker (CODM) and are responsible for monitoring the operating performance of each business unit separately. The Group's management assesses the performance of its business units using various profitability measures, such as profit/(loss) before tax, profit/(loss) for the year, and gross profit, prepared in accordance with IFRS Accounting Standards. An analysis of segment assets and liabilities is not presented, as management does not regularly review such information for the purposes of resource allocation and performance assessment. Accordingly, only segment revenue and segment results are disclosed.

Intra-segment and inter-segment transactions may not be conducted on the same terms, conditions, or amounts as transactions with third parties. Inter-segment revenues and income, as well as the related margins, are eliminated upon consolidation.

Year ended 31 December 2025

	Freight transportation *KZT'million*	Passenger transportation *KZT'million*	Reportable segments *KZT'million*	Others *KZT'million*	Eliminations *KZT'million*	Total *KZT'million*
Key operating indicators						
Revenue and other income						
Transportation revenue from third parties *(Note 21)*	2,463,197	129,250	2,592,447	–	–	2,592,447
Government grants	(2,581)	45,856	43,275	–	–	43,275
Other revenue from third parties	94,501	6,437	100,938	20,423	–	121,361
Inter-segment transactions	43,871	105,961	149,832	14,792	(164,624)	–
Total revenue and other income	2,598,988	287,504	2,886,492	35,215	(164,624)	2,757,083
Cost of sales	(1,807,010)	(252,171)	(2,059,181)	(28,627)	163,757	(1,924,051)
Including:						
Staff costs, including taxes, contributions and provisions for unused vacations	(758,730)	(63,962)	(822,692)	(13,220)	5	(835,907)
Fuel and lubricants	(237,119)	(27,713)	(264,832)	(1,084)	–	(265,916)
Repairs and maintenance	(198,344)	(46,504)	(244,848)	(929)	2,935	(242,842)
Electricity	(126,507)	(12,120)	(138,627)	(497)	110	(139,014)
Work and services of a production nature	(151,120)	(24,160)	(175,280)	(5,377)	104,117	(76,540)
Materials and supplies	(68,427)	(7,930)	(76,357)	(1,881)	155	(78,083)
Gross profit	791,978	35,333	827,311	6,588	(867)	833,032

	Freight transportation *KZT'million*	Passenger transportation *KZT'million*	Reportable segments *KZT'million*	Others *KZT'million*	Eliminations *KZT'million*	Total *KZT'million*
General and administrative expenses	(130,574)	(12,577)	(143,151)	(4,145)	1,459	(145,837)
Including:						
Staff costs, including taxes, contributions and provisions for unused vacations	(84,211)	(7,453)	(91,664)	(2,859)	–	(94,523)
Finance income	107,311	2,893	110,204	747	(22,333)	88,618
Finance costs	(213,787)	(45,777)	(259,564)	(319)	14,039	(245,844)
Foreign exchange (loss)/gain	(12,858)	(9,348)	(22,206)	68	2,148	(19,990)
Share of profit of associates and joint ventures	1,634	–	1,634	–	–	1,634
(impairment)/Impairment reversal of financial assets and contract asset	(6,327)	20	(6,307)	(713)	3,127	(3,893)
(impairment)/Impairment reversal of non-financial assets	(11,737)	183	(11,554)	74	–	(11,480)
Other profit and losses	3,055	294	3,349	(480)	(88)	2,781
Profit/(loss) before tax	528,695	(28,979)	499,716	1,820	(2,515)	499,021
Income tax expenses	(138,522)	(8,047)	(146,569)	(31)	(8,775)	(155,375)
Profit/(loss) for the year	390,173	(37,026)	353,147	1,789	(11,290)	343,646
Other key segment information						
Capital expenditures on property, plant and equipment	1,239,973	37,323	1,277,296	2,355	–	1,279,651
Depreciation of property, plant and equipment *(Note 6)*	172,779	24,240	197,019	3,248	(3)	200,264

Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on customer country of domicile for the year ended 31 December:

	Year ended 31 December 2025 *KZT'million*
Kazakhstan	2,643,614
Russia	47,251
China	39,801
Germany	4,070
Others	22,347
Total	2,757,083

Information about the Group's non-current assets, excluded financial instruments and deferred tax assets, is presented based on the geographical location of the assets as below:

	As at 31 December 2025 *KZT'million*
Kazakhstan	7,034,262
Russia	38,598
China	15,757
Total	7,088,617

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the year ended 31 December 2025.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Rail track infrastructure *KZT'million*	Buildings and constructions *KZT'million*	Machinery and equipment *KZT'million*	Vehicles *KZT'million*	Land *KZT'million*	Other *KZT'million*	Construction in progress *KZT'million*	Total *KZT'million*
Carrying amount as at 1 January 2025	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Purchases	20	4,832	13,071	12,241	4	298	1,061,777	1,092,243
Contribution to the share capital	8,056	1,275	7,345	224	–	11,891	–	28,791
Lease additions	–	22	107	186,082	–	–	–	186,211
Lease modifications	–	1,055	(9)	(504)	–	(624)	–	(82)
Disposals	(2,881)	(2,652)	(9,706)	(5,626)	(1,089)	(532)	(353)	(22,839)
Depreciation charge *(Note 5)*	(49,192)	(8,336)	(37,208)	(101,980)	–	(3,548)	–	(200,264)
Depreciation on disposal	1,476	1,333	8,729	5,022	–	530	–	17,090
Impairment reversal/(impairment)	11	(61)	(244)	(141)	–	(619)	(3,532)	(4,586)
Other movements and transfers	553,793	30,900	172,569	411,400	–	257	(1,172,263)	(3,344)
Carrying amount as at 31 December 2025	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Cost	2,485,112	469,206	788,817	3,445,837	2,807	45,043	378,987	7,615,809
Accumulated depreciation and impairment	(437,720)	(90,554)	(356,781)	(814,991)	–	(26,302)	(14,014)	(1,740,362)
Carrying amount as at 31 December 2025	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Including:								
Right of use assets:								
Cost	–	2,682	40,087	441,332	–	7,374	–	491,475
Accumulated depreciation and impairment	–	(1,165)	(24,029)	(22,489)	–	(7,125)	–	(54,808)
Carrying amount	–	1,517	16,058	418,843	–	249	–	436,667
Property, plant, and equipment that are subject to operating lease (Group as the lessor)	537	7,130	5	60,282	38	2	–	67,994

The Company

	Rail track infrastructure *KZT'million*	Buildings and constructions *KZT'million*	Machinery and equipment *KZT'million*	Vehicles *KZT'million*	Land *KZT'million*	Other *KZT'million*	Construction in progress *KZT'million*	Total *KZT'million*
Carrying value as at 1 January 2025	1,563,643	184,540	239,169	45,532	874	4,819	465,983	2,504,560
Additions	26	4,962	12,046	8,889	3	261	645,301	671,488
Share capital contribution	8,056	1,275	7,345	224	–	11,891	–	28,791
Lease additions	–	22	–	–	–	–	–	22
Lease modifications	–	2	(306)	–	–	–	–	(304)
Disposals	(2,812)	(1,493)	(3,198)	(451)	(2)	(411)	–	(8,367)
Depreciation charge	(49,198)	(5,113)	(31,500)	(5,064)	–	(1,240)	–	(92,115)
Depreciation on disposal	1,476	654	2,549	365	–	411	–	5,455
Impairment reversal/(impairment)	10	(39)	(243)	(65)	–	3	(3,520)	(3,854)
Contribution to the share capital of subsidiaries	–	–	(14)	–	–	–	–	(14)
Transfers to other non-current assets *(Note 8)*	–	–	–	–	–	–	(10,221)	(10,221)
Other movements and transfers	553,720	9,072	169,567	11,527	–	81	(748,731)	(4,764)
Carrying value as at 31 December 2025	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Cost	2,514,268	253,095	716,024	112,374	875	28,085	361,278	3,985,999
Accumulated depreciation and impairment	(439,347)	(59,213)	(320,609)	(51,417)	–	(12,270)	(12,466)	(895,322)
Carrying value as at 31 December 2025	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Including:								
Right of use assets:								
Cost	–	319	41,390	–	–	–	–	41,709
Accumulated depreciation and impairment	–	(297)	(25,432)	–	–	–	–	(25,729)
Carrying value	–	22	15,958	–	–	–	–	15,980

As at 31 December 2025, the Group's and the Company's construction-in-progress mainly consists of project costs for the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Dostyk–Alashankou, Darbaza–Maktaaral, Moiynty–Kyzylzhar and Bakhty–Ayagoz railway lines, a bypass railway line bypassing the Almaty station and other railway reconstruction infrastructure.

As at 31 December 2025, the Group's property, plant and equipment with a carrying amount of KZT82,275 million was pledged as collateral for specific borrowings. As at 31 December 2025, collateral is mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank ("EDB"). As at 31 December 2025, the Company has no property, plant and equipment used as collateral for loans.

For the year ended 31 December 2025, the Group recognised depreciation expenses on right-of-use assets of KZT21,109 million, primarily related to vehicles. The Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT7,420 million, related to the machinery and equipment.

For the year ended 31 December 2025, the Group recognised impairment loss of KZT3,532 million and KZT1,054 million for construction-in-progress and other items of property, plant and equipment, which mainly represented the write-down of respective assets to the recoverable amounts as a result of technological obsolescence and damage. The Company recognised impairment loss of KZT3,520 million and KZT334 million for construction-in-progress and other items of property, plant and equipment, respectively, which mainly represented the write-down of respective assets to the recoverable amounts as a result of technological obsolescence and damage.

For the years ended 31 December 2025, the Group's capitalised borrowing costs amounted to KZT68,453 million, respectively. The average capitalisation rate for the Group was 8.8%. The Company's capitalised borrowing costs amounted to KZT55,349 million. The average capitalisation rate for the Company was 11.61%.

As at 31 December 2025, the cost of the Group's fully depreciated property, plant and equipment in use was KZT396,684 million. The cost of the Company's fully depreciated property, plant and equipment in use is KZT367,468 million.

As at 31 December 2025, all undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with tenants are due within one year.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

Name	Primary activity	Main country of operation/ country of registration	31 December 2025 Carrying amount *KZT'million*	Ownership
Associates				
United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	20,475	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	14,398	25%
Aktau International Container Hub LLP	Container loading and unloading to/from railway transport and cargo shipping through existing Aktau sea trade port on various routes.	Kazakhstan	7,668	49%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,457	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	6,357	49%
Others			109	40–49%
Total investments in associates			56,464	
Joint ventures				
Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.	Management of freight transportation on domestic and international routes, multimodal transportation, rendering of freight forwarding and warehousing services.	Kazakhstan	10,747	49.9%
Private Company KPMC Ltd.	Organisation of container block trains and freight forwarding services for land–sea cargo routes	China	464	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	300	50%
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	126	33.33%*
CRK-Terminal LLC	Russia		–	33.3%*
Total investments in joint ventures			11,637	

* Decisions regarding relevant activities are made unanimously by all participants of the joint venture

The Company

Name	Primary activity	Main country of operation/ country of registration	31 December 2025 Carrying amount *KZT'million*	Ownership
Associates				
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust- Kamenogorsk	Kazakhstan	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%
United Transport and Logistics Company – Eurasian Rail Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%
			8,720	
Allowance for impairment of investments			(5,458)	
Total investments in associates			3,262	
Joint ventures				
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	223	33.33%*
Total investments in joint ventures			223	

* Decisions relating to the relevant activities are subject to the unanimous approval of all joint venture participants

For the preparation of the Company's financial statements, investments in associates and joint ventures are accounted for at cost less impairment.

The Group

Movements in investments in associates and joint ventures are as follows:

	2025 *KZT'million*
Associates	
As at 1 January	48,678
Acquisition	6,211
Foreign currency translation	5,314
Share of profit	2,414
Impairment	(1,508)
Dividends receivable	(4,645)
As at 31 December	56,464
Joint ventures	
As at 1 January	1,396
Acquisition	6,576
Adjustment of unrealised gain	(2,698)
Share of loss	(780)
Contribution to the share capital	7,143
As at 31 December	11,637

During 2025, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", made a cash contribution of KZT6,161 million to the share capital of an associate Aktau International Container Hub LLP, which is distributed any between the Group, represented by subsidiaries Joint Stock Company "KTZ Express" and Joint Stock Company «National Company «International Sea Trade Port of Aktau», and Shanghai (Hong Kong) Investment & Development Co. Ltd. As at 31 December 2025, the share capital of Aktau International Container Hub LLP is not fully formed, the Group's actual contribution is 42.26%, while the Group's ownership interest remains unchanged at 49%. The remaining part of the ownership stake of the Group in NC Aktau International Commercial Seaport JSC amounting to KZT2,418 million will be contributed and recorded in subsequent periods.

During 2025, the Group represented by its subsidiary Joint Stock Company «Kedentransservice», made a contribution of assets with the fair value of KZT6,576 million and an additional contribution of cash, without changing the ownership interest, in the amount of KZT7,000 million to the share capital of a joint venture Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd., which is distributed between the Group and Xi'an Free Trade Port Construction and Operation Co., Ltd. As at 31 December 2025, the share capital of Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. is not fully formed, the Group's actual contribution is 56.29%, while the Group's ownership interest remains unchanged at 49.9%.

Summary financial information on material associates as at and for the year ended 31 December 2025:

	2025					
	China-Kazakhstan International Trade and Logistics Company LLC (Xi'an) *KZT'million*	**Chinese-Kazakhstan International Logistics Company in Lianyungang** *KZT'million*	**Aktau Marine North Terminal LLP** *KZT'million*	**Aktau International Container Hub LLP** *KZT'million*	**Transtelecom JSC** *KZT'million*	**UTLC ERA JSC** *KZT'million*
Current assets	11,727	10,200	613	4,976	37,902	49,806
Non-current assets	7,131	23,020	32,361	16,484	77,236	64,493
Total assets	18,858	33,220	32,974	21,460	115,138	114,299
Current liabilities	2,206	1,449	21,693	3,317	25,753	22,736
Non-current liabilities	3,678	272	35,782	–	40,689	30,136
Total liabilities	5,884	1,721	57,475	3,317	66,442	52,872
Total net assets/(liabilities)	12,974	31,499	(24,501)	18,143	48,696	61,427
Ownership interest	49%	49%	40%	42.26%	25%	33.33%
Net assets/(liabilities) attributable to the Group	6,357	15,435	(9,800)	7,668	12,175	20,475
Accumulated impairment	–	(7,978)	–	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	6,357	7,457	(9,800)	7,668	12,175	20,475
Accumulated unrecognised loss	–	–	(9,800)	–	–	–
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	–	–	–	–	2,223	–
Carrying amount of investment	6,357	7,457	–	7,668	14,398	20,475
Revenue	19,560	7,049	5,444	–	79,978	15,215
Profit/(loss) and total comprehensive income/(loss) for the year	1,040	348	(15,014)	(168)	1,163	4,366
Recognised share of the Group in profit/(loss)	509	171	–	(71)	291	1,455

Summary financial information on material joint venture as at and for the year ended 31 December 2025:

	2025 **Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.** *KZT'million*
Cash and cash equivalents	280
Other current assets	1,703
Current assets	1,983
Non-current assets	25,810
Total assets	27,793
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	
Current liabilities	3,874
Total liabilities	3,874
Total net assets	23,919
Ownership interest	56.29%
Net assets attributable to the Group	13,463
Net assets attributable to the Group, including impairment	13,463
Adjustment of the carrying amount of investments for the change in the entity's net assets (fair value adjustment of the concessional loan received from the other shareholder, adjustment for the participants' unpaid portion)	(18)
Unrealised profit accumulated	(2,698)
Carrying amount of investment	10,747
Depreciation and amortisation	18
Loss and total comprehensive loss for the year	(232)
Recognised share of the Group in loss	(131)

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	2025 *KZT'million*
Associates	
Share of the associates' profit for the year	59
Share of the associates' total comprehensive income	59
Aggregate carrying amount of the Group's investments in the associates	109
Joint ventures	
Share of the joint ventures' loss for the year	(649)
Share of the joint ventures' total comprehensive loss	(649)
Aggregate carrying amount of the Group's investments in the joint ventures	890

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December 2025 *KZT'million*
Advances paid for property, plant and equipment	731,026
VAT recoverable	390,051
Investment properties *(note i)*	8,565
Withholding corporate income tax	3,408
Other	4,350
Less: allowance for non-recoverable VAT	(17,164)
Less: allowance for withholding corporate income tax	(1,167)
Less: allowance for advances to vendors for property, plant and equipment	(470)
Less: allowance for other non-current non-financial assets	(72)
Total other non-financial assets	1,118,527
Restricted cash *(note ii)*	14,069
Loans to employees	2,366
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	676
Other	1,533
Less: allowance for other non-current financial assets	(383)
Total other financial assets	18,261
	1,136,788

Note i: The fair value of the Group's investment properties at 31 December 2025 was KZT16,658 million. The fair value has been arrived at based on valuation, carried out by three independent accredited appraisers.

Note ii: The Group's restricted cash is mostly denominated in Euros and is used as security on non-current part of loans from HSBC Continental Europe. The restriction on cash will be released once the loans have been repaid.

For the year ended 31 December 2025, the Group accrued depreciation expense on investment property in the amount of KZT133 million.

As at 31 December 2025, the Group reclassified a portion of the withholding corporate income tax to other current assets in the amount of KZT34,388 million (Note 12).

As at 31 December 2025, advances paid for property, plant and equipment included:

	As at 31 December 2025 *KZT'million*
Construction of the railway	289,072
Passenger carriages supply	206,144
Electric locomotive supplies	113,959
Construction of automatic train control systems	68,598
Modernization of railway station infrastructure	26,469
Construction of rolling stock accounting and control system	6,427
Acquisition of rails	5,341
Other	15,016
	731,026

The Company

	As at 31 December 2025 *KZT'million*
Advances paid for property, plant and equipment	407,562
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	27,714
Corporate income tax withheld	2,048
Other	605
Less: allowance for expected credit losses on other non-current non-financial assets	(355)
Total other non-financial assets	437,574
Loans to employees	1,842
Other	1,082
Less: allowance for expected credit losses on other non-current financial assets	(79)
Total other financial assets	2,845
	440,419

As at 31 December 2025, the Company's advances paid for property, plant and equipment mostly included advances paid for the construction and modernisation of railway lines in the amount of KZT289,072 million, for the construction of railroad switches in the amount of KZT68,598 million and for the modernisation of railway stations in the amount of KZT26,469 million.

During 2025, the Company transferred to non-current assets construction projects of the ferry complex at the Kuryk port in the amount of KZT10,221 million which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

As at 31 December 2025 the Company reclassified to other current assets a part of withholding corporate income tax in the amount of KZT34,388 million (Note 12).

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December 2025 *KZT'million*
Short-term bank deposits in KZT	175,890
Short-term bank deposits in US$	4,532
Short-term bank deposits in other currencies	34
Cash in digital accounts in KZT	22,882
Cash in current accounts in KZT	16,462
Cash in current bank accounts in US$	6,806
Cash in current bank accounts in Russian Roubles	3,392
Cash in current bank accounts in Chinese Yuan	2,714
Cash in current bank accounts in other currencies	277
Cash on hand	2
Subtotal	232,991
Less: allowance for expected credit losses on cash and cash equivalents	(18)
Cash and cash equivalents	232,973

The Company

	As at 31 December 2025 *KZT'million*
Short-term bank deposits in KZT	87,131
Cash on digital accounts in KZT	22,882
Cash in current accounts in KZT	11,896
Cash in current bank accounts in other currencies	120
Subtotal	122,029
Less: allowance for expected credit losses on cash and cash equivalents	(11)
Cash and cash equivalents	122,018

As at 31 December 2025, the Group's and the Company's cash on digital accounts represents programmable digital KZT only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder (Note 14).

As at 31 December 2025, the Group's weighted average interest rate on cash in current accounts was 5.63% in KZT and 0.32% in other currencies. The Company's weighted average interest rate on cash in current accounts in KZT was 7.43%.

The Group's short-term KZT and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 December 2025, the Group's weighted average interest rate on short-term bank deposits was 17.68% in KZT, 2.36% in US$, 11.75% in other currencies.

The Company's short-term bank deposits are opened for three months or less, depending on the Company's cash needs. As at 31 December 2025, the Company's weighted average interest rate on short-term bank deposits was 17.73%.

As at 31 December 2025, the carrying value of cash placed by the Group on current and short-term accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Group, amounted to KZT24,570 million and KZT22,882 million, respectively (Note 30). In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from AA to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 December 2025 is low.

As at 31 December 2025, the carrying value of cash placed by the Company on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Company, amounted to KZT254 million and KZT22,882 million, respectively (Notes 29 and 30). In addition, the Company places cash and cash equivalents in banks and other financial institutions rated from AA to B+. Based on this, the Company believes that its cash and cash equivalents credit risk as at 31 December 2025 is low.

The Group's and Company's allowance for expected credit losses on cash and cash equivalents is based on 12-month expected credit losses, which matches their maturity date.

10. INVENTORIES

The Group

	As at 31 December 2025 *KZT'million*
Fuel and lubricants (at cost)	30,827
Track structure materials (at cost)	26,862
Raw and other materials (at cost)	13,825
Spare parts (at cost)	11,015
Construction materials (at cost)	1,128
Others (at cost)	3,745
Subtotal	87,402
Less: Provision for inventory	(980)
Total	86,422

The Company

	As at 31 December 2025 *KZT'million*
Track structure materials (at cost)	26,793
Materials and supplies (at cost)	5,152
Fuel and lubricants (at cost)	1,843
Spare parts (at cost)	778
Construction materials (at cost)	424
Others (at cost)	1,417
Total	36,407

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December 2025 *KZT'million*
Trade accounts receivable	22,865
Less: allowance for credit losses	(4,856)
Total	18,009

The Company

	As at 31 December 2025 *KZT'million*
Trade accounts receivable	346,646
Less: allowance for credit losses	(334)
Net carrying amount	346,312

The Group's and the Company's trading terms with customers are generally on a prepayment basis; however, in certain cases, credit terms are granted. For customers on credit terms, payment in advance is not required. The credit terms granted generally range from 3 to 30 days, depending on the specific terms set out in each contract. Each customer is assigned a maximum credit limit. The Group and the Company seek to maintain strict control over their outstanding receivables in order to minimise credit risk, and overdue balances are regularly reviewed by senior management. In view of the foregoing and the fact that the Group's and the Company's trade accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group and the Company do not hold any collateral or other credit enhancements over their trade accounts receivable balances. Trade accounts receivable are non-interest-bearing.

An ageing analysis of the trade accounts receivable as at 31 December 2025, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December 2025 *KZT'million*
Within 1 month	8,418
1 to 3 months	6,819
3 to 6 months	2,288
6 months to 1 year	442
Over 1 year	42
Total	18,009

The Company

	As at 31 December 2025 *KZT'million*
Within 1 month	345,761
1 to 3 months	494
3 to 6 months	57
Total	346,312

The movements in the loss allowance for impairments of trade accounts receivable are as follows:

The Group

	As at 31 December 2025 *KZT'million*
At beginning of the year	3,507
Impairment losses, net	2,132
Amount written off as uncollectible	(783)
At end of the year	4,856

The Company

	As at 31 December 2025 *KZT'million*
At beginning of the year	93
Impairment losses, net	247
Amount written off as uncollectible	(6)
At end of the year	334

For trade accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade accounts receivable, used to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

The Group

As at 31 December 2025

	Current	Past due Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	2.51%	2.69%	16.02%	19.13%	74.69%	99.89%	21.24%
Gross carrying amount *(KZT'million)*	8,641	1,225	6,781	2,833	1,600	1,785	22,865
Expected credit losses *(KZT'million)*	217	33	1,086	542	1,195	1,783	4,856

The Company

As at 31 December 2025

	Current	Past due Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.01%	2.52%	9.30%	42.86%	83.25%	100%	0.10%
Gross carrying amount *(KZT'million)*	345,679	515	129	21	197	105	346,646
Expected credit losses *(KZT'million)*	31	13	12	9	164	105	334

12. OTHER CURRENT ASSETS

The Group

	As at 31 December 2025 *KZT'million*
Withholding corporate income tax	36,392
Advances paid	26,713
Other taxes prepaid	4,089
Prepaid expenses	1,037
Other	5,488
Less: allowance for the impairment of advances paid	(2,328)
Less: allowance for the impairment of other current non-financial assets	(5,089)
Total other non-financial assets	66,302
Restricted cash	25,009
Claims, interest and fines	1,947
Due from employees	1,628
Others	5,160
Less: allowance for expected credit losses on other current financial assets	(4,207)
Total other financial assets	29,537
	95,839

The Company

	As at 31 December 2025 *KZT'million*
Withholding corporate income tax	35,596
Advances paid	8,108
Other taxes prepaid	501
Prepaid expenses	289
Income tax prepaid	36
Others	3,080
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,375)
Total other non-financial assets	44,235
Restricted cash	3,606
Claims, interest and fines	898
Loans to employees	627
Others	1,105
Less: allowance for expected credit losses on other current financial assets	(1,058)
Total other financial assets	5,178
	49,413

As at 31 December 2025, the Group and the Company reclassified from other long-term assets a portion of corporate income tax withheld at source in the amount of KZT34,388 million, expected to be offset against corporate income tax payable for the year ended 31 December 2026 (Note 8).

During 2025, due to the expiration of the ten-year period established by the tax legislation of the Republic of Kazakhstan for offset against corporate income tax payable, the Group and the Company wrote off a portion of corporate income tax withheld at source in the amount of KZT4,229 million and KZT4,123 million against a previously recognised provision, respectively.

The Group's restricted cash is mainly denominated in US$ and is used as collateral for current part of loans received from Citibank. The restriction will be removed upon repayment of these loans.

13. EQUITY

As at 31 December 2025, share capital was presented as follows:

	Number of shares authorised for issue	Number of shares, issued and paid	Share capital *KZT'million*
As at 1 January 2025	502,040,458	496,694,666	1,123,907
Placed shares	–	1,010	28,791
As at 31 December 2025	502,040,458	496,695,676	1,152,698

The Company's share capital was formed through a series of emissions of shares in exchange for cash, items of property, plant and equipment, intangible assets or share ownership. The Shareholder is entitled to dividends, a part of the Company's assets in the event of liquidation, and preference in purchasing the Company's shares or other securities convertible into Company shares.

Share issuance

During 2025, the Group issued 1,010 shares paid by the Shareholder by contributing non-current assets with a total fair value of KZT28,791 million.

Other contributions

In 2025, the Group recognised a difference between loans received from Shareholder at rates lower than market and fair value of KZT73,195 million less the deferred tax effect of KZT14,639 million *(Notes 14 and 17)*.

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the Historical Financial Information.

Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

Strategy 1 (effective from 1 October 2024)

Eurobonds with the nominal amount of US$882,978,000 issued in October 2022 on the Kazakhstan Stock Exchange in favour of the Shareholder, and due on 28 October 2025, as well as cross-currency swaps in the amount of 881,881,000 Swiss Francs with maturity date on 25 October 2025 are hedging instruments that are separately identifiable and reliably measurable. The hedged item in this respect is the probable revenue from freight transit transportation of 875,066,510 Swiss Francs for the period from 1 January 2025 to 22 October 2025.

In August 2025, due to signing of memorandum on the extension of Eurobonds' maturity from 2025 to 2028 and on the change of the coupon rate from 2% to 3% (Note 14), the Group discontinued hedge accounting where the hedging instrument was represented by Eurobonds maturing on 28 October 2025. In 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item; therefore, the accumulated loss in the amount of KZT72,260 million attributable to the hedging instrument was reclassified from other comprehensive loss to freight transportation revenue (Note 21). The deferred income tax effect amounted to KZT14,452 million (Note 17).

In 2025, the effective portion, including the effective portion of changes in the fair value of the derivative instrument, totaling of KZT44,034 million, was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT8,807 million (Note 17). The ineffective portion in the amount of KZT44,857 million was reclassified to finance costs (Note 25).

Strategy 2 (effective from 21 November 2024)

The principal debt of the Group's loans of 1,070,208,399 Swiss Francs, with fixed repayment schedules fully consistent with projected freight transit revenue flows in Swiss Francs, is a hedging instrument that is separately identifiable and reliably measurable. As at 31 December 2025, the carrying value of these loans amounted to KZT534,250 million. The hedged item in this respect is the highly probable revenue from transit freight transportation of 1,070,208,399 Swiss Francs for the period from 21 November 2024 to 15 November 2034, of which 139,167,166 Swiss Francs are repayable in 2025.

In 2025, the effective portion of KZT53,550 million was allocated to the hedge reserve in other comprehensive loss as net loss arising on cash flow hedging instruments. The deferred income tax effect amounted to KZT10,710 million *(Note 17)*.

In 2025, the revenue from freight transportation in international (transit) route, which is the cash flow hedged item, was received, and respectively, the accumulated loss of KZT8,521 million attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation *(Note 21)*. The deferred income tax effect amounted to KZT1,704 million *(Note 17)*.

The Company

A summary of the Company's reserves is as follows:

	Foreign currency translation reserve *KZT'million*	**Retained earnings** *KZT'million*	**Total** *KZT'million*
As at 1 January 2025	(69)	1,340,623	1,340,554
Profit for the year	–	356,210	356,210
Other comprehensive loss	(600)	(1,746)	(2,346)
Total comprehensive (loss)/income for the year	(600)	354,464	353,864
Other contributions	–	58,556	58,556
As at 31 December 2025	(669)	1,753,643	1,752,974

14. BORROWINGS

The Group

	Amount *KZT'million*	31 December 2025 Weighted average effective interest rate %
Borrowings with a fixed interest rate		
Loans obtained		
– *in KZT*	245,854	11.58
– *in Russian Roubles*	92,153	8.04
– *in Euros*	40,909	6.75
Debt securities issued		
– *in KZT*	783,334	12.16
– *in US$*	409,012	6.52
Floating interest rate borrowings		
Loans obtained		
– *in Swiss Francs*	1,126,780	2.37
– *in Euros*	371,351	5.90
– *in Chinese Yuan*	32,738	5.61
Debt securities issued		
– *in KZT*	83,886	13.63
	3,186,017	
Current portion of borrowings	488,658	
Long-term portion of borrowings	2,697,359	
	3,186,017	

The Company

	Amount	31 December 2025 Weighted average effective interest rate
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– in KZT	219,729	9.95
Debt securities issued		
– in KZT	783,334	12.16
– in US$	409,012	6.52
Floating interest rate borrowings		
Loans received		
– in Swiss Francs	782,149	1.92
Debt securities issued		
– in KZT	83,886	13.63
	2,278,110	
Current portion of borrowings	404,398	
Non-current portion of borrowings	1,873,712	
	2,278,110	

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

The Group

	As at 31 December 2025
	KZT'million
Within one year	488,658
Within a period of more than one year but not exceeding two years	189,515
Within a period of more than two years but not exceeding five years	1,168,059
Within a period of more than five years	1,339,785
	3,186,017

The Company

	As at 31 December 2025 *KZT'million*
Within one year	404,398
Within a period of more than one year but not exceeding two years	84,975
Within a period of more than two years but not exceeding five years	852,105
Within a period of more than five years	936,632
	2,278,110

Loans received

Shareholder

In 2025, the Group, represented by the Company, received borrowings amounting to KZT 65,480 million under a loan agreement with the Shareholder concluded on 19 May 2025 to finance the purchase of passenger carriages. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Group recognised an adjustment to fair value of borrowings in the amount of KZT 56,989 million, net of deferred tax in the amount of KZT11,398 million through equity in retained earnings as other contributions (Note 13).

Societe Generale and Natixis

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives», its subsidiaries, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 56,854,843 Euros (KZT33,441 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Societe Generale and Natixis and under the guarantee issued by BPIfrance, an export credit agency, dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 280,445,323 Euros (KZT159,028 million) (including the BPIfrance premium). The interest on the loan is paid semi-annually at the interest rate of Euribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

Citibank

In 2025, the Group, represented by its subsidiaries Limited Liability Partnership «KTZ-Freight Transportation», under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of US$593,952,912 in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (KZT49,328 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at Swiss Average Rate Overnight ("SARON") 3m + 0.75% margin. Principal is repayable quarterly until full repayment in 2035.

In 2025, the Group, represented by the Company, under the credit line agreement with Citibank dated 4 April 2024, borrowed funds in the total amount of 250,000,000 Swiss Francs (KZT159,514 million) with an interest rate of SARON + 2% and a maturity of up to one year. The Group has made partial early repayment of the loans received in the amount of 62,000,000 Swiss Francs (KZT41,418 million).

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

In August 2025, the Group, represented by the Company, under a loan agreement with Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC dated 18 July 2025, to finance the construction of large-scale railway infrastructure projects and the modernisation of existing railway lines, for a total amount of US$600,000,000 in Swiss Francs equivalent, received borrowed funds of 484,680,000 Swiss Francs (KZT324,954 million). Loan interest is repaid quarterly at SARON 6m + 1.6%. Principal is repayable in a single payment in July 2028.

The Export-Import Bank of China and China Development Bank

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese Yuan, borrowed 571,716,269 Chinese Yuan (KZT43,322 million). Loan interest is paid semi-annually at Loan Prime Rate ("LPR") 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

Deutsche Bank Luxembourg, S.A. and Banco Santander, S.A.

In 2025, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 146,246,583 Swiss Francs (KZT94,956 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2035.

Citibank Kazakhstan JSC

In July 2025, the Group, represented by a subsidiary Limited Liability Partnership «KTZ-Freight Transportation», within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of KZT14,000 million with an interest rate of 18%. The Group has made early repayment of the loan.

ForteBank JSC

In 2025, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with ForteBank JSC concluded on 13 June 2022, drew down borrowings in the amount of KZT80,000 million with an interest rate of 18% to 19.50% and maturity up to six months. The Group has made partial early repayment of loans received in the amount of KZT102,000 million.

Halyk Bank JSC

In 2025, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank JSC, concluded on 26 February 2015, drew down borrowings in the total amount of KZT160,000 million with an interest rate of 16.75% to 19.50% and a maturity of up to one year. The Group has made partial early repayment of loans received in the total amount of KZT158,000 million.

Freedom Bank Kazakhstan JSC

In December 2025, the Group, represented by the Company, under the credit line agreement dated 30 October 2025 with Freedom Bank Kazakhstan JSC drew down borrowings in a total amount of KZT10,000 million with an interest rate of 19.50% and maturity of up to one year.

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

	Repayment date	Exchanges	2025 *KZT'million*
Debt securities, by price*			
3% Eurobonds (100%) in US$ *(note i)*	28 October 2028	KASE	409,012
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
8.74% Bonds (100%) in KZT	12 June 2043	KASE	137,356
9.25% Bonds (100%) in KZT	24 June 2044	KASE	115,316
7.37% Bonds (100%) in KZT	30 December 2042	KASE	96,698
Inflation rate + 2.52% (11.42%) Bonds (100%) in KZT	25 April 2026	KASE	53,886
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
NBRK Base rate+0.75% (18.75%) Bonds (100%) in KZT	30 January 2026	Astana Stock Exchange (AIX)	30,000
9.37% Bonds (100%) in KZT *(note ii)*	11 December 2045	KASE	26,329
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
2% Bonds (100%) in KZT	20 August 2034	KASE	20,271
1.8% Bonds (100%) in KZT	10 July 2044	AIX	11,367
Total debt securities issued			1,276,232
Current portion of debt securities issued			99,115
Non-current portion of debt securities issued			1,177,117
			1,276,232

* Percentages in brackets represent the cost of issuing bonds/Eurobonds from par value (at premium/with discount or at par)

Note i: In August 2025, the Group, represented by the Company, as part of the Eurobonds issuance on the Kazakhstan Stock Exchange in favor of the Shareholder in the amount of US$882,978,000 dated 28 October 2022, signed a memorandum to extend the maturity of the Eurobonds from 2025 to 2028 and to change the coupon rate from 2% to 3%. Coupon rate – twice a year. As the modification is considered insignificant, the Group recognised an adjustment to the carrying amount of the bonds issued within finance income in the amount of US$80,296,949 (KZT43,226 million) (Note 25).

Note ii: In December 2025, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Moiynty, issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of KZT42,326 million with a coupon rate of 9.37% per annum and a maturity date in 2045. Coupon payment – twice a year. Digital KZT were used in this issue. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 16.30%. The Group recognised an adjustment to fair value of the bonds in the amount of KZT16,206 million, net of deferred tax in the amount of KZT3,241 million through equity in retained earnings as other contributions (Note 13).

The fair value of borrowings and debt securities issued is presented in *Note 30*.

Credit agreements and breaches of credit agreements

The long-term loan agreements with the carrying amount of KZT1,543,241 million as at 31 December 2025 require compliance with certain financial and non-financial covenants. Non-compliance with these covenants may result in an obligation to repay the loans early at the request of creditors.

The Group and the Company complied with all covenants required to be met as at 31 December 2025, and management does not expect any breaches in periods subsequent to the reporting date. Covenants that are required to be met after 31 December 2025 do not affect the classification of these borrowings as at 31 December 2025.

Loan agreements with HSBC Continental Europe include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT40,909 million.

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2025, this covenant was met. As at 31 December 2025, the carrying value of this loan is KZT371,351 million.

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT92,152 million.

Loan agreement with Citibank and Santander under the MIGA guarantee includes compliance with certain financial covenants such as EBITDA to interest expense and Total debt to EBITDA (with the share of subsidiaries' debt to third parties not exceeding 35% of total debt) calculated based on the consolidated results of the Group. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT264,740 million.

Loan agreement with EBRD includes compliance with financial covenant of Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, this covenant was met. As at 31 December 2025, the carrying value of this loan is KZT88,641 million.

Under the loan agreement with Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank), as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT261,819 million.

Under the terms of the loan received from the Export-Import Bank of China and China Development Bank, guaranteed by Sinosure, China Credit and Export Insurance Corporation, the Group is required to comply with the Interest Coverage Ratio financial ratio (covenant), calculated based on the Group's annual consolidated data. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT32,738 million.

Under the terms of the loan received from Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC the Group is required to comply with certain financial covenants, such as Net Debt/EBITDA and EBITDA/Interest Expense, calculated based on the Group's semi-annual consolidated data. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT308,081 million.

Under the loan agreement with Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met. As at 31 December 2025, the carrying value of this loan is KZT82,810 million.

Debt securities contain covenants that place certain limitations on the Company including, but not limited to, business changes and assets disposal, limitations on mergers and consolidations with other legal entities. In the event of default, as defined by the debt securities' indenture, investors are entitled to require repayment of the debt securities.

Reconciliation of changes in liabilities and cash flows from financing activity:

The Group

	2025		
	Borrowings and debt securities issued *KZT'million*	**Lease liabilities** *(Note 15)* *KZT'million*	**Total** *KZT'million*
As at 1 January	2,653,388	174,982	2,828,370
Changes due to cash flows from financing activities			
Loan principal payments	(648,674)	–	(648,674)
Proceeds from borrowings	908,235	–	908,235
Lease liability payments	–	(18,072)	(18,072)
Total changes due to cash flows from financing activities	259,561	(18,072)	241,489
Other changes			
Effect of changes in foreign exchange rates	16,531	(54)	16,477
Cash flows hedging	77,848	–	77,848
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	272,755	–	272,755
New lease agreements	–	104,369	104,369
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	(73,195)	–	(73,195)
Effect of the modification of debt liabilities that does not result in derecognition *(Note 25)*	(43,226)	–	(43,226)
Interest costs and unwinding of discount, including capitalised	221,887	36,307	258,194
Interest paid	(184,142)	(23,976)	(208,118)
Other changes	(15,390)	(3,474)	(18,864)
Total other changes related to liabilities	273,068	113,172	386,240
At 31 December	3,186,017	270,082	3,456,099

15. LEASE LIABILITIES

As at 31 December the Group's and the Company's lease liabilities included:

The Group

	2025	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	49,804	45,146
Within a period of more than one year but not exceeding two years	51,350	38,201
Within a period of more than two years but not exceeding five years	174,229	93,896
Within a period of more than five years	392,427	92,839
Total	667,810	270,082
Less unearned interest	(397,728)	–
Present value of lease liabilities	270,082	270,082
Less amounts due within 12 months		(45,146)
Amounts to be repaid after 12 months		224,936

The Company

	2025	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	9,793	8,979
Within a period of more than one year but not exceeding two years	8,495	6,362
Within a period of more than two years but not exceeding five years	8,491	5,266
Total	26,779	20,607
Less unearned interest	(6,172)	–
Present cost of lease liabilities	20,607	20,607
Less amounts due within 12 months		(8,979)
Amounts to be repaid after 12 months		11,628

As at 31 December 2025, the Group's interest calculations are based on effective interest rates of between 1.68% and 26.72%. As at 31 December 2025, the Company's interest is calculated based on effective interest rates varying from 15% to 21.6%.

The Group's lease liabilities are mainly denominated in KZT, except for lease liabilities for other equipment, which are denominated in US$. The Company's lease liabilities are denominated in KZT.

Lease agreements with Industrial Development Fund JSC

Flat carriages

In July 2024, the Group, represented by its subsidiary Joint Stock Company "KTZ Express", entered into an agreement to lease 2,000 flat carriages with a total value of KZT63,356 million and at interest of 13.75% per annum, of which 7% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 5 years. The Group acts as a lessee.

In 2025, within the framework of the agreement, the Group received 1,254 flat carriages and recognised right-of-use assets of KZT40,064 million for 32 years and a lease liability of KZT24,715 million for 15 years.

Passenger carriages

In May 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into an agreement for the lease of 157 passenger carriages with a total value of KZT103,432 million and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 5 years. The Group acts as a lessee.

During 2025, under this agreement, the Group received 107 passenger carriages and recognised right-of-use assets in the amount of KZT70,382 million for 40 years and a lease liability in the amount of KZT33,325 million for 14 years.

In August 2024, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into a lease agreement for 3 electric trains with a total amount of KZT11,802 million (taking into account the additional agreement dated 29 August 2024) and an interest rate of 14.5% per annum, of which 10% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 5 years. The Group acts as a lessee.

During 2025, under this agreement, the Group received 2 electric trains and recognised right-of-use asset of KZT7,848 million for 40 years and a lease liability of KZT3,734 million for 15 years.

In October 2025, the Group, represented by its subsidiary Joint Stock Company «Passenger Transportation», entered into a lease agreement for 100 passenger carriages with a total amount of KZT92,095 million and an interest rate of 16% per annum, of which 10% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 3 years. The Group acts as a lessee.

During 2025, under this agreement, the Group received 42 passenger carriages and recognised right-of-use assets of KZT36,386 million for 40 years and a lease liability of KZT19,746 million for 15 years.

Freight open wagons

In July 2023, the Group, represented by its subsidiary Joint Stock Company «Kaztemirtrans», entered into an agreement for the lease of 3,000 open wagons with a total value of KZT88,125 million and an interest rate of 13.15% per annum, of which 6% per annum is subsidised by the Republic of Kazakhstan. The grace period for the principal is 2 years. The Group acts as a lessee.

During 2025, under this agreement, the Group received 1,069 open wagons and recognised right-of-use assets of KZT31,402 million for 22 years and a lease liability of KZT22,473 million for 13 years.

The terms and conditions of lease agreements

The terms and conditions of lease agreements of the Group, represented by subsidiaries Joint Stock Company "KTZ Express", Joint Stock Company «Passenger Transportation» and Joint Stock Company «Kaztemirtrans», with Industrial Development Fund JSC, includes compliance with the financial covenant "Debt Security Coverage Ratio" calculated on the basis of the annual consolidated results of the Group. As at 31 December 2025, this covenant was met.

In addition, the requirements of the Group's lease agreements, represented by the subsidiaries Joint Stock Company "KTZ Express", Joint Stock Company «Passenger Transportation» and Joint Stock Company «Kaztemirtrans», with Industrial Development Fund JSC, incorporate restrictive terms with respect to changing legal status through voluntary liquidation; concluding a transaction or several transactions where the value exceeds 10-25% of the carrying amount of assets; subleasing lease subjects or a part of them. In the event of a default as defined by the lease agreements, the lessor is entitled to demand the indisputable requisition of the lease items.

In 2025, under lease agreements and agreements on subsidizing interest rates on loans and financial leases with Industrial Development Fund JSC, the payment dates for the subsidized portion of the remuneration (interest) payable by the Ministry of Transport of the Republic of Kazakhstan were extended until 2026. As at 31 December 2025, the Group signed the relevant additional agreements to the lease contracts with Industrial Development Fund JSC.

16. EMPLOYEE BENEFIT OBLIGATIONS

Post-employment defined employee benefits and other long-term employee benefits

Under Kazakhstan law, pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement, apart from those described below.

In 2019, the Group introduced Early Retirement Rules ("Rules No. 1"), which determine the procedure for paying compensation to persons of pre-retirement age with whom employment contracts have been terminated early by agreement of the parties.

In 2021, the Group approved Rules for the payment of compensation to employees of the Company and its subsidiaries ("Rules No. 2"), which determine the procedure for paying compensation to employees whose positions are affected by reductions and with whom employment agreements have been terminated by agreement of the parties.

In 2024, the Company approved the Rules for the payment of sectoral old-age benefits ("Rules No. 3"), which determine the procedure for payment of industry age benefits to the Company's employees holding certain positions and who have three or less years left until reaching retirement age. Rules No. 3 were adopted in order to ensure traffic safety in railway transport, reduce the risk of occupational injuries at work with harmful and difficult working conditions, and comply with the socio-economic and legal guarantees provided to the Company's employees.

Employee retirement compensation and other long-term employment benefits are paid in accordance with Rules No. 1, Rules No. 2, Rules No. 3 and a collective agreement for 2024-2026 between the Group and its staff, and other documents.

Pursuant to these documents, the Group provides the following benefits under an unfunded scheme:

Post-employment benefit obligations:

- A one-time retirement payment;

- A one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;
- A payment of between KZT70 thousand and KZT200 thousand per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;
- A benefit payment depending on work experience in the industry over six months – twenty four months from the date of the termination of an employment agreement of between KZT70 thousand and KZT200 thousand per month, in accordance with Rules No. 2;
- Sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules
  No. 3;
- Financial support to pensioners for the holidays;
- Vouchers for sanatorium-resort treatment to pensioners;
- Funeral aid of pensioners;
- A one-time payment to pensioners on special anniversaries;
- The reimbursement for denture treatment costs to pensioners;
- The reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- Financial support for sanatorium-resort treatment to employees;
- Financial assistance on denture treatment to employees;
- A one-time payment to employees on anniversaries;
- The reimbursement of railway ticket expense to employees.

The programs are unfunded. The Group's and the Company's policy towards these programs does not assume the accumulation of assets to cover obligations. The programs do not require employee contributions.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2025 by Rinat Shakenov, License No. 49 dated 17.09.2007 FSA Republic of Kazakhstan, using the projected unit credit actuarial valuation method.

The Group

	As at 31 December 2025 *KZT'million*
Non-current portion of employee benefit obligations	41,027
Current portion of employee benefit obligations	8,167
Total liabilities as at the end of the year	49,194

The Company

	As at 31 December 2025 *KZT'million*
Non-current portion of employee benefit obligations	16,358
Current portion of employee benefit obligations	3,509
Total liabilities as at the end of the year	19,867

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respective of these defined benefit plans for the year are as follows:

The Group

	2025 *KZT'million*
Current service cost	2,267
Past service cost	1,473
Interest costs	6,039
Actuarial gain on other long-term employee benefits	(459)
Total expenses recognised in profit or loss	9,320
Actuarial revaluation recognised in other comprehensive income:	
– *experience-based adjustments*	8,581
– *change in demographic assumptions*	1,503
– *change in financial assumptions*	(10,360)
Total income recognised in other comprehensive income	(276)
Total	9,044

The Company

	2025 *KZT'million*
Current service cost	1,202
Past service cost	4,067
Interest costs	1,735
Actuarial gain on other long-term employee benefits	(274)
Total expenses recognised in profit or loss	6,730
Actuarial revaluation recognised in other comprehensive income:	
– *experience-based adjustments*	5,290
– *change in demographic assumptions*	241
– *change in financial assumptions*	(3,785)
Total expenses recognised in other comprehensive income	1,746
Total	8,476

Movement in the present value of obligations for the year ended 31 December 2025 is as follows:

The Group

	2025 *KZT'million*
Total liabilities at the beginning of the year	48,703
Current service cost	2,267
Past service cost	1,473
Interest costs	6,039
Actuarial gain on other long-term employee benefits	(459)
Actuarial revaluation recognised in other comprehensive income:	(276)
Payments made for the year	(8,553)
Total liabilities as at the end of the year	49,194

The Company

	2025 *KZT'million*
Total liabilities at the beginning of the year	13,993
Current service cost	1,202
Past service cost	4,067
Interest costs	1,735
Actuarial gain on other long-term employee benefits	(274)
Actuarial revaluation recognised in other comprehensive income:	1,746
Payments made for the year	(2,602)
Total liabilities as at the end of the year	19,867

The total post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the year ended 31 December 2025 are as follows:

The Group

	2025 *KZT'million*
Finance costs *(Note 25)*	6,039
Cost of sales *(Note 23(a))*	3,069
General and administrative expenses *(Note 23(b))*	212
Total recognised in profit or loss for the year	9,320

The Company

	2025 *KZT'million*
Cost of sales	4,839
Finance costs	1,735
General and administrative expenses	156
Total recognised in profit or loss for the year	6,730

The calculation of the Group's and the Company's obligation has been prepared on the basis of published mortality statistics, as well as the Group's actual data on the number, age, gender and years of service of employees and retirees, and statistics on changes in the number of employees, the expectation that all employees who will be given the opportunity to benefit from the Rules No. 1, Rules No. 2 and Rules No. 3 will take advantage of them. The average longevity after retirement age for current and former employees who have retired is 8.33 years for men and 16.42 years for women.

Other significant actuarial assumptions used by the Group and the Company are as follows:

	Year ended 31 December 2025
Discount rate	16.8%
Expected annual growth in material aid in the future	6.4% (average)
Expected annual minimum salary growth in the future	7.7% (average)
Expected annual future growth in rail ticket cost	8.6% (average)

The expected repayment schedule for defined benefit obligations for the years ended 31 December is presented below:

The Group

	As at 31 December 2025 *KZT'million*
Within the next 12 months	8,167
2 to 5 years	16,869
5 to 10 years	11,594
Beyond 10 years	12,564
Total expected payments	49,194

The Company

	As at 31 December 2025 *KZT'million*
Within the next 12 months	3,509
2 to 5 years	6,726
5 to 10 years	4,623
Beyond 10 years	5,009
Total expected payments	19,867

According to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.7%/(7.6%) caused by an inflation rate increase/decrease of 1%, and 8.1%/(7.1%) caused by a discount rate decrease/increase of 1%. The Company's maximum increase/decrease in employee benefit obligations is 6.9%/(6.1%) caused by an inflation rate increase/decrease of 1%, and 6.5%/(5.6%) caused by a discount rate decrease/increase of 1%.

The given above analysis may not reflect actual changes in post-employment defined employee benefit obligations, as changes in assumptions separate from each other are unlikely (some assumptions are interrelated).

In addition, for the sensitivity analysis, the present value of post-employment defined employee benefit obligations was calculated using the projected unit credit method as at the reporting date. The same method was applied when calculating post-employment defined employee benefit obligations reflected in the consolidated statement of financial position.

The methods and assumptions used in the sensitivity analysis do not differ from those used in prior years.

17. CORPORATE INCOME TAX

Income tax expenses for the year included:

	2025 *KZT'million*
Current income tax expense	19,343
Adjustment of income tax for prior years	477
Deferred income tax expense	123,184
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371
	155,375

The table below provides a reconciliation of income tax expenses based on accounting profit before tax at the statutory rate against income tax expenses reported for the year:

	2025 *KZT'million*
Profit before tax	499,021
Statutory tax rate	20%
Calculated corporate income tax expense at the official rate	99,804
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:	
Adjustment of income tax for prior years	477
Non-deductible expenses	42,723
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371
Corporate income tax expense recognised in profit or loss	155,375

The amounts of deferred income tax calculated by applying the statutory tax rate in effect at the respective dates of the consolidated statement of financial position to temporary differences between the tax basis for assets and liabilities and amounts reported in the consolidated financial statements are as follows:

The Group

	As at 31 December 2025 *KZT'million*
Deferred tax assets:	
Tax losses carried forward	162,891
Deferred revenue	21,675
Derivative financial instruments	18,299
Accrued employee obligations	9,847
Financial guarantee agreement liabilities	4,909
Lease liabilities	4,831
Difference in receivables	3,487
Other	2,272
	228,211
Less: deferred tax assets offset with deferred tax liabilities	(227,899)
Deferred tax assets	312

	As at 31 December 2025 *KZT'million*
Deferred tax liabilities:	
Property, plant and equipment and other non-current assets	(679,716)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(137,268)
Lease liabilities	(26,011)
Other	(85)
	(843,080)
Less: deferred tax liabilities offset with deferred tax assets	227,899
Deferred tax liabilities	(615,181)
Total net deferred tax liabilities	(614,869)

	2025 *KZT'million*
Net deferred tax liabilities as at the beginning of the year	(468,036)
Recognised in profit or loss	(135,555)
Recognised in equity *(Note 13)*	(14,639)
Recognised in other comprehensive income *(Note 13)*	3,361
Net deferred tax liabilities as at the end of the year	(614,869)

The Group has not recognised deferred tax assets relating to the portion of tax losses carried forward of subsidiaries. Management believes it is improbable that there will be sufficient taxable income available in the future against which any such deferred tax assets can be utilised. As at 31 December 2025, the total tax effect of unrecognised tax losses carried forward amounted to KZT18,753 million. These tax losses carried forward expire in 10 years from the date they were incurred.

The Company

	As at 31 December 2025 *KZT'million*
Deferred tax assets:	
Tax losses carried forward	67,568
Fair value adjustment to loans issued	39,119
Liabilities under financial guarantee contracts	24,062
Derivative financial instruments	18,299
Lease liabilities	4,122
Other	7,448
Deferred tax assets	160,618

	As at 31 December 2025 *KZT'million*
Deferred tax liabilities:	
Property, plant and equipment and other non-current assets	(405,451)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(129,377)
Other	(2)
Deferred tax liabilities	(534,830)
Total net deferred tax liabilities	(374,212)

	2025 *KZT'million*
Net deferred tax liabilities as at the beginning of the year	(289,171)
Recognised in profit or loss	(92,541)
Recognised in equity *(Note 13)*	(14,639)
Recognised in investments in subsidiaries *(Note 13)*	22,139
Net deferred tax liabilities as at the end of the year	(374,212)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December 2025 *KZT'million*
Within 1 month	376,893
1 to 3 months	128,990
3 to 6 months	1,180
6 months to 1 year	15,059
Over 1 year	3,648
Total	525,770

As at 31 December 2025, the Group's trade accounts payable were denominated in the following currencies:

	As at 31 December 2025 *KZT'million*
KZT	457,719
Chinese Yuan	32,132
Euros	20,042
US$	14,344
In other currencies	1,533
	525,770

The Company

	As at 31 December 2025 *KZT'million*
Within 1 month	130,932
1 to 3 months	85,693
3 to 6 months	830
6 months to 1 year	761
Over 1 year	1,870
Total	220,086

As at 31 December 2025, the Company's trade accounts payable were mainly expressed in KZT.

The Group's and the Company's trade accounts payable are interest free and are normally settled on 15 to 30-day terms.

19. CONTRACT LIABILITIES

The Group

	As at 31 December 2025 *KZT'million*
Freight transportation	142,565
Passenger transportation	5,083
Others	1,548
	149,196

As at 1 January 2025, the Group's contract liabilities amounted to KZT133,170 million.

The Company

	As at 31 December 2025 *KZT'million*
Freight transportation	2,788

As at 1 January 2025, the Company's contract liabilities amounted to KZT3,801 million.

The Group's and the Company's revenue recognised in the reporting period, which was included in the balance of advances received and deferred income at the beginning of the year amounted to KZT122,072 million and KZT3,793 million, respectively.

The Group's and the Company's contract liabilities as at 31 December 2025 will be recognised in revenue during 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	As at 31 December 2025 *KZT'million*
Other non-financial liabilities	
Deferred income (government grants)	183,321
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	15,816
Other	2,696
	201,833
Other financial liabilities	
Unused vacation and other employee benefits	49,671
Financial guarantee agreement liabilities	24,545
Salary payables	15,188
Other	16,026
	105,430
	307,263
Current portion of other liabilities	129,821
Non-current portion of other liabilities	177,442
	307,263

The Company

	As at 31 December 2025 *KZT'million*
Other non-financial liabilities	
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	7,530
Others	404
	7,934
Other financial liabilities	
Unused vacation and other employee benefits	26,248
Financial guarantee agreement liabilities	120,314
Others	2,639
	149,201
	157,135
Current portion of other liabilities	157,135

As disclosed in Note 27, the Group and the Company have provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 December 2025, liabilities under financial guarantee agreements amounted to KZT13,521 million for Nursultan Nazarbayev International Airport JSC and KZT11,024 million for Aktobe Rail and Section Mill Plant LLP.

In addition, the Company recognised liabilities under financial guarantee contracts on the finance lease agreements and borrowings of certain subsidiaries. As at 31 December 2025, the liability under these financial guarantees was KZT95,768 million.

At 31 December 2025, the Group's and the Company's other financial liabilities were mainly denominated in KZT.

21. REVENUE

In 2025, revenue from freight transportation included:

	Year ended 31 December 2025 *KZT'million*
Revenue from contracts with customers:	
International (transit) routes	827,178
Domestic routes	687,325
International (export) routes	489,375
International (import) routes	276,243
Additional charges related to the transportation process	65,194
Other revenue from freight transportation	117,882
	2,463,197

During 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of KZT80,781 million attributable to the hedging instrument was reclassified from other comprehensive income to freight transportation revenue (Note 13).

Revenue from freight transportation is recognised over time.

In 2025, revenue from passenger transportation included:

	Year ended 31 December 2025 *KZT'million*
Revenue from contracts with customers:	
Passenger transportation	110,746
Other revenue from passenger transportation	18,504
	129,250

Revenue from passenger transportation of KZT2,753 million, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, and KZT126,497 million was recognised over time.

Total revenue from contracts with customers for the year ended 31 December 2025 amounted to KZT2,592,447 million.

The following table shows the amounts of revenue recognised in the year ended 31 December 2025 that were included in the contract liabilities at the beginning of the year:

	Year ended 31 December 2025 *KZT'million*
Freight transportation	114,014
Passenger transportation	4,528
Others	3,530
Total	122,072

Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the year is as follows:

	Year ended 31 December 2025 *KZT'million*
Amounts expected to be recognised as revenue:	
Within one year	149,196

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

22. OTHER REVENUE

	Year ended 31 December 2025 *KZT'million*
Revenue from the sale of goods and provision of other services	69,285
Revenue from the lease of carriages	39,007
Revenue from fines	7,940
Revenue from the lease of other property, plant and equipment	5,129
	121,361

Revenue from the sale of goods and the provision of other services mainly consists of revenue from loading and unloading services, vehicle servicing and the sale of materials and scrap metal.

The Group leases out carriages and other property, plant and equipment under operating lease agreements. Accounts receivable under operating leases are payable within one year. Operating leases do not include an extension or early termination option. The Group is not exposed to currency risk as a result of operating leases, as all leases are denominated in KZT. The lessee does not have an option to purchase carriages and other property, plant and equipment at the end of the lease term.

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

The major portion of other revenue is attributable to the Freight Transportation segment.

Revenue of KZT21,627 million is recognised at a point in time, and of KZT55,598 million – over time.

23. COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES, OTHER PROFIT AND LOSSES AND IMPAIRMENT OF FINANCIAL ASSETS, CONTRACT ASSETS AND NON-FINANCIAL ASSETS

(a) Cost of sales

	Year ended 31 December 2025 *KZT'million*
Employee benefit expense	
Wages, salaries, bonuses and other benefits	835,907
Pension scheme costs (defined benefit scheme) *(Note 16)*	3,069
	838,976
Fuel and lubricants	265,916
Repairs and maintenance	242,842
Depreciation of property, plant and equipment	171,382
Depreciation of right-of-use assets	20,867
Amortisation of intangible assets	648
Electrical power	139,014
Materials and supplies	78,083
Work and services of a production nature	76,540
Property tax and other taxes, excluding social tax and social contributions	31,979
Utilities and building maintenance	9,423
Communication services	3,127
Other expenses	45,254
	1,924,051

(b) General and administrative expenses

	Year ended 31 December 2025 *KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)	
Wages, salaries, bonuses and other benefits	94,523
Pension scheme costs (defined benefit scheme) *(Note 16)*	212
	94,735
Property tax and other taxes, excluding social tax and social contributions	15,458
Other third-party services	5,649
Consulting, audit and legal services	5,626
Expenses for holding festive and cultural events	4,712
Depreciation of property, plant and equipment	2,442
Depreciation of right-of-use assets	282
Amortisation of intangible assets	465
Business trips	2,502
Membership fees	1,641
Utilities and building maintenance	1,587
Short-term lease expenses	1,548
Insurance	745
Communication services	698
Expenses to maintain social sphere facilities	539
Banking services	453
Repairs and maintenance	431
Other expenses	6,324
	145,837

(c) Other profit and losses

	Year ended 31 December 2025 *KZT'million*
Loss on disposal of items of property, plant and equipment	(3,872)
Gain on contribution of assets to an associate	2,709
Depreciation of investment properties	(133)
Income from investment property	1,736
Reversal of provisions	35
Others	2,306
	2,781

(d) Impairment of financial assets and contract assets

	Year ended 31 December 2025 *KZT'million*
Impairment loss recognised on:	
– loans issued	497
– financial assets at amortised cost	53
– contract assets	100
– cash and cash equivalents	7
– trade accounts receivable	2,132
– other receivables	1,104
	3,893

(e) Impairment of non-financial assets

	Year ended 31 December 2025 *KZT'million*
Impairment loss recognised on:	
– VAT recoverable	4,781
– property, plant and equipment	4,586
– investments in associates	1,508
– intangibles assets (except for goodwill)	23
– other non-current non-financial assets	87
– other current non-financial assets	495
	11,480

24. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the year. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. During 2025, there were no antidilutive instruments outstanding.

	Year ended 31 December 2025
Weighted average quantity of common shares	496,695,065
Profit for the year attributable to the Shareholder, in KZT'million	339,919
Basic and diluted earnings per common share, in KZT	684

25. FINANCE INCOME AND COSTS

	Year ended 31 December 2025 *KZT'million*
Finance income	
Effect of the modification of debt liabilities that does not result in derecognition *(Note 14)*	43,226
Interest income on cash and cash equivalents	21,770
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,745
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	7,196
Income from guarantees issued	2,850
Other finance income	2,831
	88,618

	Year ended 31 December 2025 *KZT'million*
Finance costs	
Interest costs and unwinding of discount on loans	153,443
Lease interest expenses	36,307
Interest expense on employee benefit obligations *(Note 16)*	6,039
Other finance costs	5,198
	200,987
Loss from the ineffective part of hedging instruments *(Note 13)*	44,857
	245,844

26. LOANS ISSUED

The Company

	As at 31 December 2025 *KZT'million*
Current loans:	
Limited Liability Partnership «KTZ-Freight Transportation»	43,478
Limited Liability Partnership «KTZ-Passenger Locomotives»	30,764
Joint Stock Company «Passenger Transportation»	14,622
Joint Stock Company "KTZ Express"	9
Other	124
Less: allowance for impairment	(151)
	88,846
Non-current loans:	
Joint Stock Company «Passenger Transportation»	53,417
Vostokmashzavod JSC	1,860
Less: allowance for impairment	(1,902)
	53,375
Debt securities	
Issued by subsidiaries:	
Limited Liability Partnership «KTZ-Passenger Locomotives»	68,228
Joint Stock Company «Kaztemirtrans»	61,459
Joint Stock Company «Passenger Transportation»	26,652
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	4,227
Joint Stock Company "KTZ Express"	3,949
Less: allowance for impairment	(136)
	164,379
	306,600
Current portion of loans	113,391
Non-current portion of loans	193,209
Total	306,600

Short-term loans were issued to subsidiaries under the "cash pooling" mechanism with the possibility of early repayment at any time at the discretion of the participants (Note 30).

As at 31 December 2025, loans issued are expressed in KZT, while debt securities issued by subsidiaries Joint Stock Company «National Company «International Sea Trade Port of Aktau», Limited Liability Partnership «KTZ-Passenger Locomotives» and Joint Stock Company "KTZ Express" in the total amount of KZT43,549 million indexed to the Swiss Francs.

Loans issued

Joint Stock Company «Passenger Transportation»

In May 2025, the Company issued a loan to its subsidiary Joint Stock Company «Passenger Transportation» for acquisition of passenger carriages in the amount of the special-purpose loan of KZT65,480 million received from the Shareholder. Loan interest is paid semi-annually at an interest rate of 0.05%. The principal is repayable by annual instalments until full repayment in 2055. The loan was provided at an interest rate below market, and the fair value of the loan received was determined using a market rate of 12.35%. The Company recognised a fair value adjustment in the amount of KZT56,982 million, net of deferred tax in the amount of KZT11,396 million, within investments into subsidiaries.

In December 2025, the subsidiary Joint Stock Company «Passenger Transportation» partly repaid a number of loans received from the Company for the total of KZT17,860 million. As a result, the Company recognised the write-off of the unamortised part of the discount on loans for the total amount of KZT6,477 million within finance income.

Debt securities issued by subsidiaries

Joint Stock Company "KTZ Express"

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Joint Stock Company "KTZ Express" with indexation to the Swiss Francs, for the amount of KZT3,501 million with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2027.

Limited Liability Partnership «KTZ-Passenger Locomotives»

In March 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives» for the amount of KZT17,000 million with the coupon rate of the base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin. Principal and coupon are repayable semi-annually until full repayment in 2028.

In December 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives» for the amount of KZT18,000 million with the coupon rate of the base rate of the National Bank of the Republic of Kazakhstan + 1.5% margin. Principal and coupon are repayable semi-annually until full repayment in 2032.

Joint Stock Company «National Company «International Sea Trade Port of Aktau»

In July 2025, as part of Liquidity Management Program, the Company purchased at AIX debt securities issued by its subsidiary Joint Stock Company «National Company «International Sea Trade Port of Aktau» with indexation to the Swiss Francs, for the amount of KZT4,485 million with the coupon rate of SARON 3m + 2% margin. Principal and coupon are repayable quarterly until full repayment in 2031.

Limited Liability Partnership «KTZ-Freight Transportation»

In December 2025, for the purpose of refinancing of debt securities purchased by the Company in 2020, as part of the second issue of the First Bond Program at AIX, the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» re-issued perpetual debt securities for the amount of KZT82,969 million, with the coupon rate of 14.58%, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries.

In December 2025, for the purpose of refinancing of debt securities with indexation to Swiss Francs purchased by the Company in 2023, as part of Liquidity Management Program at AIX, the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» re-issued perpetual debt securities for the amount of KZT152,048 million, with indexation to Swiss Francs, with the coupon rate of SARON 6m + 3.0% margin, specifically in favour of the Company. Coupon rate - twice a year. The Company classified these perpetual debt securities in investments into subsidiaries.

27. FINANCIAL AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2025, the Group had capital commitments, including the modernisation of the Dostyk-Moiynty railway transport corridor; the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of second tracks on the Dostyk–Alashankou railway section; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic control systems; liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of KZT4,681,921 million excluding VAT.

Other commitments

As at 31 December 2025, the Group, represented by its subsidiary Joint Stock Company "KTZ Express JSC", has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 December 2025, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities

Litigations

The Group is subject to various legal proceedings related to its business operations, such as property damage claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 December 2025. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

The Group's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

Insurance

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, the Group's management has analysed and classified the Group's assets that belong to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified into the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these consolidated financial statements as the Group's management assesses that there are no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group.

Guarantees

As at 31 December 2025, guarantees were presented as follows:

The Group

Creditor	**Purpose of the guarantee**	**Guarantee issue date**	**Guarantee period**	**Guarantee amount** *KZT'million*
Development Bank of Kazakhstan JSC	Execute the obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	14,498
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana airport	28 March 2018	until 2033	20,252

The Company

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
SB HSBC Kazakhstan jointly with HSBC Bank plc and HSBC Continental Europe	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	35,785 (60 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	27 May 2013, 3 September 2018	31 December 2027 – 30 October 2032	11,256 (19 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	21 December 2016 – 6 September 2024	20 December 2036 – 10 December 2042	240,649
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	21,189
	Joint Stock Company "KTZ Express" under finance lease agreements	28 August 2017, 30 November 2020	28 August 2032 – 30 November 2035	110,166
Development Bank of Kazakhstan JSC	Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana	28 March 2018	28 March 2033	20,252
	Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	5 July 2033	14,497
	Wagonservice JSC, a subsidiary of Joint Stock Company «Passenger Transportation» to finance the acquisition of passenger carriages	7 August 2015	5 March 2035	4,795
	Joint Stock Company «Passenger Transportation» under finance lease agreements	31 August 2023, 13 May 2024	13 May 2039 – 31 August 2039	226,722

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	2 August 2023	2 August 2038	111,680
	Joint Stock Company "KTZ Express" under finance lease agreements	5 July 2024	29 August 2040	85,594
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	92,238 (14,548 million Russian Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	No date	14,000
Societe Generale and Natixis	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	23 February 2023	28 February 2035	160,809 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2036	111,208 (187 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	167,924 (283 million Swiss Francs)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 February 2034	57,460 (90 million Swiss Francs)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 August 2034	236,344 (371 million Swiss Francs)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
The Export-Import Bank of China and China Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	7 February 2025	21 March 2040	41,691 (576 million Chinese Yuan)
Deutsche Bank Luxembourg, S.A., Banco Santander, S.A., EXIM Bank US	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of mainline locomotives	26 November 2025	20 February 2035	93,219 (146 million Swiss Francs)
European Bank for Reconstruction and Development (EBRD)	Joint Stock Company «National Company «International Sea Trade Port of Aktau» for financing the reconstruction of berths	30 September 2025	27 July 2035	20,770 (35 million Euros)

Note 20 discloses the Group's and the Company's carrying value of these guarantees.

As at 31 December 2025, the Group and the Company had no cases of using the financial guarantees listed above.

Finance lease agreements with Development Bank of Kazakhstan JSC provide for the Company's compliance with certain financial covenants, such as debt to EBITDA and interest coverage ratio on an annual basis, as well as compliance with the condition that the Company has any two of the three corporate ratings (S&P, Fitch, Moody's) at a level not lower than BB-. As at 31 December 2025, these covenants were met.

In accordance with arrangements with HSBC Continental Europe in relation to financial and non-financial covenants on loans received by subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives» in the amount of KZT47,042 million, the Company has to comply with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the semi-annual consolidated financial statements of the Group and comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2025, these covenants were met.

In accordance with the loan agreement with EDB, obtained by the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» for KZT92,238 million, the Company has to comply with certain financial covenants such as Debt to EBITDA and Interest Coverage Ratio calculated semi-annually based on the consolidated results of the Group as well as compliance with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2025, these covenants were met.

In accordance with loan agreements with Societe Generale and Natixis, obtained by the subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives» for the total amount of KZT439,942 million, the Company has to comply

with financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2025, this covenant was met.

Under the loans from Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank) obtained by the subsidiaries Limited Liability Partnership «KTZ-Freight Transportation» and Limited Liability Partnership «KTZ-Passenger Locomotives» for the total amount of KZT293,804 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from The Export-Import Bank of China (agent and creditor) China Development Bank (creditor) received by the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» in the amount of KZT41,691 million, the Company has to comply with financial covenant Interest Coverage Ratio calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States received by the subsidiary Limited Liability Partnership «KTZ-Freight Transportation» in the total amount of KZT93,219 million, as at the end of each financial year, the total aggregate assets and total revenue of the Company, Joint Stock Company «Kaztemirtrans», Limited Liability Partnership «KTZ-Passenger Locomotives» and Limited Liability Partnership «KTZ-Freight Transportation» must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2025, these covenants were met.

Under the loans from EBRD obtained by the subsidiary Joint Stock Company «National Company «International Sea Trade Port of Aktau» for KZT20,770 million, the Company has to comply with certain financial covenants such as Debt to EBITDA calculated based on the annual consolidated results of the Group. As at 31 December 2025, these covenants were met.

28. SUBSIDIARIES

As the end of the year, the Company had direct interests in its principal subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries of the Company are set out below:

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
Joint Stock Company «Kaztemirtrans»	(a)	Kazakhstan 21 October 2003	KZT70,238,738,900	100%	Freight carriage operation
Joint Stock Company «Passenger Transportation»	(a)	Kazakhstan 21 May 2002	KZT93,865,833,651	100%	Passenger transportation

Name	*Notes*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
Limited Liability Partnership «KTZ-Freight transportation»	(a)	Kazakhstan 14 October 2003	KZT78,064,127,000	100%	Freight transportation and locomotive haulage
Joint Stock Company "KTZ Express"	(c)	Kazakhstan 15 July 2013	KZT47,913,613,000	100%	Multimodal
Joint Stock Company «Kedentransservice»	(a)	Kazakhstan 11 December 1997	KZT3,401,429,779	100%	Freight forwarding services, rolling stock operation, terminal services
Joint Stock Company «National Company «International Sea Trade Port of Aktau»*	(c)	Kazakhstan 11 October 1996	KZT25,479,890,000	100%	Vessel loading and unloading work, vessel servicing
Limited Liability Partnership «Port Kuryk»	(c)	Kazakhstan 23 July 2012	KZT66,307,555,736	100%	Freight transhipment and vessel servicing
Limited Liability Partnership «KTZ-Passenger Locomotives»	(a)	Kazakhstan 31 August 2021	KZT96,890,535,400	100%	Locomotive rolling stock services
Limited Liability Partnership «KTZE – Khorgos Gateway»	(a)	Kazakhstan 1 December 2009	KZT36,380,316,000	51%	Dry port services

* In November 2013, the Shareholder transferred a 100% ownership interest in Joint Stock Company «National Company «International Sea Trade Port of Aktau» to the Group's trust management. National Company Aktau International Sea Commercial Port JSC is recognised as a Group subsidiary although the Group does not legally hold shares in it.

Notes:

(a) The statutory financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with IFRS Accounting Standards and order #404 of Minister of Finance. Entities were audited by Ernst & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(b) The statutory financial statement of this entity for the year ended 31 December 2025 were prepared in accordance with IFRS Accounting Standards and order #404 of Minister of Finance. Entities were audited by Alma Audit LLP, independent audit firms registered in the Republic of Kazakhstan.

(c) The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as of the date of this report.

The carrying amount of the Company's investments in subsidiaries:

	As at 31 December 2025 *KZT'million*
Investments, at cost	1,658,624

29. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In addition, parties under common control with the Group are considered to be related. When considering possible relationships between related parties, in each case, attention is drawn to the nature of the relationship, and not just to the legal form.

The Group's Shareholder is wholly-owned by the Government of Kazakhstan. For the purpose of the related party transactions disclosures, management believes that it is also meaningful to disclose the significant related party transactions with its Shareholder and Shareholder's companies and other commercial entities under common control and significant influence of the Government of Kazakhstan for the interests of financial information users. Management believes that the information on related party transactions has been adequately disclosed in the Historical Financial Information.

Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production), Samruk-Energo JSC (electricity), Settlement and financial centre for renewable energy support LLP (electricity), National Bank of the Republic of Kazakhstan (cash deposits). The Group also provides freight transportation services and lease of rolling stock to Shareholder group companies, associates and joint ventures, as well as other related parties.

The related parties may enter transactions that unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December 2025 are detailed below.

The Group

	Shareholder *KZT'million*	Associates *KZT'million*	Companies making up the Shareholder group *KZT'million*	Other related parties* *KZT'million*
Amounts due from related parties				
– trade in nature	–	1,161	180	84
– non-trade in nature	–	3,249	214	9,339
	–	4,410	394	9,423
Amounts due to related parties				
– trade in nature	–	4,370	147,197	4,116
– non-trade in nature	–	11,314	2,313	8,099
	–	15,684	149,510	12,215
Cash on current accounts and short-term deposits	–	–	24,570	–
Cash on digital accounts *(Note 9)*	–	–	–	22,882
Restricted cash	–	–	–	4
Loans payable	975,160	–	–	164,264
Lease liabilities	68	20,601	–	245,863
Financial guarantee agreement liabilities	–	–	–	13,521

* Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the Republic of Kazakhstan.

The Company

	Shareholder *KZT'million*	Associates *KZT'million*	Companies making up the Shareholder group *KZT'million*	Subsidiaries of the Company *KZT'million*	Other related parties* *KZT'million*
Amounts due from related parties					
– trade in nature	–	12	17	343,441	75
– non-trade in nature	–	–	190	6	3,767
	–	12	207	343,447	3,842
Amounts due to related parties					
– trade in nature	–	2,313	741	2,989	1,368
– non-trade in nature	–	246	1	–	4
	–	2,559	742	2,989	1,372
Cash on current accounts	–	–	254	–	–
Cash on digital accounts *(Note 9)*	–	–	–	–	22,882
Loans issued	–	–	–	306,600	–
Including allowance for expected credit losses	–	–	–	–	(205)
Borrowings received	975,160	–	–	46,885	–
Lease liabilities	–	20,601	–	4	–
Financial guarantee agreement liabilities	–	–	–	95,768	13,521

* Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the Republic of Kazakhstan.

The Group

	Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties*
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Sale of goods, services and non-current assets	–	101,424	–	35,936	127,508
Impairment/(reversal of impairment) of trade accounts receivable and other current assets	–	(42)	–	1	(67)
Purchase of goods, services and non-current assets	–	24,523	–	221,052	119,948
Proceeds from borrowings	107,806	–	–	–	–
Repayment of borrowings	31,175	–	–	–	18,032
New lease agreements (Group as lessee)	247	22	–	–	103,993
Lease payments	203	15,126	–	–	27,808
Finance income	43,226	–	–	–	1,376
Finance costs	40,421	4,414	–	–	45,945
Dividends receivable	–	4,645	–	–	–
Contribution to the share capital	28,791	6,211	13,719	–	–

* Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the Republic of Kazakhstan.

The trade accounts receivable due from associates, companies making up the Shareholder group, subsidiaries of the Company and other related parties are repayable on credit terms similar to those offered to the major customers of the Group.

The trade accounts payable due to associates, companies making up the Shareholder group, subsidiaries of the Company and other related parties are repayable within 15 to 30 days.

The amounts due from and due to related parties, which are non-trade in nature, are unsecured, interest-free and repayable on demand.

In 2025, the Group received a loan from the Shareholder in the amount of KZT65,480 million (Note 14).

In 2025, the Group issued bonds in favour of the Shareholder in the amount of KZT42,326 million (Note 14).

As at 31 December 2025, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of KZT164,264 million.

As at 31 December 2025, the Group's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 9.37% and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 6.53% to 16.3%.

Compensation of key management personnel of the Group

	Year ended 31 December 2025 *KZT'million*
Salaries, allowances and benefits in kind	729
Performance related bonus	307
Total compensation paid to key management personnel	1,036

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments consist of loans, debt securities issued (bonds), lease liabilities, derivative financial instruments, cash and cash equivalents as well as trade accounts receivable and trade accounts payable and other financial assets and liabilities. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Capital risk management

The Group manages its capital risk to ensure that it can continue as a going concern, maximising shareholder value and optimising its debt and equity balance.

The Group's overall strategy remains unchanged from 2024.

There are no obligatory minimum equity requirements for the Group.

The Group's equity structure includes net debt (loans, debt securities and lease liabilities less cash and cash equivalents) and the Group's equity (which comprises share capital, hedge reserve, foreign currency translation reserve, retained earnings and non-controlling interests.

Categories of financial instruments

The Group

	As at 31 December 2025 *KZT'million*
Financial assets	
Amortised cost	65,175
FVTPL	632
Financial liabilities	
Amortised cost	4,022,440
FVTPL	91,496

The Company

	As at 31 December 2025 *KZT'million*
Financial assets	
Amortised cost	660,376
FVTPL	558
Financial liabilities	
Amortised cost	2,641,756
FVTPL	91,496

Financial risk management objectives

Risk management is an essential element of the Group's operations. The Group monitors and manages financial risks relating to the Group's operations through internal risk reports which analyse risk exposure by the degree and size of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. A description of the Group's risk management policies in relation to those risks presented below.

Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. The Group manages market risk through periodic estimates of potential losses that could arise from adverse changes in market conditions.

Interest rate risk

The interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on the Group's investments and/or increasing cash outflow on its loans and debt securities. The Group limits its interest rate risk by monitoring changes in interest rates in the currencies in which its financial instruments are held, and by maintaining a balance between its loans with fixed and floating interest rates.

The Group's exposure to the interest rate risk mainly relates to its loans and debt securities issued with floating interest rates.

The following table shows the sensitivity of the Group's profit and equity to possible changes in interest rates on borrowings (through the effect on interest for floating interest rate borrowing) with all other variables remaining constant.

	Interest rate increase/(decrease) in basis points*	Effect on profit/equity
Group		
Key interest rate NBRK	186/(186)	(1,190)/1,190
EURIBOR	27/(27)	(1,005)/1,005
SARON	35/(35)	(3,144)/3,144
LPR	350/(350)	(907)/907

* 1 basis point – 0.01%.

		Interest rate increase/ (decrease) in basis points*	Effect on profit/equity
Company			
Base rate of the NBRK	2025	186/(186)	(1,190)/1,190
SARON	2025	35/(35)	(2,180)/2,180

Currency risk

Since the functional currency of the Group is the KZT, the Group is exposed to foreign currency risk arising from transactions denominated in foreign currencies, in particular revenue from international (transit) freight transportation denominated in Swiss Francs. Fluctuations in the exchange rate of the Swiss Francs against the KZT may have a significant impact on the Group's financial results and cause volatility in cash flows. In addition, the Group raises financing denominated in US$, Swiss Francs, Euros, Chinese Yuan and Russian Roubles. Changes in the exchange rate of the KZT against these currencies also result in foreign exchange gains or losses, thereby affecting the Group's financial results.

Foreign currency risk management strategies

As part of managing foreign currency risk, the Group's management seeks, where practicable, to match the currency of future cash inflows with the currency of liabilities to be settled. This approach is aimed at reducing the sensitivity of the Group's financial results and cash flows to fluctuations in exchange rates by aligning the currencies of incoming and outgoing cash flows.

Given that a significant portion of the Group's forecast revenue from international transit is denominated in Swiss Francs, the Group uses financing instruments and other risk-management mechanisms that allow it to align the corresponding Swiss-franc inflows with liabilities in the same currency. This approach is a fundamental element of the Group's strategy to mitigate foreign currency risk.

In addition to this approach, the Group, where appropriate and when the criteria established by IFRS are met, applies hedge accounting in the consolidated financial statements for certain hedging relationships. In particular, to reduce currency risk arising from changes in the Swiss Franc–to–KZT exchange rate, the Group has employed two hedging strategies.

Under Strategy 1, the Group used debt obligations denominated in US$ together with cross-currency swaps that economically transformed the US$ obligations into obligations denominated in Swiss Francs. This allowed the currency of the forecast cash inflows from transit revenue to be matched with the currency of the liabilities.

Under Strategy 2, the Group used borrowings denominated in Swiss Francs as a tool to reduce foreign currency risk related to highly probable forecast revenue in Swiss Francs. This approach represents a natural hedging strategy, in which the currency of future operating cash inflows is aligned with the currency of future cash outflows under financial liabilities.

Cross-currency swaps and borrowings

In October–November 2022, the Group entered into cross-currency swap transactions with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom) to manage the foreign currency risk of borrowings denominated in US$. The Group received fixed amounts of consideration in Swiss Francs and US$.

The borrowings designated as the hedging instrument represent payments under Eurobonds totaling US$882,978,000, bearing interest at 2% per annum and maturing in October 2025, held by the Shareholder. In August 2025, the Group signed a memorandum extending the maturity of the Eurobonds from 2025 to 2028 and changing the coupon rate from 2% to 3% (Note 14).

These derivative financial instruments and the Eurobonds were designated as part of specific hedging relationships in the consolidated financial statements from October 2024 to August 2025 (Note 13).

In October 2025, the Group extended the term of its cross-currency swap transactions for one year. Under the extended cross-currency swap agreements, the Group will pay a fixed amount of consideration in Swiss Francs in exchange for a fixed amount of consideration in US$.

Financial results on derivative instruments

During 2025, under the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), and Citibank London in the amount of US$17,565,607 (KZT9,220 million) and 4,512,532 Swiss Francs (KZT2,926 million) (during 2024: US$7,674,778 (KZT8,221 million) and 4,540,916 Swiss Francs (KZT2,385 million)).

As of 31 December 2025, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, and J.P. Morgan Securities plc (United Kingdom), amounting to US$180,989,291 (KZT91,496 million), was recognised as current liabilities.

Hedge effectiveness assessment

In 2024, the Group applied cash flow hedging to reduce the risk of changes in the KZT equivalent of revenue from transit freight transportation denominated in Swiss Francs under two strategies *(Note 13)*. In August 2025, due to the signing of a memorandum extending the maturity of the Eurobonds from 2025 to 2028 *(Note 14)*, hedge accounting under Strategy 1 was discontinued.

There is an economic relationship between the hedged items and the hedging instruments because the terms of the foreign-currency loans and bonds match the terms of the expected highly probable forecast cash flows from revenue denominated in Swiss Francs (nominal amount and expected payment date). The Group established a hedge ratio of 1:1 for these hedging relationships, as the underlying currency risk of the borrowings fully corresponds to the currency risk of the revenue and liabilities denominated in Swiss Francs.

To assess hedge effectiveness, the Group applies the hypothetical derivative method, comparing changes in the fair value of the hedging instruments with changes in the fair value of the hedged items attributable to foreign currency risk.

Sources of hedge ineffectiveness may include:

- Mismatches in the timing of cash flows between the hedged items and the hedging instruments;
- Changes in the forecast amount of cash flows related to the hedged item;
- Changes in the fair value of the cross-currency swap due to movements in market interest rates for the Swiss Francs and the US$.

As of 31 December 2025, the Group assesses the likelihood of significant hedge ineffectiveness under *Strategy 2* as remote, given the high probability of receiving cash flows from revenue denominated in Swiss Francs during the forecast period.

The Group applies the following currency swaps and foreign-currency bonds under Strategy 1:

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2024					
Eurobonds					
Nominal values in US$	–	–	882,978,000	–	882,978,000
Nominal value in million KZT	–	–	463,661	–	463,661
Average US$/Swiss Francs exchange rate	–	–	–	–	0.9986
Currency SWAP					
Nominal value in Swiss Francs	–	–	(881,881,000)	–	(881,881,000)
Nominal value in million KZT	–	–	(512,091)	–	(512,091)

The Group applies the following foreign-currency borrowings under Strategy 2:

	Maturity dates				
	Up to 3 months	**3–9 months**	**9–12 months**	**Over 12 months**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
31 December 2025					
Nominal value in Swiss Francs	39,246,547	69,108,135	30,084,195	772,604,381	911,043,258

The impact of the hedging instruments on the consolidated statement of financial position is presented below:

	Nominal value (in original currency)	**Carrying amount (in KZT'million)**	**Line item in the consolidated statement of financial position**	**Change in fair value/ foreign-currency remeasurement used for assessing ineffectiveness for the period (in KZT'million)**
31 December 2025				
Borrowings in Swiss Francs	911,043,258	534,250	Borrowings	(53,550)

A reconciliation of each component of equity and an analysis of other comprehensive income are presented below:

	Cash flow hedge reserve (Strategy 1) *KZT'million*	Cash flow hedge reserve (Strategy 2) *KZT'million*	Total *KZT'million*
1 January 2025	22,581	15,989	38,570
Effective portion of changes in fair value	44,034	53,550	97,584
Amount reclassified to profit or loss – effective portion as a reduction of revenue	(72,260)	(8,521)	(80,781)
Tax effect	5,645	(9,006)	(3,361)
31 December 2025	–	52,012	52,012

During 2025, the Group incurred a foreign exchange loss of KZT19,990 million, of which a major portion is attributable to borrowing as disclosed in *Note 14*.

The following table reflects the sensitivity of the Group's profit and equity to potential changes in the US$, Euros, Russian Roubles, Swiss Francs and other exchange rates, provided all other parameters remain constant.

The Group

	As at 31 December 2025		
	Exchange rate increase/ (decrease)	Effect on profit *KZT'million*	Direct effect on equity *KZT'million*
US$	8.84%/	(27,275)/	–
	(8.84%)	27,275	–
Euros	11.12%/	(37,181)/	–
	(11.12%)	37,181	–
Russian Roubles	15.22%/	(10,896)/	–
	(15.22%)	10,896	–
Swiss Francs	11.76%/	(55,553)/	(50,267)/
	(11.76%)	55,553	50,267
In other currencies	8.89%/	(4,438)/	–
	(8.89%)	4,438	–

The Company

	As at 31 December 2025	
	Increase/ decrease in exchange rate	Effect on profit *KZT'million*
US$	8.84%/	(29,012)/
	(8.84%)	29,012
Swiss Francs	11.76%/	(70,793)/
	(11.76%)	70,793
Euros	11.12%/	(1,846)/
	(11.12%)	1,846
Russian Roubles	24.12%/	(423)/
	(24.12%)	423

Credit risk

Credit risk arising from a party's inability to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the Group's obligations to that party. It is the Group's policy to enter into financial instruments with a range of creditworthy parties. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year. The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2025

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 *KZT'million*	**Stage 2** *KZT'million*	**Stage 3** *KZT'million*	**Simplified approach** *KZT'million*	**Total** *KZT'million*
Contract assets	–	–	–	1,071	1,071
Trade accounts receivable*	–	–	–	22,865	22,865
Other financial assets					
– Normal**	52,388	–	–	–	52,388
Cash and cash equivalents					
– Not yet past due	232,991	–	–	–	232,991
Financial guarantees	61,539	–	–	–	61,539
Total	346,918	–	–	23,936	370,854

The Company

As at 31 December 2025

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 *KZT'million*	**Stage 2** *KZT'million*	**Stage 3** *KZT'million*	**Simplified approach** *KZT'million*	**Total** *KZT'million*
Loan issued	308,789	–	–	–	308,789
Trade accounts receivable*	–	–	–	346,646	346,646
Other financial assets					
– Normal**	9,160	–	–	–	9,160
Cash and cash equivalents					
– Not yet past due	122,029	–	–	–	122,029
Financial guarantees	2,563,807	–	–	–	2,563,807
Total	3,003,785	–	–	346,646	3,350,431

* For trade accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the Historical Financial Information.

** The credit quality of the financial assets included in deposits and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of financial assets is considered to be "doubtful".

Credit risk concentrations may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

As at 31 December 2025, the Group's cash with a carrying amount of KZT24,570 million (10.55% of cash and cash equivalents) is held on current accounts and short-term deposits in Kazpost JSC and in the amount of KZT22,882 million (9.82% of cash and cash equivalents) is held on digital accounts in National Bank of Kazakhstan, which are related parties of the Group (Note 29). In addition, cash and cash equivalents are mainly held in Halyk Bank JSC with a credit rating of BBB- (48.72% of cash and cash equivalents) and in Fortebank JSC with a credit rating of BB (22.72% of cash and cash equivalents).

The Group has procedures in place to ensure that sales are only made to customers with the appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group operates on a prepayment basis with the majority of its customers.

In addition, the Group is exposed to credit risk on financial guarantees provided to banks. The maximum risk of the Group in this regard is equal to the maximum amount that the Group will be obliged to pay in the event of claims for guarantees disclosed in Note 27.

Liquidity risk

The Group manages short-term, mid-term and long-term financing liquidity risk in accordance with Shareholder requirements. The Group manages liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constantly monitoring projected and actual cash flows and comparing the maturity of financial assets and liabilities.

As at 31 December 2025, the Group has credit lines available in: Halyk Bank JSC, ForteBank JSC, Citibank, Citibank Kazakhstan JSC and Freedom Bank Kazakhstan JSC with undrawn balances totalling KZT259,680 million.

The Group controls and monitors compliance with the covenants set by the Shareholder and credit/guarantee agreements on a regular basis.

The following tables reflect the contractual terms of the Group's financial liabilities. The table was prepared using undiscounted cash flows on financial liabilities based on the earliest date at which the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	On demand	Up to 1 month	1–3 months	3 months –1 year	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2025							
Non-interest bearing:							
Trade accounts payable	–	522,689	343	2,738	–	–	525,770
Other liabilities	–	16,026	–	–	–	–	16,026
Interest-bearing:							
Borrowings	–	35,795	63,465	530,765	1,990,429	2,749,360	5,369,814
Lease	–	7,620	1,718	40,466	225,579	392,427	667,810
Derivative financial instruments	–	–	–	94,455	–	–	94,455
Financial guarantees	61,539	–	–	–	–	–	61,539
	61,539	582,130	65,526	668,424	2,216,008	3,141,787	6,735,414

The Company

	On demand	Up to 1 month	1–3 months	3 months –1 year	1–5 years	Over 5 years	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
2025							
Non-interest bearing:							
Trade accounts payable	–	212,677	–	7,409	–	–	220,086
Other current liabilities	–	–	–	2,639	–	–	2,639
Interest-bearing:							
Borrowings	–	35,796	28,097	409,216	1,406,394	2,201,806	4,081,309
Lease	–	1,997	1,417	6,378	16,986	–	26,778
Financial guarantees	2,563,807	–	–	–	–	–	2,563,807
Derivative financial instruments	–	–	–	94,455	–	–	94,455
	2,563,807	250,470	29,514	520,097	1,423,380	2,201,806	6,989,074

The amounts presented in the table of financial guarantee agreements reflect the maximum amounts that the Group will be obliged to pay in the event of claims under guarantee agreements. As at reporting date the Group believes that with probability of more than 50% no payments under these agreements will be required. At the same time, the given estimate may change if there is a change in the probability of claims under guarantee agreements. This probability is determined by the probability of default of counterparty's account receivable.

Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or distress sale. As no readily available market exists for a large part of the Group's financial instruments, judgement is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

The following methods and assumptions are used by the Group to estimate the fair value of these financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments.

Financial assets and liabilities

For assets and liabilities with a maturity of less than twelve months, the carrying amount approximates fair value due to the relatively short maturity of these financial instruments.

For assets and liabilities maturing in over 12 months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates.

Derivative financial instruments

Fair value of the derivative financial instrument was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group and counterparties.

Borrowings

The fair value for bank loans was estimated by discounting the scheduled future cash flows of individual loans through estimated maturity using prevailing market rates as at the respective year-end for debt with a similar maturity and credit-rating profile. Although interest rates on the borrowings issued to the Group by international financial institutions and foreign banks are lower than interest rates of private commercial credit institutions in Kazakhstan, they are treated as the market interest rate for this lender category. The fair value of debt securities issued (bonds) has been determined based on market prices at the reporting date.

Fair value of the Group's financial assets and financial liabilities not regularly measured at fair value (but fair value is mandatorily disclosed)

As at 31 December 2025, the fair value of financial assets and financial liabilities, except for loans issued, borrowings and debt securities was not significantly different from carrying value. The carrying value and fair value of financial instruments as at 31 December is presented as follows:

The Group

	2025	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Other financial assets	40,216	38,597
Borrowings	1,909,785	1,886,265
Debt securities	1,276,232	1,119,852

The Company

	2025	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	306,600	282,052
Other financial assets	4,205	4,288
Borrowings	1,001,879	960,124
Debt securities	1,276,232	1,119,852

Fair value hierarchy

The Group estimates fair value using the following fair value estimate hierarchy, taking into account the materiality of data used to generate the given estimates:

- Level 1: quotes on an active market (uncorrected) in relation to identified financial instruments;
- Level 2: data differing from quotes attributable to level 1, and available directly (i.e. quotes) or indirectly (i.e. data generated from quotes). This category includes instruments estimated using market quotes on active markets for similar instruments, market quotes for similar instruments on market not treated as active, or other estimation methods, all of whose data used is directly or indirectly based on observable primary data;
- Level 3: data that is not available. This category includes instruments estimated using information not based on observable primary data. Moreover, any such unobservable data has a significant impact on an instrument's estimation. This category includes instruments estimated based on quotes for similar instruments that require the use of material unobservable quotes or judgements to reflect the different between instruments.

The table below provides an analysis of financial instruments as at 31 December 2025 broken down into the fair value hierarchy levels.

The Group

	Level 1 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *KZT'million*
Financial assets at amortised cost:				
– other financial assets	–	37,450	515	37,965
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	–	632	632
Total	–	37,450	1,147	38,597
Financial liabilities carried at amortised cost				
– debt securities	–	318,156	–	318,156
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	1,841,777	–	1,841,777
– loans from the Shareholder	–	44,488	–	44,488
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	91,496	–	91,496
Total	–	3,097,613	–	3,097,613

The Company

	Level 1 *KZT'million*	Level 2 *KZT'million*	Level 3 *KZT'million*	Total *KZT'million*
Financial assets at amortised cost:				
– loans issued	–	–	282,052	282,052
– other financial assets	–	4,097	191	4,288
Total	–	4,097	282,243	286,340
Financial liabilities carried at amortised cost				
– debt securities	–	318,155	–	318,155
– debt securities from the Shareholder	–	801,696	–	801,696
– bank loans	–	868,751	–	868,751
– loans from the Shareholder	–	91,373	–	91,373
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	91,496	–	91,496
Total	–	2,171,471	–	2,171,471

The fair values of the financial assets and financial liabilities in levels 2 and 3 have been determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the counterparty credit risk and market forward exchange rates for derivative financial instruments.

For the year ended 31 December 2025, there were no transfers between levels in the fair value hierarchy.

31. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year are as follows:

Year ended 31 December 2025

	Fees *KZT'million*	Salaries, allowances and benefits in kind *KZT'million*	Performance related bonus *KZT'million*	Total remuneration *KZT'million*
Board of directors				
Independent director				
– John Smillie McKay	32	–	–	32
– Natalia Godunova	33	–	–	33
– Ulf Wokurka	31	–	–	31
– Alexander Andreas Schierhuber	31	–	–	31
Director				
– Aidar Ryskulov (i)	–	–	–	–
– Talgat Aldybergenov (ii)	–	54	25	79
– Yelzhas Otynshiyev	–	–	–	–
– Kuat Irubayev	34	–	–	34
– Rakhmetolla Kudaibergenov (iii)	–	–	–	–
– Nurlan Sauranbayev (iv)	–	26	23	49
– Yernat Berdigulov (v)	–	–	–	–
Total	161	80	48	289

Notes:

(i) Aidar Ryskulov was appointed as chairman of the board of directors on 7 September 2023.

(ii) Talgat Aldybergenov was appointed as chief executive officer on 3 July 2025.

(iii) Rakhmetolla Kudaibergenov was appoint as director on 13 October 2025.

(iv) Nurlan Sauranbayev resigned as chief executive officer and director on 30 June 2025.

(v) Yernat Berdigulov resigned as director on 26 June 2025.

No remuneration was paid by the Group to any directors or chief executive as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 included 1 director, details of whose remuneration are set out in note 31 above. Details of the remuneration for the year ended 31 December 2025 of the remaining 4 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2025 *KZT'million*
Salaries, allowances and benefits in kind	216
Performance related bonuses	140
Total	356

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December 2025
Nil to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	1
Total	4

33. DIVIDENDS

No dividends have been paid or declared by the Company during the year.

34. EVENTS AFTER THE REPORTING DATE

Citibank

In January–March 2026, the Group, represented by the Company, under the credit line agreement with Citibank concluded on 4 April 2024, made an early repayment of loans received in the amount of CHF88,000,000 (KZT56,247 million).

Societe Generale and Natixis

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 9,845,578 Euros (KZT5,529 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 66,656,416 Euros (KZT37,893 million) (including the BPIfrance premium). The interest on the loan is paid semiannually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi annually until full repayment in 2035.

In April–May 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 13 December 2024 to finance the acquisition of freight locomotives for a total amount of 770,000,000 Euros, borrowed 11,323,532 Euros (KZT6,139 million) (including the BPIfrance premium). The interest on the loan is paid semiannually at the interest rate of Euroribor 6m + 0.8%. Principal is repaid semi annually until full repayment in 2035.

In May 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the loan agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 2,344,511 Euros (KZT1,283 million) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2036.

Halyk Bank of Kazakhstan JSC

In January–March 2026, the Group, represented by the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit line agreement with Halyk Bank of Kazakhstan JSC dated 26 February 2015, borrowed KZT70,000 million at the interest rate of National Bank of the Republic of Kazakhstan base rate + margin 1.5% with a repayment term of up to one year. The Group made a partial early repayment of loans received in the amount of KZT40,000 million.

The Export-Import Bank of China and China Development Bank

In January–March 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese Yuan, borrowed 353,210,353 Chinese Yuan (KZT25,374 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

In April 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the loan agreement dated 7 February 2025 with The Export-Import Bank of China and China Development Bank under the guarantee issued by Sinosure (China Export & Credit Insurance Corporation) to finance the acquisition of main-line locomotives and pushers for the total of 3,560,188,615 Chinese Yuan, borrowed 425,063,408 Chinese Yuan (KZT28,709 million). Loan interest is paid semi-annually at LPR 5y – 0.55%. Principal is repaid semi-annually starting from 2028 until full repayment in 2040.

Citibank Kazakhstan JSC

In February 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», as part of its Master Agreement with Citibank Kazakhstan JSC on short-term loans dated 30 November 2009, borrowed KZT14,000 million with an interest rate of 18.11% and maturity of up to one year.

Asian Infrastructure Investment Bank, International Finance Corporation, Standard Chartered Bank

On 9 January 2026, the Group, represented by the Company, as part of the implementation of the construction of a bypass railway line bypassing the Almaty station project (hereinafter – the "Project"), entered into a mandate letter and a loan agreement with the Asian Infrastructure Investment Bank (hereinafter – AIIB), the International Finance Corporation (hereinafter – IFC), and Standard Chartered Bank under the MIGA guarantees, for a total amount of 243,428,993 Swiss Francs.

In February 2026, The Group under the loan agreement concluded with AIIB on 9 January 2026 to finance the Project for a total amount of 119,923,249 Swiss Francs, received borrowed funds in the total amount of 72,501,178 Swiss Francs (KZT46,732 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with IFC dated 9 January 2026 to finance the Project for a total amount of 39,974,416 Swiss Francs borrowed 24,167,059 Swiss Francs (KZT15,577 million). Loan interest is paid semi-annually at SARON 6M + 1.3%. Principal is repaid semi-annually until full repayment in 2035.

In February 2026, the Group, under the loan agreement with Standard Chartered Bank under the guarantee of MIGA dated 9 January 2026 to finance the Project for a total amount of 83,531,328 Swiss Francs borrowed 51,896,370 Swiss Francs (KZT33,335 million). Loan interest is paid semi-annually at SARON 6M + 0.55%. Principal is repaid semi-annually until full repayment in 2035.

Deutsche Bank Luxembourg, S.A. and Banco Santander, S.A.

In March 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 38,958,316 Swiss Francs (KZT24,233 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In April 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A.under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 15,897,241 Swiss Francs (KZT9,209 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

In June 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», its subsidiary, as part of its loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 26 November 2025, to finance the acquisition of freight diesel locomotives for a total amount of US$445,000,000 in Swiss Francs equivalent, borrowed 36,692,052 Swiss Francs (KZT22,224 million) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON O/N + 0.48%. Principal is repayable quarterly until full repayment in 2036.

Standard Chartered Bank

In June 2026, the Group, represented by the Company, under a credit agreement with Standard Chartered Bank, with MIGA guarantee, dated 15 May 2026, to finance the modernisation of railway infrastructure, fleet renewal of passenger and freight locomotives and wagons, borrowed 155,820,000 Chinese Yuan (KZT96,613 million). Loan interest is paid semi-annually at SARON 6m + 0.60%. Principal is repaid semi-annually until full repayment in 2033.

Debt securities issued

In February 2026, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 2,220,000,000 Chinese Yuan (KZT158,730 million) to finance the construction of the new railway line Bakhty–Ayagoz and the acquisition of six marine vessels with a coupon rate of LPR1Y+ 1.2 % per annum and a maturity date in 2028. Coupon rate – twice a year.

In April 2026, the Group, represented by the Company, for the purpose of implementing projects for the modernisation of the Altynkol–Zhetygen railway section, construction of the Darbaza–Maktaaral railway line, modernisation of railway stations and implementation of microprocessor automatic blocking systems, issued two tranches of Eurobonds on the London Stock Exchange (LSE), Kazakhstan Stock Exchange (KASE) and Astana International Exchange (AIX) with a total volume of US$1,000,000,000 (KZT461,550 million), US$500,000,000 each, with coupon rates of 4.875% and 5.25% per annum and maturity dates in 2031 and 2036, respectively. Coupon payments are made twice a year. The bonds were issued at prices of 99.453% and 99.043% of par value, respectively. As a result of the Eurobond issuance, the Group received proceeds of US$990,675,000 (KZT457,246 million).

In May 2026, the Group, represented by the Company, for the purpose of constructing the Bakhty-Ayagoz railway line and acquiring 6 sea vessels, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of 1,180,000,000 Chinese Yuan (KZT80,287 million) with a coupon rate of 4.2% per annum and a maturity date in 2029. Coupon payments are made twice a year.

In May 2026, the Group, represented by the Company, for the purpose of implementing the project for deepening the water area of Aktau port, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of US$44,000,000 (KZT20,412 million) with a coupon rate of 5.5% per annum and a maturity date in 2028. Coupon payments are made twice a year.

Derivative financial instruments

In April 2026, under cross-currency swap transactions concluded in October–November 2022, the Group, represented by the Company, paid to Societe Generale SA (France) and Citibank London cash in the amount of 524,395 Swiss Francs (KZT310 million) and received from J.P. Morgan Securities plc. (United Kingdom), Societe Generale SA (France) and Citibank London cash in the amount of US$13,245,000 (KZT6,125 million) and 300,840 Swiss Francs (KZT178 million).

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following statements are intended only as a general guide to the main Kazakhstan, Hong Kong, U.K. and United States tax consequences, which will apply to **[REDACTED]**. *It does not purport to be a comprehensive analysis of all the tax consequences applicable to* **[REDACTED]** *and is based on current law, which may be subject to change. Tax legislation of an* **[REDACTED]** *jurisdiction and of Kazakhstan may have an impact on the income or gains received from or in respect of the* **[REDACTED]**. *Any person who in any doubt as to their tax position should seek professional advice immediately.*

KAZAKHSTAN TAX CONSIDERATIONS

On 18 July 2025, the President of Kazakhstan signed the Tax Code which came into force on 1 January 2026.

The following summary of certain Kazakhstan taxation matters is based on the tax laws as at the date of this Document and is subject to any changes in the laws, interpretation and application thereof, while such changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of **[REDACTED]**, and does not purport to deal with the tax consequences applicable to **[REDACTED]**, some of which (such as **[REDACTED]**) may be subject to special rules.

[REDACTED] should consult their own professional advisers with respect to the tax consequences of their acquisition, holding and disposal of **[REDACTED]**, including their eligibility for the benefits of double tax treaties, under the laws of their country of citizenship, residence, domicile or incorporation, and seek separate Kazakhstan tax advice, as necessary. **The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular [REDACTED].**

Subject to the foregoing, this section outlines the main Kazakhstan tax consequences of the acquisition, ownership and disposal of **[REDACTED]**. In general, Kazakhstan tax legislation with respect to the taxation of **[REDACTED]** and financial instruments is not well developed and, in many cases, the exact scope of Kazakhstan tax compliance rules and enforcement mechanisms are unclear or subject to different interpretations.

The non-resident individuals and legal entities that acquire **[REDACTED]** generally should be subject to income tax withholding at source of payment in Kazakhstan either on (i) receipt of dividends or (ii) in connection with disposal of such **[REDACTED]**. No other taxes or duties should be levied on non-residents in Kazakhstan with respect to such transactions.

Kazakhstan resident legal entities are subject to corporate income tax ("**CIT**") and Kazakhstan resident individuals are subject to personal income tax ("**PIT**") in accordance with the Tax Code, respectively.

GENERAL TAX IMPLICATIONS UNDER THE TAX CODE

The Kazakhstan tax legislation does not provide clear and explicit treatment of **[REDACTED]** as well as certain operations performed on stock exchanges. This ambiguity, including, in particular, the uncertainty surrounding taxation of transactions with **[REDACTED]**, creates a risk that the Kazakhstan tax authorities may take a view different from the one which is outlined below.

While the Tax Code does not provide for respective definitions, under securities legislation **[REDACTED]** are treated as "securities". Hence, generally sale of **[REDACTED]** should also be treated as sale of securities. On the other hand, should a sale of **[REDACTED]** be treated as a sale of the relevant underlying assets **[REDACTED]**, the disposal of **[REDACTED]** might be subject to taxation in accordance with the provisions on taxation of capital gains derived from disposal of **[REDACTED]** (as outlined below).

TAXATION OF KAZAKHSTAN RESIDENTS

Capital gains

Capital gains derived from the disposal of securities constitute a taxable income for both Kazakhstan resident individuals and Kazakhstan resident legal entities. The taxable amount of capital gain should be calculated as the positive difference between the sales price and the initial cost of the securities (actual acquisition cost).

Kazakhstan resident legal entities are obliged to include capital gains on securities in their aggregate annual income, which is subject to CIT at the rate of 20%.

Kazakhstan resident individuals that derive income from the disposal of securities are obliged to include capital gains on securities in their annual income, which is subject to PIT at the progressive scale of rates of 10%–15%.

Tax benefits applicable to capital gains derived from disposal of [REDACTED] (applicable to exchange and over-the-counter transactions)

The over three years holding period based tax benefit (reduction of taxable income for legal entities and reduction of income subject to taxation for individuals) applies to capital gains on the disposal of shares other than the shares satisfying the following conditions: (i) the legal entity, the shares of which are sold, has a status of a Kazakhstani subsoil user; and/or (ii) as at the date of sale, the share of property of a Kazakhstani subsoil user in the value of assets of the legal entity, the shares of which are sold, exceeds 50%.

The above tax benefit should apply to capital gains of Kazakhstan residents on the disposal of the **[REDACTED]** in case the Shareholder has held the **[REDACTED]** for more than three years as at the date of disposal. Additionally, a Kazakhstan resident legal entity's capital gains on disposal of the **[REDACTED]** which meet these conditions should be reduced by the losses accumulated in connection with disposal of shares of such resident legal entity (if any) under certain conditions.

Tax benefits applicable to capital gains derived from disposal of the [REDACTED] (applicable to open trade exchange transactions)

The tax benefit (reduction of taxable income for legal entities and reduction of income subject to taxation for individuals) and reduction of taxable income for legal entities) applies to capital gains on the disposal of the **[REDACTED]** and is subject to the following conditions: (i) sale is conducted with an open trades method and (ii) sale is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX. Additionally, a Kazakhstan resident legal entity's capital gains on disposal of the **[REDACTED]** which meet these conditions should be reduced by the losses accumulated in connection with disposal of securities of such resident legal entity (if any).

Tax benefits applicable to capital gains derived from disposal of the [REDACTED] if [REDACTED] on AIX

In respect of the **[REDACTED]** on AIX, the applicable tax exemptions are provided the AIFC Establishment Law. **[REDACTED]** shall, upon **[REDACTED]**, be included into the AIX Official List. Under the AIFC Establishment Law, the tax benefits (discussed below) are effective until 1 January 2066.

Pursuant to Article 6.7(1) of the AIFC Establishment Law, capital gains derived from the sale of securities should be exempt from taxation in Kazakhstan provided that such securities are included into the AIX Official List at the date of their sale. Thus, in respect of the **[REDACTED]** on AIX, pursuant to the AIFC Establishment Law, capital gains should be exempt from taxation in Kazakhstan provided that such securities are included into the AIX Official List at the date of their **[REDACTED]**.

Dividends

The Tax Code should generally regard taxation of dividends paid to **[REDACTED]** in the same manner as taxation of dividends paid to **[REDACTED]**, subject to the additional requirements associated with the confirmation of the list of **[REDACTED]**, their tax residence etc.

Dividends on shares paid to Kazakhstan resident individuals are subject to PIT at the progressive scale rates of 5%–15% that should be withheld at the source of payment by the payer.

The Tax Code also stipulates a tax benefit (reduction of income subject to taxation for individuals) with respect to dividends received by resident individuals on shares that are listed on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX. The list of requirements for the tax benefit under the current Tax Code includes the following:

- the securities are included into the KASE Official List or AIX Official List as of the date of dividends accrual; and
- securities shall have been traded during a calendar year in accordance with the following criteria:
  - the value of trades with the securities shall be not less than KZT 25 million per month;
  - the number of closed trades with the securities shall be not less than 50 per month; and
  - either the placement of securities has been carried out through an IPO (Initial Public Offering) or an SPO (Secondary Public Offering), or the proportion of securities in free float shall be not less than 10 (ten) per cent of the total number of issued securities, net of those repurchased by the issuer.

However, legislation is not clear as to what month(s) shall be taken into account for the purpose of applying this tax benefit. Thus, if the **[REDACTED]** are not traded in accordance with the applicable criteria the Company (Issuer) would not be able to apply the dividends exemption from withholding tax at source of payment.

Kazakhstan resident legal entities have the right to exclude dividends from their aggregate annual income that is subject to CIT (equivalent of participation exemption).

Taxation of Kazakhstan non-residents

Non-resident persons should not become residents in Kazakhstan for Kazakhstan tax purposes by reason of solely the acquisition, ownership or disposal of the **[REDACTED]**. Therefore, under the Kazakhstan tax law, **[REDACTED]**, being non-residents for Kazakhstan tax purposes with no presence in Kazakhstan, should only be taxed on their income earned from sources in Kazakhstan, rather than on their income received elsewhere.

Non-resident buyers of the **[REDACTED]** are not subject to taxation in Kazakhstan upon acquisition of such **[REDACTED]** during the **[REDACTED]** from the Company (Issuer). However, under the Tax Code, a withholding tax ("**WHT**") applies in respect of income derived by non-residents from sources in Kazakhstan. The liability to calculate, withhold, remit and report the withheld tax lies with the payer of taxable income, which acts as a tax agent in this case (e.g. payer of dividends, purchaser of securities, etc).

Thus, obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on capital gains realised on **[REDACTED]** should generally be fulfilled by buyers of the **[REDACTED]**, which are recognised as a tax agent (excluding individuals with some exceptions), regardless of whether such buyers are resident or non-resident for Kazakhstan tax purposes. In order to fulfil their tax agent obligations, the non-resident should register with the Kazakhstan tax authorities (e.g. if there is a capital gain and if there is no exemption).

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on dividends should rest with the Company (Issuer) which is a Kazakh tax agent in this case.

Capital gains

According to the Kazakhstan Tax Code, income of non-residents from Kazakhstan sources (among others) includes capital gains income from the disposal of inter alia the following:

- securities issued by a resident legal entity;
- shares issued by a non-resident legal entity, if 50% or more of the value of such shares or assets of the non-resident legal entity comprises of property located in Kazakhstan

Based on the strict reading of the above, capital gains income of a non-resident (subject to Kazakhstan WHT) may arise upon disposal of securities if they are issued by a Kazakhstan resident legal entity or disposal of shares issued by a non-resident legal entity (if their value is principally derived from Kazakhstan). Thus, while **[REDACTED]** would definitely fall under the above, it is not completely clear whether **[REDACTED]** would fall under the above or not. However, while generally **[REDACTED]** should also be treated as **[REDACTED]** themselves, should a **[REDACTED]** be treated as a sale of the relevant underlying assets **[REDACTED]**, the disposal of **[REDACTED]** might be subject to taxation in accordance with the provisions on taxation of capital gains derived from disposal of **[REDACTED]** too.

As a general rule, a capital gain derived from the disposal of above securities is subject to Kazakhstan WHT at the rate of 15% (or 20% if the **[REDACTED]** is registered in a Country with Favourable Tax Regime, as defined below), unless exempt. Disposals include various types of title transfers including sale, exchange and contribution into capital.

For tax purposes, a capital gain is measured as the positive difference between the sales price of a security and its initial cost (its tax base cost), i.e. actual acquisition cost supported by documents. If a seller fails to provide a buyer with documents confirming the initial cost of the securities, which are in possession of the seller (the tax base cost of the seller), the buyer must apply any resulting income tax on a gross basis (i.e., on the whole purchase price rather than on the gain).

The Tax Code defines a "Country with Favourable Tax Regime" as either a foreign country or a territory, which meets one of the following criteria:

- profit tax rate in such country or territory is less than 10%; or

- such country or territory has laws on confidentiality of financial information or laws, which allow keeping confidential information about the actual owner of property or income or the actual owners, participants, founders or shareholders of a legal entity (except for a foreign country or a territory which has entered into an international treaty with the Republic of Kazakhstan, which provides for exchange of information on tax matters between the competent authorities, save for the cases when the foreign country or territory does not ensure exchange of information on tax matters between the competent authorities). Foreign country or territory is regarded as failed to ensure exchange of information with the competent Kazakhstan authority for tax purposes if one of the following conditions is met: (1) the Kazakhstan competent authority receives an official refusal of a foreign competent authority for provision of information, even though such exchange is envisaged by the relevant international agreement; (2) the competent foreign authority failed to provide the requested information within the period exceeding two years after the delivery of the request by the Kazakhstan competent authority.

The exact list of Countries with Favourable Tax Regime is approved by Decree No. 492 of the Minister of Finance of the Republic of Kazakhstan, dated 12 September 2025. The following jurisdictions are currently included in the list of Countries with a Favourable Tax Regime: Principality of Andorra, Antigua and Barbuda, Commonwealth of The Bahamas, Barbados, Kingdom of Bahrain, Belize, Negara Brunei Darussalam, Republic of Vanuatu, Republic of Guyana, Republic of Guatemala, Grenada, Republic of Djibouti, Dominican Republic, Commonwealth of Dominica, Kingdom of Spain (in respect of the territories of The Canary Islands only), People's Republic of China (in respect of the territories of the special administrative regions of Macau and Hong Kong only), Republic of Colombia, Union of the Comoros, Republic of Costa Rica, Malaysia (in respect of the territory of Labuan enclave only), Republic of Liberia, Republic of Lebanon, Republic of Mauritius, Islamic Republic of Mauritania, Republic of Portugal (in respect of the territory of the islands of Madeira only), Republic of Maldives, Republic of the Marshall Islands, Principality of Monaco, Republic of Malta, Mariana Islands, Kingdom of Morocco (in respect of the territory of the city of Tangier only), Republic of the Union of Myanmar, Republic of Nauru, Kingdom of the Netherlands (in respect of the territories of the islands of Aruba and dependent territories of the Antilles islands only), Federal Republic of Nigeria, New Zealand (in respect of the territories of the Cook Islands and Niue only), Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of San Marino, Republic of Seychelles, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia, United Kingdom (in respect of the following territories only: Anguilla; Bermuda; the British Virgin Islands; Gibraltar; the Cayman Islands; Montserrat; the Turks and Caicos Islands, Isle of Man, the Channel Islands (Guernsey, Jersey, Sark and Alderney), South Georgia and the South Sandwich Islands, Chagos Island), United States (in respect of the following territories only: The Virgin Islands of the United States, Guam, Commonwealth of

Puerto Rico, State of Wyoming), Republic of Suriname, United Republic of Tanzania, Kingdom of Tonga, Republic of Trinidad and Tobago, Republic of Fiji, Republic of the Philippines, Republic of France (in respect of the following territories only: Kerguelen Islands, French Polynesia, French Guiana), Montenegro, Democratic Socialist Republic of Sri Lanka, Jamaica.

Tax benefits applicable to capital gains derived from disposal of the [REDACTED] (applicable to open trade exchange transactions)

The tax benefit (exemption from WHT for non-resident individuals) applies to capital gains on the disposal of the **[REDACTED]** and is subject to the following conditions: (i) sale is conducted with an open trades method and (ii) sale is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX. This tax benefit applies only to non-resident individuals, i.e. does not apply to non-resident legal entities.

Tax benefits applicable to capital gains derived from disposal of the [REDACTED] if [REDACTED] on AIX

In respect of the securities **[REDACTED]** on AIX, the applicable tax exemptions are provided the AIFC Establishment Law. Shares and **[REDACTED]** shall, upon **[REDACTED]**, be included into the AIX Official List. Under the AIFC Establishment Law, the tax benefits (discussed below) are effective until 1 January 2066.

Pursuant to Article 6.7(1) of the AIFC Establishment Law, capital gains derived from the sale of securities should be exempt from taxation in Kazakhstan provided that such securities are included into the AIX Official List at the date of their sale. Thus, in respect of the **[REDACTED]** on AIX, pursuant to the AIFC Establishment Law, capital gains should be exempt from taxation in Kazakhstan provided that such **[REDACTED]** are included into the AIX Official List at the date of their **[REDACTED]**.

Dividends

While the Tax Code does not provide for respective definitions, under securities legislation **[REDACTED]** are treated as "securities". According to the Tax Code, dividends from profit distribution includes, inter alia, income in the form of net profit or part thereof payable on shares, including shares that serve as underlying assets of **[REDACTED]**. Thus, dividends due and payable to the **[REDACTED]** actually represent dividends on underlying assets—being dividends on the **[REDACTED]**. Thus, dividends due to the **[REDACTED]** should be subject to taxation in the same manner as dividends on **[REDACTED]**. Likewise, the conditions for tax relief on income in the form of dividends on **[REDACTED]**, being the underlying assets of **[REDACTED]**, are the same as for **[REDACTED]**, except for certain procedures in applying the treaty protection.

Under the general rules set out in the Tax Code, dividends are subject to WHT at the rate of 15% (where a non-resident shareholder owns at least 25% of the capital in the legal entity paying dividends, the WHT is at progressive scale rates of 5% – 15%) or 20% if the holder is registered in a Country with Favourable Tax Regime. WHT is applied to the gross amount of dividends without allowance for any deductions.

The Tax Code generally treats taxation of dividends paid to the **[REDACTED]** in the same manner as taxation of dividends paid to the **[REDACTED]** of the underlying **[REDACTED]**, subject to additional requirements associated with the confirmation of the list of **[REDACTED]**, their tax residence, etc.

The Tax Code also stipulates a tax benefit (exemption from WHT) with respect to dividends payable to non-resident individuals and non-resident legal entities on shares that are listed on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX. The list of requirements for the tax benefit under the current Tax Code includes the following:

- the securities are included into the KASE Official List or AIX Official List as of the date of dividends accrual; and
- securities shall have been traded during a calendar year in accordance with the following criteria:
    - the value of trades with the securities shall be not less than KZT 25 million per month;
    - the number of closed trades with the securities shall be not less than 50 per month; and
    - either the placement of securities has been carried out through an IPO (Initial Public Offering) or an SPO (Secondary Public Offering), or the proportion of securities in free float shall be not less than 10 (ten) per cent of the total number of issued securities, net of those repurchased by the issuer.

However, legislation is not clear as to what month(s) shall be taken into account for the purpose of applying this tax benefit. Thus, if the Shares are not traded in accordance with the applicable criteria the Company (Issuer) would not be able to apply the dividends exemption from withholding tax at source of payment.

SPECIFIC TAX EXEMPTIONS

In addition to the aforesaid general rules and as mentioned above, there are specific conditions for exemption of dividends and capital gains derived from securities listed on KASE and AIX.

While the Tax Code, does not provide for respective definitions, under securities legislation **[REDACTED]** are treated as securities. Hence, generally **[REDACTED]** should also be treated as sale of securities. On the other hand, should a **[REDACTED]** be treated as a sale of the relevant underlying assets **[REDACTED]**, the disposal of **[REDACTED]** might be subject to taxation in accordance with the provisions on taxation of capital gains derived from the disposal of **[REDACTED]** (as outlined below).

KASE AND AIX TAX EXEMPTIONS FOR KAZAKHSTAN NON-RESIDENTS UNDER THE TAX CODE

Capital gains

Taxation of capital gains received in connection with the securities listed on KASE and AIX is regulated by the Tax Code.

In general, capital gains derived from the sale of securities may be exempt from taxation subject to the following conditions:

(1) as of the date of sale, the securities are included into the KASE Official List or AIX Official List; and

(2) the sale is performed under the "open trades method".

Since **[REDACTED]** constitute "securities", the provisions of the Tax Code relevant to the exemption of capital gains from the sale of securities apply to **[REDACTED]** if such are **[REDACTED]** on KASE/AIX and sold by open trades method on KASE/AIX as mentioned above.

Dividends

Under the Tax Code, dividends on Shares, should be exempt from WHT if Shares are included into the KASE Official List or AIX Official List at the time of dividend accrual, while the exemption applies with respect to Shares that were traded during a calendar year in accordance with the criteria established by the Kazakhstan Government.

The list of requirements applicable for exemption of dividends under the current Tax Code includes the following:

(1) the securities are included into the KASE Official List or AIX Official List as of the date of dividends accrual; and

(2) securities shall have been traded during a calendar year in accordance with the following criteria:

(i) the value of deals with the securities shall be not less than KZT25 million per month;

(ii) the number of closed deals with the securities shall be not less than 50 per month; and

(iii) either the placement of securities has been carried out through an IPO (Initial Public Offering) or an SPO (Secondary Public Offering), or the proportion of securities in free float shall be not less than 10 (ten) per cent of the total number of issued securities, net of those repurchased by the issuer.

However, legislation is not clear as to what month(s) shall be taken into account for the purpose of applying this tax benefit.

KASE and AIX are required to publish on its website information on securities satisfying the trading criteria quarterly. However, there can be no guarantee that these active trading criteria will always be met for the **[REDACTED]** and, therefore, there is no guarantee that no WHT will apply to dividends payable on the **[REDACTED]**.

Thus, if **[REDACTED]** are not traded in accordance with the applicable criteria, the Company (Issuer) should not be able to apply the dividends exemption under the Tax Code.

AIX tax exemptions for Kazakhstan residents and non-residents under the AIFC Establishment Law

In respect of the **[REDACTED]** listed on AIX, the applicable tax exemptions are provided the AIFC Establishment Law. **[REDACTED]** shall, upon **[REDACTED]**, be included into the AIX Official List.

Under the AIFC Establishment Law, the tax preferences (discussed below) are effective until 1 January 2066.

Capital gains

Pursuant to Article 6.7(1) of the AIFC Establishment Law, capital gains derived from the sale of securities should be exempt from taxation in Kazakhstan provided that such securities are included into the AIX Official List at the date of **[REDACTED]**.

Thus, in respect of the **[REDACTED]** on AIX, pursuant to the AIFC Establishment Law, capital gains should be exempt from taxation in Kazakhstan provided that such securities are included into the AIX Official List at the date of **[REDACTED]**.

Dividends

Under the AIFC Establishment Law, dividends paid on the **[REDACTED]** should be exempt from taxation in Kazakhstan, provided that such **[REDACTED]** are included into the AIX Official List at the time the dividends are declared.

In addition, Article 6.7 of the AIFC Establishment Law provides that exemption of dividends applies if the respective securities were traded at AIX in accordance with the criteria established by the Joint Order of the AIFC and the Kazakhstan Ministry of Finance and the Kazakhstan Ministry of Economy (No.198 dated 20 January 2023, No.147 dated 8 February 2023, and No.37 dated 31 January 2023), which envisages the following criteria:

(i) the value of deals with the securities shall be not less than KZT 25 million per month; and

(ii) the number of closed deals with the securities shall be not less than 50 per month.

Further, the Resolution of the Government of the Republic of Kazakhstan dated 2 October 2025 No.818 On the determination of criteria for trading in securities on a stock exchange (Resolution) stipulates the third criteria to apply abovementioned tax benefits:

(iii) either the placement of securities has been carried out through an IPO (Initial Public Offering) or an SPO (Secondary Public Offering), or the proportion of securities in free float shall be not less than 10 (ten) per cent of the total number of issued securities, net of those repurchased by the issuer.

However, legislation is not clear as to what month(s) shall be taken into account for the purpose of applying this tax benefit.

The AIX is required to publish on its website information on securities satisfying the trading criteria quarterly. However, there can be no guarantee that these active trading criteria will always be met for the **[REDACTED]** and, therefore, there is no guarantee that no income tax will apply to dividends payable on the **[REDACTED]**.

Thus, if the **[REDACTED]** are not traded in accordance with the applicable criteria the Company would not be able to apply the dividends exemption from withholding tax at source of payment under the AIFC Establishment Law.

Treaty protection in the absence of exemption

If the exemptions envisaged by the Tax Code, the AIFC Establishment Law (as stated above) are not available, non-resident **[REDACTED]**, who are residents in the countries with which Kazakhstan has a double taxation treaty, may be entitled to apply tax exemptions or a reduced tax rate (on dividends) under such treaty, if certain conditions are met.

However, the treaty protection in respect of capital gains could be achieved in Kazakhstan through income tax refund request only, i.e., after income tax is already paid to the Kazakhstan state budget. Thus, the relevant **[REDACTED]** should file an income tax refund claim request along with documents prescribed by the Kazakhstan tax legislation to the respective tax authority within the established timeframe. In practice, however, this process may prove to be administratively burdensome and time-consuming with no guarantee of the outcome.

In addition, non-resident **[REDACTED]** who are residents of the countries with which Kazakhstan has double taxation treaties may be entitled to a reduced rate of withholding tax on dividends, if certain conditions are met.

In particular, depending on the country of residence and satisfaction of certain other conditions, the dividend WHT rates under Kazakhstan's double tax treaties which are in effect as at the date of this Document may be between 5% and 15%. However, under these treaties, reduction of the dividend WHT to a rate which is below 15% may only be available to beneficial owners of dividends (i.e. a recipient of dividends shall have the rights of possession, use, disposal of the relevant income and shall not act as an intermediary (such as an agent or nominee holder)) and if tax treaty requirements are met.

In order to avail themselves of this relief, eligible **[REDACTED]** have to provide the Company with a document issued by the competent authority of their country of tax residence confirming tax residence in a treaty jurisdiction. The document should be provided within the deadlines established by the Kazakhstan tax legislation and meet the requirements of the Tax Code. In particular, to be valid in Kazakhstan, a stamp of the competent authority and signature of the authorised official in the document, which confirms tax residence, should be apostilled or legalised by a holder's home country's competent authority. A signature and a stamp of a foreign notary should also be apostilled or legalised.

Apostille or legalisation of the aforementioned signatures and stamps are not required if: (i) the relevant document is published on the official website of the competent authority, or (ii) other authentication procedures, which are envisaged by international agreements to which Kazakhstan is a party, are met.

In addition, for legal **[REDACTED]**, the Company will need to have available the list of the legal **[REDACTED]** containing the information required by the Kazakhstan tax legislation. Depending on how a contract for keeping records and proof of ownership over **[REDACTED]** is structured, the list of the legal **[REDACTED]** should be provided to the Company either by the **[REDACTED]** or an organisation which is entitled to conduct depository activity on a foreign security market.

If a legal **[REDACTED]** is a resident of the tax treaty state with which the tax treaty is modified by a Multilateral Instrument (the "**MLI**") of the Organisation for Economic Co-operation and Development, the legal **[REDACTED]** may be requested to provide documents confirming the satisfaction of MLI requirements. If the above document confirming tax residence and other required documents are not made available to the Company prior to the date of payment of dividends, of the year following the year when dividends are paid, and/or if the list of the legal **[REDACTED]** is not provided to the Company (as required above), then the Company should apply WHT at a standard **[REDACTED]**% rate (or 20% rate if the recipient is registered in a Country with Favourable Tax Regime), as applicable, and account for the withheld amounts to the relevant authority. The **[REDACTED]** who are eligible for a lower WHT rate should later be able to request a refund of overpaid tax from the Kazakhstan state budget prior to the expiry of the statute of limitations, unless otherwise provided by an international treaty. In doing so, such **[REDACTED]** should file a WHT refund claim along with documents prescribed by the Kazakhstan lax legislation to the respective tax authority. In practice, however, this process may prove to be administratively burdensome and time-consuming with no guarantee of the outcome. The **[REDACTED]**, who are eligible for a lower withholding tax rate, should be able to request a refund of overpaid tax from the Company. In doing so, the legal **[REDACTED]** should provide the Company with a notarised copy of a document confirming title to **[REDACTED]** (in addition to the document confirming tax residency of the legal **[REDACTED]** for the period for which dividends were accrued).

HONG KONG TAX CONSIDERATIONS

Stamp Duty

Dealings in the **[REDACTED]** registered on the register of **[REDACTED]** in Hong Kong will be subject to Hong Kong stamp duty. Hong Kong stamp duty will be payable by the purchaser on a purchase, and by the seller on a sale, of the **[REDACTED]** registered on the register of **[REDACTED]** in Hong Kong. The stamp duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the **[REDACTED]** transferred on each sale and purchase. In other words, a total of 0.2% of stamp duty is normally payable on a sale and purchase of the **[REDACTED]**. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK$5.

Profits Tax on Dividend

In the event that the **[REDACTED]** are subject to Hong Kong profits tax, the dividend would not be chargeable to Hong Kong profits tax as the source of the dividend is offshore sourced i.e. from the place of business operations of the investee entity, or the place where the investee entity derived the profit out of which the dividend is paid is not from Hong Kong, unless the offshore dividend income is taxable under the refined Foreign-sourced Income Exemption ("**FSIE**") regime. If the dividend income will be subject to Hong Kong profits tax under the FSIE regime, the **[REDACTED]** are allowed to claim unilateral tax credit or deduction of foreign tax paid in respect of the offshore dividend income. The amount of tax

credit is capped at the lower of foreign tax paid and the profits tax that would have been payable on the same income. The tax credit claim is typically made during the **[REDACTED]** annual tax filings for the relevant year of assessment by including the tax credit claim and detailed calculation as part of the tax return and supporting tax computation filed to the Hong Kong Inland Revenue Department. The **[REDACTED]** are also required to provide the tax payment notices or receipts issued by the foreign tax authorities to the HKIRD as the supporting documents.

Profits Tax on Transfer of [REDACTED]

Hong Kong does not impose capital gains tax. If the taxpayer is regarded as carrying on a trade, profession, or business of share dealing and the **[REDACTED]** constitute "trading stocks" rather than capital assets of the taxpayer, the resulting gains from dealings in the **[REDACTED]** arising in or derived from Hong Kong may be subject to Hong Kong profits tax at the standard rate which is 16.5% for corporations and 15% for unincorporated businesses.

UNITED KINGDOM TAX CONSIDERATIONS

The comments below are of a general nature and are based on current English law and published HM Revenue & Customs practice as at the date of this Document, both of which are subject to change, possibly with retroactive effect. This summary only covers the principal U.K. tax consequences for the absolute beneficial owners of the **[REDACTED]** and **[REDACTED]** and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for U.K. tax purposes as those persons' own income, and not the income of some other person, and who are resident in the U.K. for U.K. tax purposes and who are not resident in any other jurisdiction and do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of the **[REDACTED]** or **[REDACTED]** is connected **[REDACTED]**. In addition, this summary (a) only addresses the tax consequences for **[REDACTED]** who hold the **[REDACTED]** or **[REDACTED]** as capital assets or investments (other than in an individual savings account or a self-invested personal pension) and does not address the tax consequences which may be relevant to certain other categories of **[REDACTED]**, for example, dealers, brokers or traders in shares or securities and other persons who hold the **[REDACTED]** or **[REDACTED]** otherwise than as an investment; (b) does not address the tax consequences for **[REDACTED]** that are banks, financial institutions, insurance companies, collective investment schemes, investment companies, pension schemes, charities or tax-exempt organisations or persons connected (other than by reason of holding the **[REDACTED]** or **[REDACTED]**) with the Company; (c) assumes that the **[REDACTED]** does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the **[REDACTED]** or voting power, rights to profit or capital of the Company; (d) assumes that the **[REDACTED]** of **[REDACTED]** is, for U.K. tax purposes, beneficially entitled to the underlying **[REDACTED]** and to dividends on those **[REDACTED]**; and (e) assumes that the **[REDACTED]** has not (and is not deemed to have) acquired the **[REDACTED]** by virtue of an office or employment.

THE FOLLOWING IS INTENDED ONLY AS A GENERAL GUIDE AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR [REDACTED]. [REDACTED] SHOULD SATISFY THEMSELVES AS TO THE OVERALL TAX CONSEQUENCES, INCLUDING, SPECIFICALLY, THE CONSEQUENCES UNDER U.K. LAW AND HM REVENUE & CUSTOMS PRACTICE, OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE [REDACTED] OR [REDACTED] IN THEIR OWN PARTICULAR CIRCUMSTANCES, BY CONSULTING THEIR OWN PROFESSIONAL TAX ADVISERS.

Taxation of Dividends

Withholding Tax

Dividend payments in respect of the **[REDACTED]** (including where represented by **[REDACTED]**) should not be subject to U.K. withholding tax.

[REDACTED] are referred to the statements regarding Kazakhstan tax in "*Kazakhstan Tax Considerations* ". The following paragraphs proceed on the basis that no withholding tax is levied in Kazakhstan on dividend payments in respect of the **[REDACTED]** (including where represented by **[REDACTED]**).

Individual [REDACTED]

An individual **[REDACTED]** who receives a dividend in respect of the **[REDACTED]** (including where represented by **[REDACTED]**) will not be liable to U.K. tax on the dividend to the extent that (taking account of any other dividend income received by the **[REDACTED]** in the same tax year) that dividend falls below the yearly dividend allowance of £500 ("**nil rate band**") for the 2026/2027 tax year. To the extent that (taking account of any other dividend income received by the **[REDACTED]** in the same tax year) the dividend exceeds the allowance (and does not fall within the **[REDACTED]** annual personal allowance), it will be subject to income tax at 10.75% to the extent that it falls below the threshold for higher rate income tax, 35.75% to the extent that it is within the higher rate band, or 39.35% to the extent that it is within the additional rate band (each such rate as applicable in the 2026/2027 tax year). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a **[REDACTED]** income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

Corporate [REDACTED]

Where a corporate **[REDACTED]** is within the charge to U.K. corporation tax, it will be subject to U.K. corporation tax on the actual amount of any dividend paid on the **[REDACTED]** (including where represented by **[REDACTED]**) (at a rate of 25% for the tax year 2026/2027, but a lower rate may apply to certain companies), unless (subject to special rules for such **[REDACTED]** that are small companies) the dividend falls within an exempt class (and the **[REDACTED]** does not elect for an otherwise exempt dividend to be taxable) and certain other conditions are met. Although it is likely that most dividends paid on the **[REDACTED]** (including where represented by **[REDACTED]**) to **[REDACTED]** that are within the charge to U.K. corporation tax and not small companies would fall within one or more of the classes of dividend qualifying for exemption from U.K. corporation tax, the exemptions are not comprehensive and are also subject to anti-avoidance rules.

TAXATION OF DISPOSALS

[REDACTED] are referred to the statements regarding Kazakhstan tax in "Kazakhstan Tax Considerations". The following paragraphs proceed on the basis that no withholding tax is levied in Kazakhstan and no Kazakhstan tax is levied on the disposal of the **[REDACTED]** or **[REDACTED]**.

The disposal or deemed disposal of the **[REDACTED]** or **[REDACTED]** by a **[REDACTED]** may give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax (in the case of an individual) or, in the case of a corporate **[REDACTED]**, U.K. corporation tax on chargeable gains (depending, in each case, on the **[REDACTED]** circumstances and subject to any available exemption or relief).

Individual [REDACTED]

An individual **[REDACTED]** is currently entitled to an annual exemption from U.K. taxation of chargeable gains up to £3,000 (in the 2026/2027 tax year). In the case of an individual **[REDACTED]**, indexation allowance is not available and chargeable gains are generally liable to capital gains tax at the applicable rate.

After allowable deductions (and the **[REDACTED]** of the annual exemption, if and to the extent that it is available), a taxable capital gain accruing on an individual **[REDACTED]** disposal of the **[REDACTED]** or **[REDACTED]** will be taxed at 24% (to the extent that the amount on which an individual is chargeable to capital gains tax exceeds the unused part of the individual's basic rate band for that tax year) or 18% (to the extent that the amount on which an individual is chargeable to capital gains tax does not exceed the unused part of the individual's basic rate band for that tax year).

In addition, **[REDACTED]** who are individuals and who dispose of their **[REDACTED]** or **[REDACTED]** while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the U.K. if (broadly speaking) the period of non-residence is five years or less.

Corporate [REDACTED]

After allowable deductions, taxable chargeable gains accruing on disposals of **[REDACTED]** or **[REDACTED]** by **[REDACTED]** within the charge to corporation tax will be subject to U.K. corporation tax (at a rate of 25% for the 2026/2027 tax year, but a lower rate may apply to certain companies).

Any gains or losses in respect of currency fluctuations over the period of holding the **[REDACTED]** or **[REDACTED]** would also be brought into account on the disposal.

STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

The following statements assume that there is, and will continue to be, no register in the U.K. in respect of the **[REDACTED]** or the **[REDACTED]**, that neither the **[REDACTED]** nor the **[REDACTED]** will be paired with shares issued by a company incorporated in the U.K. and that the **[REDACTED]** will not be issued by a **[REDACTED]** incorporated in the U.K.

No U.K. stamp duty or SDRT should be payable on (i) the issue of the **[REDACTED]**; (ii) the delivery of the **[REDACTED]** into DTC, Euroclear or Clearstream; or (iii) any dealings in the **[REDACTED]** once they are delivered into such clearance systems, where such dealings are effected in electronic book-entry form in accordance with the procedures of DTC, Euroclear or Clearstream (as applicable) and not by written instrument of transfer.

No SDRT should be payable in respect of any agreement to transfer the **[REDACTED]** or **[REDACTED]**.

Assuming that any document effecting a transfer of the **[REDACTED]** or **[REDACTED]**, or containing an agreement to transfer an equitable interest in the **[REDACTED]** or **[REDACTED]** is neither (i) executed in the U.K. (nor is the register of members held in the U.K.), nor (ii) relates to any property situate, or to any matter or thing done or to be done, in the U.K. (the term "matter or thing done or to be done" is very wide and may include involvement of U.K. bank accounts in payment mechanics), then no U.K. stamp duty should be payable on such document.

Even if a document effecting a transfer of the **[REDACTED]** or **[REDACTED]**, or containing an agreement to transfer an equitable interest in the **[REDACTED]** or **[REDACTED]**, is (i) executed in the U.K. and/or (ii) relates to any property situate, or to any matter or thing done or to be done, in the U.K., in practice it should not be necessary to pay any U.K. stamp duty on such document unless the document is required for any purposes in the U.K. If it is necessary to pay U.K. stamp duty, it may also be necessary to pay interest and penalties resulting from any such payment being made after the relevant deadline for paying U.K. stamp duty.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain U.S. federal income tax consequences of acquiring, holding and disposing of the **[REDACTED]** *for* **[REDACTED]** *(as defined below) who acquire their* **[REDACTED]** *in this* **[REDACTED]**. *If you are not a* **[REDACTED]**, *this discussion does not apply to you. This summary only applies to* **[REDACTED]** *that hold the* **[REDACTED]** *as "capital assets" within the meaning of Section 1221 of the United States Internal Revenue Code of 1986, as amended (the "**IRC**"). This summary does not apply to any* **[REDACTED]** *that is a member of a special class of* **[REDACTED]** *subject to special rules under the IRC, including, but not limited to, financial institutions, life insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax-deferred or other retirement accounts, thrifts, tax-exempt organizations, dealers or traders in securities or currencies, persons that mark their securities to market,* **[REDACTED]** *that are partnerships or other pass through entities or their partners or members,* **[REDACTED]** *that will hold their* **[REDACTED]** *as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes,* **[REDACTED]** *that enter into "constructive sale" transactions with respect to the* **[REDACTED]**, *controlled foreign corporations, passive foreign investment companies, accrual basis taxpayers subject to specific rules for the taxable year of inclusion under IRC Section 451(b), a person that actually or constructively owns 10% or more of the* **[REDACTED]** *that have a functional currency other than the U.S. dollar or certain expatriates and long-term residents of the United States. Moreover, this summary does not address any other U.S. federal tax laws (including, but not limited to, estate or gift tax laws), the "net investment income" tax imposed under IRC Section 1411 or alternative minimum tax consequences of the acquisition, ownership or disposal of* **[REDACTED]**. *This summary does not address of the tax laws of any U.S. State or local governments or any other political subdivision of the United States of America, or the tax laws of any jurisdiction outside of the United States of America.*

This summary is based on the IRC, its legislative history, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No ruling as to the U.S. federal income tax treatment of the **[REDACTED]** *or any* **[REDACTED]** *thereof has been or will be sought from the U.S. Internal Revenue Service, and no opinion of counsel has been or will be rendered in respect of any of the matters discussed herein.* **[REDACTED]** ***should consult with their own tax advisers as to the consequences of acquiring, holding and disposing of*** **[REDACTED].**

For purposes of this discussion, a "**[REDACTED]**" is a beneficial owner of the **[REDACTED]** who for U.S. federal income tax purposes is (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

A Non-**[REDACTED]** is a beneficial owner of **[REDACTED]** that is not a **[REDACTED]**. If you are a Non-**[REDACTED]**, this discussion does not apply to you. Non-**[REDACTED]** should consult their own tax advisers as to the U.S. federal and other tax consequences that may be relevant in their individual circumstances.

In addition, if a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds **[REDACTED]**, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partnership, and partners in such partnership, should consult its own tax advisor concerning the U.S. federal income tax consequences of the ownership and disposition of **[REDACTED]**.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE **[REDACTED]** SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF THE **[REDACTED]**, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation of Dividends to [REDACTED]

Under the United States federal income tax laws, and subject to the passive foreign investment company ("**PFIC**") rules discussed below, the gross amount of any dividend the Company pays out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes) to a **[REDACTED]** is subject to United States federal income taxation. In the case of a noncorporate **[REDACTED]**, dividends paid to such **[REDACTED]** that constitute qualified dividend income will be taxable at a maximum tax rate of 20%, provided that such **[REDACTED]** holds the **[REDACTED]** for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements.

With respect to any dividends paid, the **[REDACTED]** must include any non-U.S. tax withheld from the dividend payment in the gross amount of such dividend even though the **[REDACTED]** does not in fact receive it. Dividends are taxable to a **[REDACTED]** when such **[REDACTED]**, receive such dividends, actually or constructively. Such dividends will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of a dividend distribution that must be included in the income of a **[REDACTED]** will be the U.S. dollar value of the payments made, determined at the applicable spot exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a **[REDACTED]** includes a dividend payment in income to the date such **[REDACTED]** converts the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and

accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your adjusted tax basis in the **[REDACTED]** and, thereafter, as capital gain.

Subject to certain limitations, non-U.S. income tax withheld in accordance with a foreign law or an applicable treaty and paid over to such foreign jurisdiction will be creditable or deductible against a **[REDACTED]** United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 20% tax rate. Generally, to the extent a refund of the tax withheld is available to a **[REDACTED]** under foreign law or the applicable tax treaty, the amount of tax withheld that is refundable may not be eligible for credit against such **[REDACTED]** United States federal income tax liability.

Dividends will be income from sources outside the United States, and dividends paid will, depending on a **[REDACTED]** circumstances, be "passive" or "general" income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to such **[REDACTED]**.

A **[REDACTED]** may make an election to treat all foreign taxes paid as deductible expenses in computing taxable income, rather than as a credit against tax, subject to generally applicable limitations. Such an election, once made, applies to all foreign taxes paid for the taxable year subject to the election. The rules governing foreign tax credits are complex and, therefore, **[REDACTED]** are strongly encouraged to consult their own tax advisors to determine whether they are subject to any special rules that may limit their ability to make effective use of foreign tax credits and whether or not an election would be appropriate based on their particular circumstances.

Taxation of Capital Gains to [REDACTED]

Subject to the PFIC rules discussed below, a **[REDACTED]** who sells or otherwise disposes of their **[REDACTED]** will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that such **[REDACTED]** realizes and their adjusted tax basis, determined in U.S. dollars, in their **[REDACTED]**, and such capital gain will generally be long-term capital gain where such **[REDACTED]** has a holding period greater than one year. Long-term capital gain recognized by **[REDACTED]** is generally subject to tax at reduced rates. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as the Company, will be classified as a passive foreign investment company ("**PFIC**") with respect to a **[REDACTED]** for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, the Company will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which the Company owns, directly or indirectly, at least 25% (by value) of the stock.

The Company believes that it should not be classified as a PFIC for the taxable year ended December 31, 2025 and does not expect that the **[REDACTED]** should be treated as stock of a PFIC in any subsequent taxable year. However, no assurance can be given in this regard because the determination of PFIC status for any taxable year is a factual determination made annually that depends, in part, upon the composition and classification of the income and assets of the Company and thus may be subject to change. Furthermore, the law applicable to determinations of PFIC status is very complex, uncertain and subject to varying interpretation, and the IRS may not agree with the PFIC determinations that the Company makes and the **[REDACTED]** of the PFIC rules.

If the Company was to be treated as a PFIC at any time during a **[REDACTED]** holding period, gain realized on the sale or other disposition of the **[REDACTED]** would in general not be treated as capital gain. Instead, in the case of a **[REDACTED]**, such **[REDACTED]** would be treated as if they had realized such gain and certain "excess distributions" ratably over such **[REDACTED]** holding period for the **[REDACTED]** and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, a **[REDACTED]** will be treated as stock in a PFIC if the Company was a PFIC at any time during their holding period in the **[REDACTED]**. Certain elections (such as the mark-to-market election or the qualified electing fund ("**QEF**") election) may be available that would result in alternative treatments of the **[REDACTED]**. Dividends that a **[REDACTED]** receives from the Company will not be eligible for the special tax rates applicable to qualified dividend income if the Company is treated as a PFIC with respect to such **[REDACTED]** either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. **[REDACTED]** should consult their own tax advisers about the consequences if the Company is classified as a PFIC.

Medicare Contribution Tax on Unearned Income

A **[REDACTED]** that is an individual is subject to a 3.8% tax on the lesser of (1) such **[REDACTED]** "net **[REDACTED]** income" for the relevant taxable year and (2) the excess of such **[REDACTED]** modified adjusted gross income for the taxable year over a certain threshold (between $125,000 and $250,000, depending on the individual's circumstances). A **[REDACTED]** that is an estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such **[REDACTED]** undistributed "net **[REDACTED]** income" for the relevant taxable year and (2) the excess of such **[REDACTED]** adjusted gross income for the taxable year over the amount at which the highest tax bracket begins for that taxable year ($15,650 for 2025 and $16,000 for 2026). A **[REDACTED]** net **[REDACTED]** income will generally include, among other items, the amount of gross dividend income and the amount of any net gains from such **[REDACTED]** disposition of their **[REDACTED]**, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). **[REDACTED]** that are individuals, estates or trusts should consult their own tax advisors regarding the applicability of this tax to income and gains in respect of their **[REDACTED]** in the **[REDACTED]**.

Backup Withholding and Information Reporting

In the case of a noncorporate **[REDACTED]**, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- dividend payments or other taxable distributions made to such **[REDACTED]** within the United States; and

- the payment of **[REDACTED]** to such **[REDACTED]** from the sale of **[REDACTED]** effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments in the case of a noncorporate **[REDACTED]** that:

- fails to provide an accurate taxpayer identification number;

- fails to establish an exemption from backup withholding;

- is notified by the Internal Revenue Service that they have failed to report all interest and dividends required to be shown on their federal income tax returns; or

- in certain circumstances, fails to comply with applicable certification requirements.

Payment of the **[REDACTED]** from the sale of the **[REDACTED]** effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However,

a sale of the **[REDACTED]** that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the **[REDACTED]** are transferred to an account maintained by a **[REDACTED]** in the United States;
- the payment of **[REDACTED]** or the confirmation of the sale is mailed to the **[REDACTED]** at a United States address; or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations, unless the broker does not have actual knowledge or reason to know that the **[REDACTED]** is a United States person and the documentation requirements described above are met or the **[REDACTED]** otherwise establishes an exemption.

In addition, a sale of **[REDACTED]** effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person;
- a controlled foreign corporation for United States federal income tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year:
- one or more of its partners are "U.S. persons," as defined in U.S. Treasury regulations, which in the aggregate hold more than 50% of the income or capital interest in the partnership, or
- such foreign partnership is engaged in the conduct of a United States trade or business, unless the broker does not have actual knowledge or reason to know that the **[REDACTED]** is a United States person and the documentation requirements described above are met or the **[REDACTED]** otherwise establishes an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that the **[REDACTED]** is a United States person.

The backup withholding tax rate is currently 24%.

Backup withholding is not an additional tax. **[REDACTED]** generally will be entitled to credit any amounts withheld under the backup withholding rules against such **[REDACTED]** U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

[REDACTED] should consult their tax advisers regarding any reporting obligations they have as a result of their acquisition, ownership or disposition of the **[REDACTED]**.

Foreign Asset Reporting

[REDACTED] who are individuals and certain specified entities who hold any interest in "specified foreign financial assets," including the **[REDACTED]**, during their taxable year are required to report information relating to an interest in the **[REDACTED]**. Such **[REDACTED]** must attach to their U.S. tax return for the relevant year certain information with respect to each such asset if the aggregate value of all of such assets exceeds $50,000 (or a higher dollar amount prescribed by the U.S. Internal Revenue Service), unless such assets are held in an account maintained by a U.S. payor, such as a U.S. financial institution or the U.S. branch of a foreign bank or insurer. For this purpose, a "specified foreign financial asset" includes any **[REDACTED]** other financial account maintained by a foreign financial institution, and certain assets that are not held in an account maintained by a financial institution, including any stock or security issued by a person other than a U.S. person. A taxpayer subject to these rules who fails to furnish the required information may be subject to a penalty of $10,000, and an additional penalty may apply if the failure continues for more than 90 days after the taxpayer is notified of such failure by the Internal Revenue Service, unless the taxpayer demonstrates a reasonable cause for such failure to comply. An accuracy-related penalty of 40% is imposed for an underpayment of tax that is attributable to an "undisclosed foreign financial asset understatement," which for this purpose is the portion of the understatement of gross income for any taxable year that is attributable to any transaction involving an "undisclosed foreign financial asset," including any asset that is subject to information reporting requirements under these rules, which would include the **[REDACTED]** if the dollar threshold described above were satisfied. The applicable statute of limitations for assessment of U.S. federal income taxes is extended to six years if a taxpayer omits from gross income more than $5,000 and such omission is attributable to a foreign financial asset as to which reporting is required under the rules described in the preceding paragraph or would be so required if such rules were applied without regard to the dollar threshold or any other exceptions specified by the Internal Revenue Service. In addition, the statute of limitations will be suspended if a taxpayer fails to provide in a timely manner either information with respect to specified foreign financial assets required to be reported or the annual information reports required for **[REDACTED]** of PFIC stock, including PFIC stock for which a QEF election is made.

[REDACTED] are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the **[REDACTED]**.

Professional Tax Advice Recommended

Potential **[REDACTED]** in the **[REDACTED]** are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the **[REDACTED]** or exercising any rights attached to them. It is emphasised that none of the Company, the Sole Sponsor, the Sponsor-**[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, any of the Company's/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the **[REDACTED]** accepts responsibility for any tax effects on, or liabilities of **[REDACTED]** of the **[REDACTED]** resulting from the subscription, purchase, holding or disposal of the **[REDACTED]** or exercising any rights attached to them.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

General Provisions

The Charter of the Company is the document that defines the legal status of the Company and serves as a principal governance document. In accordance with the JSC Law, the Charter contains provisions relating to the rights of shareholders and establishes the procedure for the formation of, and the powers vested in, the Company's bodies. It also sets out the procedures governing the activities of the Company's bodies, including the procedures for convening, preparing and conducting GMS and meetings of the Company's collegial bodies, the decision-making procedures of the Company's bodies, and the procedures for providing shareholders with information regarding the Company's activities. Any action taken by the Company or its bodies and shareholders must be consistent with the provisions of the Company's Charter, and any breach may give rise to legal consequences under the Kazakhstan civil legislation. As the main purpose of this summary is to provide an overview of the Charter, it may not necessarily contain all information that is important for **[REDACTED]**.

Objectives and purpose of the Company

The principal objective of the Company is to generate net income. For this purpose, the Company engages in the following main types of activities:

(i) the construction, maintenance and modernisation of the mainline railway network in accordance with programmes approved by the Government;

(ii) the management of railway transportation operations;

(iii) the provision of mainline railway network services;

(iv) the repair and maintenance of railway rolling stock, including specialised containers used for the transportation of dangerous goods; and

(v) the provision of freight transportation-related services, including meeting the transportation needs of consignors and consignees and ensuring the safe and timely delivery of cargo.

In addition, the Company may engage in activities related to the development, operation and maintenance of railway infrastructure, the provision of railway, logistics, telecommunications, energy, educational, technical and support services, the leasing of assets and intellectual property, project management services, the management of subsidiaries and affiliates, and other activities permitted under the legislation of the Republic of Kazakhstan.

The Company has in possession and operates the mainline railway network.

In accordance with the procedure established by applicable law, the Company represents the railway administration of the Republic of Kazakhstan in international organisations within the scope of its authority.

In accordance with the procedure established by applicable law, the Company is a participant in the Tariff Agreement of the railway administrations (railways) of the member states of the CIS and is responsible for developing tariff policy in respect of international freight transportation.

Share Capital and Shares

The Company may issue ordinary shares and preferred shares in uncertificated form, as well as other securities, including securities convertible into ordinary shares, in accordance with applicable law. See "Share Capital" in this Document for further details.

Subject to the JSC Law, the rights attached to any class of shares may be amended, varied or abrogated with the written consent of the holders of less than three-quarters of the issued shares of the relevant class or by a special resolution adopted at an extraordinary GMS convened for holders of that class of shares. The quorum for such meeting is shareholders (or their representatives) holding not less than 50% of the issued shares of the relevant class.

Ordinary shares entitle their holders to participate in the management of the Company through attendance and voting at GMS (except where voting restrictions apply under applicable law), to receive dividends upon a decision of the GMS and subject to the availability of distributable profits, and to participate in distributions upon the liquidation of the Company.

Pre-emptive Rights

Where the Company proposes to place authorised shares or securities convertible into ordinary shares, or to sell previously repurchased securities of such type, existing shareholders have pre-emptive rights to acquire such securities at the placement or sale price determined by the relevant corporate body. The Company must offer such securities to shareholders within ten days of the relevant placement or sale decision. The procedure for the exercise of pre-emptive rights is governed by the JSC Law and relevant legislation.

Convertible Securities

The Company may issue securities convertible into shares within the difference between the number of authorised shares and the number of issued shares. The terms and conditions of conversion must be set out in the document relating to the relevant convertible securities. The terms of issuance of bonds and derivative securities are determined by the Board of Directors.

Share Repurchases

The Company may repurchase its issued shares with the approval of the GMS in accordance with the methodology for determining the repurchase price adopted pursuant to the JSC Law. Repurchased shares may be acquired for subsequent resale or for other purposes permitted by applicable law and the Charter.

Shareholders are also entitled to require the Company to repurchase their shares in the cases provided for by the JSC Law.

Dividends

Dividends constitute income payable by the Company to shareholders in respect of their shares.

Dividends may be paid in cash or securities, provided that a resolution approving the payment of dividends has been adopted by the GMS.

Dividends on ordinary shares may be paid based on the results of a quarter, half-year or financial year pursuant to a resolution of the GMS. Dividends are paid out of the Company's net income for the relevant period.

The GMS may resolve not to pay dividends in respect of any relevant period.

A resolution approving the payment of dividends on ordinary shares must contain the information required by the JSC Law.

Dividends are not accrued or paid in respect of shares that have not been placed or that have been repurchased by the Company. Dividends are also not accrued or paid if a court or the GMS has adopted a resolution on the liquidation of the Company.

Dividends may not be declared in the cases provided for by the JSC Law: (i) if the Company's own capital is negative, or would become negative as a result of the declaration of dividends on its shares; or (ii) if the Company meets the criteria of inability to pay its debts or bankruptcy under the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, or would meet such criteria as a result of the declaration of dividends on its shares.

Shareholders are entitled to claim unpaid dividends irrespective of the period for which such amounts have remained outstanding, except in the cases provided for by the JSC Law.

General Meetings of Shareholders (GMS)

The GMS is the Company's supreme corporate body.

The exclusive competence of the GMS includes, among other matters, amendments to the Charter, approval of the corporate governance code, voluntary reorganisation or liquidation of the Company, increases in the number of authorised shares, decisions relating to convertible securities, share exchanges and share splits, voluntary delisting of shares, election and removal of members of the Board of Directors and the Chairman of the Management Board, appointment of the Company's external auditor, approval of audited annual financial statements, approval of dividend distributions and dividend policy, approval of certain significant acquisitions and disposals, approval of the methodology for determining the repurchase price of shares, approval of the procedure for providing information to shareholders and the introduction or cancellation of a golden share.

Matters falling within the exclusive competence of the GMS may not be delegated to other corporate bodies, officers or employees of the Company. The GMS may revoke any decision of other corporate bodies relating to the internal activities of the Company.

Annual General Meeting of Shareholders

The annual GMS must be held within five months following the end of each financial year, subject to a possible extension of one month where the audit of the annual financial statements has not been completed. The annual GMS considers, among other matters, the audited annual financial statements, the distribution of net income, dividends and shareholder complaints.

Extraordinary General Meetings of Shareholders

Extraordinary GMS may be convened by the Board of Directors or by a major shareholder (or shareholders acting pursuant to an agreement) holding 10% or more of the Company's voting shares.

Convocation and Quorum

Shareholders must be notified of a GMS not less than 30 clear days prior to the meeting date, or 45 clear days prior to the meeting where absentee or mixed voting procedures are used and postal notification is required. Notice must contain, among other information, the date, time and place of the meeting, the record date, the agenda and the procedure for reviewing meeting materials.

The GMS may validly deliberate and adopt resolutions if shareholders or their representatives holding in aggregate at least 50% of the Company's voting shares are registered and participating. A reconvened meeting held in place of an adjourned meeting may validly deliberate if shareholders holding at least 40% of the Company's voting shares are registered and participating.

Appointment of a Proxy and Voting Rights

Shareholders may participate and vote either personally or through representatives. Ordinary shares carry voting rights at GMS, except where voting restrictions apply under applicable law. Voting is generally conducted on the basis of one share, one vote, except for cumulative voting in the election of members of the Board of Directors.

Resolutions may be adopted at in-person meetings, by absentee voting or through mixed voting procedures, as determined by the Board of Directors. Shareholders and their representatives may participate in in-person meetings remotely through information and communication technologies unless the Board of Directors determines otherwise.

Resolutions concerning the voluntary reorganisation or liquidation of the Company, the issuance of securities convertible into ordinary shares, share exchanges and the grant of share options to members of the Board of Directors require a qualified majority. Unless otherwise provided by the Charter, all other resolutions are adopted by a simple majority of votes.

Where the Listing Rules require any shareholder to abstain from voting or be restricted to voting only for or only against any particular agenda but the laws of Kazakhstan do not have such requirements, the matter may be submitted to an advisory vote of shareholders. The Company (its Board of Directors, Management Board or the Chairman of the Management Board) may not act contrary to the outcome of such advisory vote where doing so would result in non-compliance with the applicable listing rules. See "Core Shareholder Protection Standards – Restriction in Shareholder Voting" in this Appendix for details.

Board of Directors

The Board of Directors is responsible for the overall management of the Company's activities, except for matters reserved to the exclusive competence of the GMS.

The Board of Directors' powers include, among other matters, approval and oversight of the Company's development strategy; convening GMS and determining the form in which such meetings are held; approving placements of shares and other securities and share repurchases; determining the composition of the Management Board (other than the Chairman of the Management Board), appointing and removing members of the Management Board and determining their remuneration and performance evaluation; and approving significant transactions, interested-party transactions and certain acquisitions and disposals of assets. The Board of Directors is also responsible for the appointment, removal, remuneration and evaluation of the head and members of the Internal Audit Service, the Corporate Secretary, the Corporate Ombudsman and the head of the Compliance Service, and for approving the regulations governing those functions and their staffing structures.

In addition, the Board of Directors approves internal corporate documents, determines procedures for the provision of information to members of the Board of Directors, approves the Company's personnel policy and reviews reports on its implementation, reviews reports of the Management Board, and oversees compliance with the listing rules of the stock exchange on which the Company's securities are traded.

Matters reserved to the exclusive competence of the Board of Directors may not be delegated to the Management Board. The Board of Directors may not make decisions on matters reserved to the competence of the GMS or decisions that are inconsistent with resolutions of the GMS.

The Board of Directors is required to monitor and, where possible, address conflicts of interest involving the Company's officers and shareholders, including improper use of Company assets and abuses in interested-party transactions, and to oversee the effectiveness of the Company's corporate governance practices.

The Company must establish committees of the Board of Directors to consider important matters and make recommendations to the Board. Such committees include committees responsible for strategic planning, appointments and remuneration, internal audit, social matters, safety and environmental protection, as well as other matters determined by the Company's internal documents.

Only individuals may serve as members of the Board of Directors. Members may not delegate their duties to other persons, may not serve as directors or executive officers of competing organisations and, except for the Chairman of the Management Board, members of the Management Board may not be elected to the Board of Directors.

Members of the Board of Directors are elected for terms of up to three years. Subject to satisfactory performance, they may be re-elected for a further term of up to three years. Any service on the Board of Directors exceeding six consecutive years is subject to special consideration in light of the need for periodic renewal of the composition of the Board of Directors.

CORE SHAREHOLDER PROTECTION STANDARDS

Rule 8.14A of the Listing Rules requires that a listed issuer's memorandum and articles of association (or equivalent document) shall (i) conform with the relevant parts of Appendix A1 to the Listing Rules and the related guidance materials in Chapter 2.1 of the Guide for New Listing Applicants, and (ii) on the whole, not be inconsistent with the Listing Rules and the laws of the place where the listed issuer is incorporated or otherwise established.

The Company is incorporated in Kazakhstan and is therefore subject to, among other things, the JSC Law. Set out below is a discussion on the core shareholder protection standards

offered under the Company's Charter and the Kazakhstan laws and regulations (the "**Domestic Standards**"), which includes any proposed measures to address any differences between the Domestic Standards and Listing Rules (the "**Proposed Measures**") that the Company considers material to the **[REDACTED]** and **[REDACTED]** and as required under Appendix A1 to the Listing Rules.

Under the JSC Law, for any GMS, a quorum is present when shareholders holding more than 50% of the total voting shares are present or represented. If a quorum is not present for an in-person or mixed meeting (which allows voting in person and absentee voting), a second meeting may be scheduled no earlier than the day following the established date of the initial (failed) GMS with the same agenda, and such second meeting shall be quorate if shareholders holding 40% or more of the voting shares are present or represented.

Given Samruk-Kazyna will hold approximately **[REDACTED]**% of the **[REDACTED]** upon **[REDACTED]**, under Kazakhstan laws, its attendance is required for all GMS of the Company for such GMS to be quorate. As such, Samruk-Kazyna undertakes to the Stock Exchange that, upon the **[REDACTED]**, for so long as it is the majority shareholder of the Company and the **[REDACTED]** are **[REDACTED]** on the Stock Exchange, Samruk-Kazyna will attend all GMS that are convened or held by the Company (including all GMS where Advisory Vote (see "Restriction on Shareholder Voting" in this Appendix for further details) will be held, and all GMS where Samruk-Kazyna is required to abstain from voting under the JSC Law and/or under the Listing Rules).

Appointment and Removal of Directors

Paragraph 4(2) of Appendix A1 to the Listing Rules requires that any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment and shall then be eligible for re-election. Paragraph 4(3) of Appendix A1 to the Listing Rules further requires that where not otherwise provided by law, the members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office.

Pursuant to clause 62(10) of the Charter (as amended), election of members of the Board of Directors by cumulative vote, early termination their powers, and removal of a member of the Board of Directors fall within the exclusive competence of GMS. The Board is not entitled to appoint any person to the Board without a GMS.

The Company believes that the Domestic Standards comply with the core shareholder protection standards under Paragraphs 4(2) and 4(3) of Appendix A1 to the Listing Rules.

Annual General Meetings

Paragraph 14(1) of Appendix A1 to the Listing Rules requires that an issuer must hold a general meeting for each financial year as its annual general meeting. Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.

Article 35.1 of the JSC Law provides that a company is obliged to hold an annual GMS once a year, and Article 35.3 of the JSC Law stipulates that such annual GMS must be held within five months following the end of the company's financial year, but the said five months period shall be deemed to be extended for up to three months in the exceptional event where the audit of a company for the relevant reporting period cannot be completed.

Pursuant to clause 65 of the Charter (as amended), if the audit of the Company has not been completed within the five months period after the end of the financial year, the deadline for holding the annual GMS may be extended by one month only.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 14(1) of Appendix A1 to the Listing Rules.

Notice of General Meetings

Paragraph 14(2) of Appendix A1 to the Listing Rules requires that an issuer must give its members reasonable written notice of its general meetings. "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings.

Under Article 41.1 of the JSC Law, shareholders of a company must be notified of an upcoming GMS (i) no later than 30 calendar days in advance for in-person meetings; or (ii) no later than 45 calendar days in advance where absentee voting (see "Proxy and Corporate Representatives and Absentee Voting" in this Appendix for further details) is allowed and where postal communications for giving notice is used.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 14(2) of Appendix A1 to the Listing Rules.

Right to Speak and Vote at General Meetings

Paragraph 14(3) of Appendix A1 to the Listing Rules requires that members must have the right to (1) speak at a general meeting; and (2) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

Pursuant to clause 37 of the Charter (as amended), Shareholders have the right to participate in decision-making at the GMS, including the right to vote (except where the Shareholder is required by the Kazakhstan laws and regulations or the Listing Rules to abstain from voting) and the right to speak at the GMS.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 14(3) of Appendix A1 to the Listing Rules.

Restriction on Shareholder Voting

Paragraph 14(4) of Appendix A1 to the Listing Rules requires that where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

While the relevant requirements under the Listing Rules requiring shareholders to abstain to vote lie primarily in Rule 2.15 of the Listing Rules (which requires that any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the GMS), there are other circumstances where a shareholder is required to abstain from voting on or restricted to voting only against a particular resolution under the Listing Rules.

Under Kazakhstan law, however, a shareholder can only be required to abstain from voting in the circumstances prescribed by the JSC Law, i.e. where a transaction is an "interested party transaction" under the JSC Law.

Since the requirements or restrictions envisaged under the Listing Rules where a shareholder is required to abstain from voting on or restricted to voting only for or only against any particular resolution are different from those envisaged by the JSC Law, and the Domestic Standards do not allow the Company to disregard votes made by Shareholders in contravention of the Listing Rules only but in compliance with the JSC Law, the Company introduces to clause 76 of the Charter (as amended) a separate mechanism of advisory vote ("**Advisory Vote**"):

- an Advisory Vote should be organised among Shareholders in situations where the Listing Rules requires any Shareholder to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, but such requirements or restrictions are not envisaged, or different from those envisaged, by the Kazakhstan laws;

- for the purpose of the Advisory Vote, all Shareholders may vote but any votes cast by or on behalf of such Shareholders in contravention of the Listing Rules requirements or restrictions will not be counted; and

- the Company (i.e. the Board of Directors, the Management Board and the Chairman of the Management Board) shall not act in any way inconsistent with the result of the Advisory Votes.

Reed Smith LLP is of the view that the introduction of the advisory vote mechanism as an additional procedure in the decision making process in the Charter is not inconsistent with the JSC Law.

Based on the above and together with Samruk-Kazyna's undertaking to the Stock Exchange to attend all GMS including those where Advisory Vote will be held, the Company believes that, with the implementation of the proposed measures above, the shortfalls will not affect the Company's compliance with Paragraph 14(4) of Appendix A1 to the Listing Rules.

Right to Convene an Extraordinary General Meeting

Paragraph 14(5) of Appendix A1 to the Listing Rules requires that members holding a minority stake in the total number of issued shares (excluding treasury shares) must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital (excluding treasury shares) of the issuer.

Pursuant to Article 14.2(1) of the JSC Law, a shareholder or shareholders holding, in aggregate, 10% or more of voting shares have the right to demand convening of an extraordinary GMS; and under Article 43.4(1) of the JSC Law, a shareholder or shareholders holding at least 5% of voting shares have the right to submit proposals for inclusion of items in the agenda of a GMS held in person, provided shareholders are notified at least 15 days before the meeting.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 14(5) of Appendix A1 to the Listing Rules.

Use of Information and Communication Technologies

Paragraphs 14(6) of Appendix A1 to the Listing Rules requires that an issuer must ensure that its constitutional documents enable the holding of general meetings which members can attend virtually with the use of technology; and where members can cast votes by electronic means.

Article 40(3) of the JSC Law provides that shareholders of a company are entitled to participate in the GMS held in person, including remotely through the use of information and

communication technologies. Clause 79 of the Charter further provides that Shareholders have the right to participate in an in-person GMS remotely using information and communication technologies, unless the Board of Directors determines the GMS is to be held in person with no option of remote participation only, and that Shareholders participating in the GMS remotely shall be able to exercise their right to vote and right to speak by means of information and communication technologies.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 14(6) of Appendix A1 to the Listing Rules.

Variation of Class Rights

Paragraph 15 of Appendix A1 to the Listing Rules requires that a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class.

Under the JSC Law, a joint stock company may issue only two classes of shares, ordinary shares and preferred shares. Rights attached to each class are established by law and may be supplemented by the charter of the company. Under Articles 36.2 and 43.5 of the JSC Law, not less than two thirds of the total number of preferred shares is required for specified matters which may restrict the rights of holders of preferred shares, but this is limited to specific matters rather than any variation of class rights. However, under the JSC Law, a company may set a higher threshold (e.g. three-quarters) for variation of class rights.

Clause 35 of the Charter provides that all or any of the rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate GMS of that class where the quorum shall be at least 50% of the issued shares of that class.

Based on the above and taking into account the provisions in the Charter, the Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 15 of Appendix A1 to the Listing Rules.

Amendment of Constitutional Documents

Paragraph 16 of Appendix A1 to the Listing Rules requires that a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's

constitutional documents, however framed. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting.

Under Article 36.2 of the JSC Law, amendments and additions to the company's constitutional document or approval of a new version thereof are made by decisions of the GMS of the company, which generally are made by simple majority of votes cast at the GMS. However, under the JSC Law, a company may set a higher threshold (e.g., three-quarters) for amendment of the Charter.

Clause 156 of the Charter provides that no clauses of the Charter shall be rescinded, altered or amended and no new Charter shall be adopted until the same has been approved at the GMS by a super-majority vote of at least three-fourths of the total voting rights of the shareholders present and voting in person or by proxy at the GMS (including those voting by submission of ballot where absentee voting or mixed voting is allowed).

Based on the above and taking into account the provisions in the Charter, the Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 16 of Appendix A1 to the Listing Rules.

Appointment, Removal and Remuneration of Auditor

Paragraph 17 of Appendix A1 to the Listing Rules requires that the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors.

Under Article 36.1(6) of the JSC Law, the determination (appointment and removal) of the audit organisation performing the audit of a company falls under the exclusive competence of GMS. Pursuant to clause 62(12) of the Charter, the determination (appointment and removal) of the audit organisation performing the audit of the Company, determination of amount of payments for its audit services, and early termination of the contract with such audit organisation would all fall under the exclusive competence of the GMS of the Company.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 17 of Appendix A1 to the Listing Rules.

Proxy and Corporate Representatives and Absentee Voting

Paragraph 18 of Appendix A1 to the Listing Rules requires that every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated

as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

Article 47.1 of the JSC Law provides that every shareholder has the right to participate in the GMS and vote on matters under consideration personally or through his or her representative (proxy). Article 48.2 further stipulates that the proxy must present a valid power of attorney confirming authority to participate and vote at the GMS. There is no requirement for a power of attorney if the person entitled to act on behalf of the shareholder or represent him by operation of law. Under Kazakhstan law, the proxy needs not be a shareholder of the company.

Under the JSC Law, a company may allow absentee voting (i.e. a way for shareholders to exercise its right to vote without attending the GMS by submitting an absentee ballot to the company) for any GMS it holds. Under Article 49.6 of the JSC Law, the absentee voting ballot must be signed as follows:

- in case of a shareholder who is an individual, it shall be signed by such individual (or its representative under a relevant power of attorney), with the reference to the ID document of such individual and, if applicable, its representative; and

- in case of a shareholder which is a legal entity, it shall be signed by the head of a relevant legal entity, or a representative of such legal entity, and relevant power of attorney or other document evidencing the authority of such representative has to be attached to the signed ballot.

The Company believes that voting by absentee voting under Kazakhstan laws is in substance equivalent to voting by proxy:

- the former allows Shareholders to exercise its right to vote without attending the GMS by submitting the ballot to the Company; and

- the latter allows Shareholders to exercise its right to vote without attending the GMS by appointing a proxy (typically the chairman of the meeting) to attend the GMS and vote on the Shareholders' behalf.

Pursuant to Article 45.4 of the JSC Law, votes represented by absentee ballots received by the company within the time prescribed under the law shall be taken into account in ascertaining whether a quorum is present and in determining the voting results.

Based on the above, the Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 18 of Appendix A1 to the Listing Rules.

HKSCC's Right to Appoint Proxies or Corporate Representatives

Paragraph 19 of Appendix A1 to the Listing Rules requires that HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote. Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies/ corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the rights to vote, attend (personally or by proxy) and speak at general meetings.

[REDACTED]

Based on the above, the Company believes that, with the implementation of the proposed measures above, the shortfalls will not affect the Company's compliance with Paragraph 19 of Appendix A1 of the Listing Rules.

Inspection of Branch Register

Paragraph 20 of Appendix 3 to the Listing Rules requires that the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance. **[REDACTED]**

[REDACTED]

Voluntary Winding Up

Paragraph 21 of Appendix 3 to the Listing Rules requires that a super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

Pursuant to Articles 1, 36.2 and 88 of the JSC Law, the decision of voluntary liquidation of a company shall be made by the GMS with a qualified majority vote of at least three-fourths of the total voting shares of the company.

The Company believes that the Domestic Standards comply with the core shareholder protection standard under Paragraph 21 of Appendix A1 to the Listing Rules.

SUMMARY OF THE KAZAKHSTAN LAW APPLICABLE TO JOINT STOCK COMPANIES

1. Introduction

Whilst a large volume of legislation was enacted during the past several decades, the legal framework in Kazakhstan is still evolving in comparison to countries with more established market economies. The legal and regulatory framework governing the corporate and securities activities of joint stock companies in Kazakhstan comprises the following principal legislative acts:

(a) **Civil Code of Kazakhstan:** The Civil Code of Kazakhstan establishes the fundamental legal framework for legal entities, including joint stock companies, and contains general provisions on securities as objects of civil rights, obligations arising from securities, and property rights. It provides the basis for corporate law principles such as formation, reorganisation, and liquidation of legal entities, and defines the general rules applicable to shares and other securities. Furthermore, it establishes framework regulation related to the strategic assets, such as certain types of railways and companies included in the list of the strategic companies (such as the Company).

(b) **Law of the Republic of Kazakhstan "On the Securities Market" dated 2 July 2003, No. 461-II (as amended) (the "Securities Market Law"):** This is the primary legislation governing the securities market in Kazakhstan. The law regulates the issuance, placement, circulation and redemption of securities, establishes the framework for professional securities market participants, and protects the rights and interests of investors. Key provisions include: (i) state registration of issues of non-governmental securities with the authorised state regulator (currently the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (the "**ARDFM**")) as a prerequisite for issuance and placement of securities (Article 8); (ii) mandatory disclosure (such as obligation of the nominee to disclose, upon the request of KACD and the issuer, information on the clients whose securities are held under its nominee holding (Article 62)) and reporting obligations for issuers whose securities are admitted to trading on stock exchanges, including requirements to maintain a corporate governance code (Article 89); (iii) regulation of professional participants in the securities market, including licensing requirements for brokers, dealers, investment portfolio managers, custodians, and other market participants (Articles 45-54); (iv) requirements for the KACD as the sole organisation maintaining the system of registers of securities holders in Kazakhstan (Article 78); (v) stock exchange listing requirements and categories of official listings (Article 89); and (vi) requirements for simultaneous domestic placement for Kazakhstan issuers seeking overseas listings pursuant to Article 22-1 of the Securities Market Law, as described further below.

(c) **JSC Law:** This is the principal law governing the establishment, operation, reorganisation and liquidation of joint stock companies in Kazakhstan. It regulates corporate governance structures, the rights and obligations of shareholders, the powers and duties of management bodies, and the procedures for corporate actions. Key provisions include: (i) corporate governance structure comprising the GMS as the supreme body, the board of directors as the management body, and the executive body (collegial or sole) responsible for day-to-day management (Article 33); (ii) shareholders' rights, including the right to participate in the management of the company through voting at GMS, the right to receive dividends, the right to receive information about the company's activities, the right to demand redemption of shares in specified circumstances, and the limited liability principle whereby shareholders bear risk only to the extent of their shareholding (Articles 14, 23, 27); (iii) mandatory disclosure and offer requirements for significant shareholding: a person acquiring 30% or more of voting shares must notify the company and make an offer to remaining shareholders to purchase their shares (Article 25), and a person acquiring 95% or more may require remaining shareholders to sell their shares (Article 25-1); (iv) share buy-back provisions: the company may repurchase its own shares (treasury shares) under certain conditions, and shareholders have the right to demand buy-back of their shares in specified circumstances, including reorganisation, major transactions, delisting, or amendments restricting shareholder rights (Articles 26-28); (v) board of directors composition: at least 30% of the board must be independent directors, and board members are elected by cumulative voting[1] (unless the number of candidates proposed does not exceed the number of vacancies on the board, in which case shareholders are invited to vote in the usual way of "yes" or "no" or "abstain" with respect to all the candidates) at the GMS (Articles 54-55); (vi) interested party transactions: transactions in which affiliates have an interest are subject to approval by the board of directors (comprising non-interested members) or, in certain cases, the GMS (Articles 71-73); and (vii) major transactions: transactions involving 25% or more of the company's assets require board approval, and transactions involving 50% or more require approval by the GMS by qualified majority (Article 70).

(d) **Law of the Republic of Kazakhstan "On State Property" dated 1 March 2011, No. 413-IV (as amended) (the "State Property Law"):** If the company is a company with the state as its sole/majority shareholder more than 50% (directly or indirectly), additional governance and regulatory norms apply under this law, including: (i) specific requirements for corporate governance of national companies and their subsidiaries, including board composition rules and the role of state representatives;

[1] Cumulative voting is a method whereby each share participating in the vote carries a number of votes equal to the total number of board seats to be filled (Article 1(13) of the JSC Law). A shareholder may cast all of his accumulated votes in favour of a single candidate or distribute them among several candidates in any proportion (Article 50(2) and 54.3 of the JSC Law). The candidates receiving the highest number of votes are elected. The ballot for cumulative voting may not include "against" or "abstain" options. If two or more candidates receive an equal number of votes, a further cumulative vote is held among those tied candidates.

(ii) requirements for development strategies, business plans and key performance indicators to be approved by the sole shareholder; and (iii) reporting obligations to the state shareholder and delineation of responsibilities between the state shareholder and corporate governance bodies.

(e) **Law on Railway Transport:** The Law on Railway Transport applies to companies operating in the railway transportation: It generally regulates the operation of railway infrastructure, carriage of passengers and cargo, access to the mainline railway network, and the powers of the state and market participants in the railway sector. It establishes a framework in which the mainline railway network is treated as a strategic and socially significant infrastructure asset subject to state oversight, tariff regulation, and natural monopoly rules. Furthermore, it sets outs certain limitations on the disposal of the shares in the Company (as the National Railway Company and the National Infrastructure Operator).

(f) **Entrepreneurial Code (Chapter 18):** The Entrepreneurial Code establishes competition law requirements, including merger control provisions and approval thresholds for economic concentrations that may be relevant in the context of M&A transactions affecting the company.

(g) **Charter of the Joint Stock Companies:** The constitutional document of the company, which sets out the company's governance structure, the powers of its bodies, rights of shareholders, and specific provisions applicable to the company as a national company. The charter must comply with the JSC Law and may contain additional provisions on corporate governance that are not inconsistent with the law.

2. Independent Personality and Limited Liability

A joint stock company is a legal entity that issues shares for the purpose of raising funds to carry out its activities (Article 85 of the Civil Code of Kazakhstan and Article 3 of the JSC Law). A joint stock company has property that is separate from the property of its shareholders. A joint stock company is not liable for the obligations of its shareholders, and shareholders are not liable for the obligations of the company and bear the risk of loss within the value of the shares they hold.

3. Incorporation

A joint stock company is founded by decision of the founders' meeting or, where the company has a sole founder, by decision of that sole founder (Article 6 of the JSC Law). The founders of a joint stock company may be individuals and/or legal entities (Article 5 of the JSC Law). The foundation agreement between founders must be notarised (Article 8 of the JSC Law). The charter is the constitutional document of a joint stock company and must set out the name, location, types and classes of shares, rights of shareholders, management bodies, and other

matters as required by law (Article 9 of the JSC Law). The charter and any amendments thereto must be notarised.

The minimum authorised capital of a joint stock company is 50,000 times the monthly calculation index[2] established by the law on the republican budget for the relevant financial year (Article 10 of the JSC Law). Founders are required to make an advance payment of not less than the minimum authorised capital within 30 days of the date of state registration (Article 11 of the JSC Law). Shares of a joint stock company are issued in book-entry form and recorded in the relevant registers maintained by the KACD (Article 12 of the JSC Law).

4. Shares and Registered Capital

There are two types of shares that may be issued by a joint stock company: ordinary shares and preferred shares (Articles 12 and 13 of the JSC Law). Ordinary shares confer on the holder the right to participate in the GMS and to vote on all matters within its competence, the right to receive dividends if the company has net income, and the right to receive a portion of the company's property upon its liquidation in accordance with the procedure established by Kazakhstan law.

Preferred shares may not exceed 25% of the total number of outstanding shares (Article 13 of the JSC Law) and generally do not carry voting rights, except in limited statutory cases specified by law, including where no dividends have been declared on preferred shares for three consecutive months. Holders of preferred shares have a preferential right, as compared with holders of ordinary shares, to receive dividends in the pre-determined guaranteed amount and to receive a portion of property upon liquidation of the company.

All shares of a joint stock company are in registered, non-bearer form. Capital increases are effected through the placement of authorised but unissued shares. Capital decreases are not permitted under Kazakhstan law.

5. Power of Company to Repurchase Own Shares

A joint stock company may repurchase its own placed shares (treasury shares) subject to Articles 26 to 28 of the JSC Law. Repurchase at the initiative of the company is made with the consent of the relevant shareholder, for the purpose of subsequent sale or for other purposes not contrary to Kazakhstan law and the company's charter (Article 26.1 of the JSC Law). Such repurchase is carried out upon the decision of the board of directors, unless otherwise provided by the JSC Law and/or the company's charter, and must be made in accordance with the share valuation methodology approved in the manner prescribed by the JSC Law, save where the repurchase is effected on a stock exchange through the open bid method (Article 26.1–26.2 of the JSC Law). If the number of shares repurchased at the company's initiative exceeds 1% of the

[2] The monthly calculation index can be accessed at https://www.gov.kz/article/17157?lang=en.

total number of issued shares, the company must inform its shareholders of such repurchase by publication in Kazakh and Russian on the internet resource of the Depository of Financial Statements (Article 26.4 of the JSC Law). Where the number of shares tendered for repurchase exceeds the number declared for repurchase, shares are bought back from shareholders on a pro rata basis, in proportion to the shares owned by them (Article 26.5 of the JSC Law).

Repurchased (treasury) shares do not carry voting rights and are excluded from the count of voting shares of the company (Articles 1(8) and 28.2 of the JSC Law). Treasury shares are also not taken into account in the quorum of the GMS and treasury shares are not entitled to receive dividends (Article 22.4 of the JSC Law).

Restrictions on holding treasury shares: Under Article 28.1, the total number of repurchased placed shares (as aggregated with any previously repurchased shares) must not exceed 25% of the total number of placed shares, and the cost of such repurchased shares must not exceed 10% of the company's equity capital. In addition, under Article 26.3 of the JSC Law, a company may not repurchase its placed shares in a number of circumstances, including: (i) before the first GMS; (ii) before adoption of the first report on allotment of shares among the founders; (iii) if, following the repurchase, the company's equity capital would fall below the statutory minimum; (iv) if at the time of the repurchase, the company shows signs of insolvency in accordance with the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, or such signs would appear as a result of the repurchase; or (v) if the court or the GMS has resolved to liquidate the company.

6. Appraisal Rights for Dissenting Shareholders (Share Buy-Back at Shareholder's Request)

Under Article 27 of the JSC Law, shareholders who voted against or, in certain cases, did not participate in voting on certain fundamental corporate decisions, or in certain cases regardless of the voting, in each case as described below, have the right to demand that the company buy back their shares at fair market value in accordance with the share valuation methodology approved in the manner prescribed by the JSC Law (at their repurchase by the company on the unorganised securities market). These triggering decisions include:

(a) the GMS takes a decision on the company's reorganisation (if the shareholder participated in the GMS and voted against it) (Article 27.1(1));

(b) the GMS takes a decision to delist the company's shares (if the shareholder did not participate in the GMS or participated and voted against the decision) (Article 27.1(1-1));

(c) regardless of the voting, the decision to delist the company's shares is taken by the bidding process organiser (i.e. the stock exchange) (Article 27.1(1-2));

(d) disagreement with the decision on conclusion of a major transaction and/or the decision to make an interested party transaction, taken in the manner prescribed by the JSC Law and/or the company's charter (Article 27.1(2));

(e) the GMS takes a decision to amend the company's charter, limiting the rights on the shares owned by the shareholder (if the shareholder did not participate in the GMS or participated and voted against the decision) (Article 27.1(3)); and

(f) a decision of the GMS on amendments to the methodology for determining the value of shares when they are repurchased by the company on the unorganised market (if the shareholder did not participate in the GMS or participated and voted against the decision) (Article 27.1(4)) but this does not apply to changes made to align the share buyback pricing methodology with the laws of the Republic of Kazakhstan.

A dissenting shareholder must submit a written request for repurchase to the company within 30 calendar days from the date of the relevant decision or, in the case of exchange-initiated delisting, from the date of the delisting decision. The company is then obliged to complete the repurchase within 30 calendar days of receiving that request (Article 27.2 of the JSC Law). Where the total number of shares requested for repurchase exceeds the number the company is permitted to repurchase (having regard to the limits in Article 28 of the JSC Law), the shares are bought back from shareholders on a pro rata basis, in proportion to their respective holdings (Article 27.3 of the JSC Law).

In the case of trigger (f) above (amendments to the valuation methodology), a shareholder has the right to demand repurchase in accordance with the wording of the methodology that was in effect before the GMS made its decision to amend the methodology (Article 27.1-1 of the JSC Law).

7. Transfer of Shares

Shares of a joint stock company are freely transferable, except in the case where specific limitations are imposed by Kazakhstan law (for example, by the Law on Railway Transport). In order to transfer its shares, the shareholder (or its representative) must sign a written order and submit it to the KACD or a relevant nominee holder for execution or give relevant electronic instructions as permitted by law.

The KACD or a nominee holder can refuse to register a transaction with shares if the documents submitted do not conform to the legislative requirements. Additionally, the ARDFM has the right (by notifying the relevant issuer and the KACD) to suspend trading in securities by blocking all or certain personal accounts in the registry or nominee holding systems if the legal requirements establishing the following have been violated: (i) the rights and interests of investors when acquiring securities; or (ii) the terms and procedures for trading securities.

There are no general statutory restrictions on the identity of shareholders simply by nationality under the JSC Law; both local and foreign individuals and legal entities can hold shares in a Kazakhstan joint stock company. No general statutory cap exists for foreign shareholding in a typical joint stock company; a foreign shareholder can, in principle, hold 100% of shares in most sectors. Sector-specific restrictions apply in certain areas, such as (a) telecommunications and aviation, (b) mass media, (c) banks and financial institutions, and (d) strategic assets as determined by the Government such as mainline railway networks, gas, hydrocarbons, and broader energy sectors.

The applicable procedures and timelines for obtaining any required governmental consents vary depending on the type of entity involved and the sector in which it operates.

Persons intending to acquire 30% or more of the voting shares or other amount of shares that will result in acquiring 30% or more of the voting shares (either individually or together with its affiliated parties) on the secondary market must notify the company and the relevant authority 30 business days in advance of date of acquisition, stating the number of shares to be acquired and the price to be paid. Within 15 business days after the acquisition, such person must make a mandatory offer to purchase the shares owned by the other shareholders (Article 25 of the JSC Law).

A person who acquires 10% or more of the voting shares (or acquired 10% or more of the voting shares together with other shareholders, acting jointly under an agreement entered into between them) is classified as a "major shareholder" under the JSC Law (Article 1(23)) and becomes an affiliated person of the company (Article 64(1) of the JSC Law). The company is obligated to maintain records of its affiliated persons (Article 67.2 of the JSC Law). Disclosure obligations in respect of changes in major shareholdings are prescribed by the Securities Market Law.

8. Shareholders' Rights

The rights of shareholders of a joint stock company vary according to the number and percentage of ordinary shares held, as follows:

(A) **One share.** A shareholder holding at least one share has the right to: (a) attend and vote at general shareholders' meetings; (b) receive dividends; (c) access information about the company and its activities, including financial statements; (d) obtain confirmation of share ownership from the KACD or a nominee holder; (e) nominate candidates to the board of directors at shareholders' meetings; (f) challenge decisions of the shareholders' meeting, the board of directors or the executive body if such decisions violate legal or procedural requirements; (g) submit questions to the company and receive a response within 30 days; (h) receive a proportional share of

company assets upon liquidation; (i) exercise pre-emptive rights to subscribe for newly issued shares or securities convertible into shares; and (j) vote on changes to the number or classes of shares (Article 14 of the JSC Law).

(B) **Five percent (5%).** A shareholder independently or jointly with other shareholders holding 5% of shares may in addition to the rights described in paragraph (A) above: (a) propose additional items for the agenda of a general shareholders' meeting; (b) bring claims against directors for breaches related to major or related party transactions; (c) seek court invalidation of a related party transaction with a value of 10% or more of company assets where fraud or unfair valuation is proven; and (d) request disclosure of annual remuneration of individual directors or managers if a court confirms intentional misconduct causing losses to the company (Articles 14 and 74 of the JSC Law).

(C) **Ten percent (10%).** A shareholder independently or jointly with other shareholders holding 10% of voting shares have the right to: (a) require the board of directors to convene an extraordinary general shareholders' meeting or apply to court if the board refuses; (b) require the board of directors to convene a board meeting; and (c) initiate an audit of the company at their own cost (Articles 14, 53 and 78 of the JSC Law).

(D) **More than 25 percent (>25%).** A shareholder independently or jointly with other shareholders holding more than 25% of shares may block the following decisions at a shareholders' meeting: (a) approval or amendment of the corporate governance code; (b) voluntary reorganisation or liquidation of the company; (c) increase of share capital or change in share classes; (d) changes to share valuation methodology used for off-market buybacks; and (e) issuance of shares or convertible securities without applying pre-emptive rights (Article 36 of the JSC Law).

(E) **More than 50% (>50%).** A shareholder independently or jointly with other shareholders holding more than 50% of shares may decide, among others, to: (a) amend the company's charter; (b) approve terms of securities conversion; (c) approve issuance of securities convertible into shares; (d) approve exchange of shares into another class; (e) appoint and remove counting commission members; (f) appoint and remove directors and approve their remuneration; (g) appoint external auditors; (h) approve annual financial statements; (i) approve dividend payments and their amounts; (j) approve voluntary delisting; (k) approve acquisitions or disposals valued at 25% or more of company assets; (l) approve notice procedures and agendas for shareholders' meetings; (m) approve disclosure procedures; (n) approve issuance or cancellation of a golden share; (o) approve major transactions involving 50% or more of company assets; and (p) decide on other matters assigned by law or the charter (Article 36 of the JSC Law).

In addition to the shareholders' rights described above, the charter of the company may envisage additional rights for shareholders.

9. Shareholders' Meeting

The annual GMS must be held within five months of the end of the financial year (Article 35 of the JSC Law). An extraordinary GMS may be convened by the board of directors on its own initiative, at the request of the largest shareholder, or by the liquidation committee. Notice of a GMS must be given not less than 30 calendar days prior to the date of an in-person meeting and not less than 45 calendar days prior to the date of an absentee or mixed (in-person and absentee) vote (Article 41 of the JSC Law).

A quorum is present when shareholders holding more than 50% of the total voting shares are present or represented. If a quorum is not present for an in-person or mixed meeting, a second meeting may be scheduled no earlier than the day following the established date of the initial (failed) GMS with the same agenda, and such second meeting shall be quorate if shareholders holding 40% or more of the voting shares are present (Article 45 of the JSC Law). This rule for a second meeting is not applicable for the absentia meeting (i.e. a meeting where voting will be by absentee ballot only, without shareholders or representatives convening at any physical meeting place to vote). A company with more than 10,000 shareholders may introduce a lower quorum for the second meeting.

Resolutions of the GMS shall be adopted by a simple majority of votes of the total number of voting shares of the company participating in the voting, except that a qualified majority of not less than three-fourths (75%) of the total number of the company's voting shares is required for the following matters (Article 36.2 of the JSC Law):

- approval of the corporate governance code, as well as changes and amendments thereto (Article 36.1(1-1));
- determination of the procedure, deadlines and total number of the company's shares to be placed (sold) or other securities convertible into ordinary shares of the Company, without the right of pre-emptive purchase (Article 36.1(1-2));
- voluntary reorganization or liquidation of the company (of Article 36.1(2));
- a decision to increase the number of authorised shares of the company or to change the type of unplaced authorised shares (Article 36.1(3)); and
- approval of changes to the methodology (or approval of the methodology, if not previously approved by a foundation meeting) of assessing the value of shares at their redemption by the Company in the unorganised market (Article 36.1(14)).

In addition, the decision on the issue of non-government bonds without maturity (Article 36.1(3-5)) is adopted by a simple majority of votes from the total number of voting shares of the Company (i.e. not merely those participating in the voting).

Furthermore, where a resolution of the GMS on the exchange of placed shares of one type for shares of another type (Article 36.1(3-3)) may restrict the rights of a holder of preferred shares, such resolution shall be deemed adopted only if not less than two-thirds (2/3) of the total number of placed (less repurchased) preferred shares have voted in favour of such resolution (Article 36.2 of the JSC Law).

Under Article 50 of the JSC Law, voting at the GMS is conducted on the basis of "one share – one vote", subject to the following statutory exceptions: (i) limitations on the maximum number of votes per shareholder as may be provided by the laws of the Republic of Kazakhstan; (ii) cumulative voting in the election of members of the board of directors; and (iii) one vote per person entitled to vote on procedural matters of the GMS.

10. Management Bodies of the Company

The management bodies of a joint stock company are structured in three tiers pursuant to Article 33 of the JSC Law: (i) the GMS, which is the supreme governing body of the company; (ii) the board of directors, which is the management body responsible for the general direction of the company's activities, except for matters falling within the exclusive competence of the GMS; and (iii) the executive body, which may be either collegial (a management board) or sole (a chief executive officer), and which is responsible for the day-to-day management of the company's operations (Article 92 of the Civil Code of Kazakhstan).

11. Board of Directors

The board of directors of a joint stock company must comprise not less than 30% independent directors (Articles 54 of the JSC Law). Members of the board of directors are elected by the GMS through cumulative voting. The term of office of directors is determined by the GMS.

The powers of the board of directors, among others, include: determining the strategic direction of the company's activities; approving the annual budget; appointing and removing members of the executive body; approving interested party transactions and major transactions within the thresholds specified by law; and convening GMS. The board of directors may establish committees to assist in the discharge of its functions, including audit committees, remuneration committees, and other committees as the board considers necessary.

Major transactions involving the acquisition or disposal of property with a value of between 25% and 50% of the total book value of the company's assets require the approval of the board of directors, and transactions involving property with a value exceeding 50% of the

total book value of the company's assets require the approval of the GMS (Articles 36 and 68 of the JSC Law).

12. Meeting of the Board of Directors

Meetings of the board of directors are convened by the chairman of the board or its management board or at the request of any member of the board, internal audit service, audit organisation conducting audit of the company or a shareholder independently or jointly with other shareholders holding 10% of voting shares. The quorum for meetings of the board of directors and the procedures for decision-making are determined by the charter of the company and the regulations adopted by the board. The board of directors may adopt resolutions by absentee voting where permitted by the charter.

13. Qualification to be Member of Management Bodies

Members of the board of directors and the executive body of a joint stock company must meet the requirements established by the JSC Law and the charter of the company. Persons who have been convicted of offences in the sphere of economic activity or offences against the interests of service in commercial or other organisations may not serve as members of the board of directors or the executive body.

Similarly, persons who were members of the management body of a legal entity at the time such entity was declared bankrupt may not serve as directors of a joint stock company for a period specified by law. The GMS may establish additional qualification requirements for members of the board of directors.

14. Obligations of Directors

Members of the board of directors and the executive body owe duties of loyalty and care to the company and its shareholders as a whole. They must, among other things, act in good faith, in the best interests of the company and shareholders, and exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances. Interested party transactions are subject to approval by non-interested members of the board of directors or, where a majority of the board is interested, by the GMS (Articles 71 to 73 of the JSC Law).

Members of the board of directors and the executive body are jointly and severally liable for losses caused to the company as a result of their breach of the duties imposed upon them by the JSC Law and the charter of the company, except for those members who voted against the relevant decision or did not participate in the vote.

15. Accounting and Auditing Requirements

The annual financial statements of a joint stock company must be audited by an independent auditor (Articles 76 and 78 of the JSC Law). The executive body is required to provide the annual financial statements together with the independent auditor's report to the GMS for discussion and approval.

Accounting and financial reporting by joint stock companies must be conducted in accordance with international financial reporting standards as adopted in the Republic of Kazakhstan. The company is required to publish its audited annual financial statements within the time period prescribed by law.

16. Appointment and Removal of Auditors

The auditor of a joint stock company is appointed by the GMS by a simple majority of votes (Article 36 of the JSC Law). An audit may also be initiated by the board of directors or the executive body at the company's expense. A major shareholder holding 10% or more of the voting shares may initiate an audit at the shareholder's own expense. If the executive body refuses to permit an audit initiated by a shareholder, the shareholder may apply to the court for an order requiring the company to submit to the audit (Article 78 of the JSC Law).

17. Profit and Dividend Distribution

Dividends on ordinary shares may only be paid after the audit of the financial statements for the relevant period has been completed (Article 23 of the JSC Law). The decision to pay dividends is made by the GMS and must specify the amount of dividend per share. Dividends on preferred shares are paid in the pre-determined guaranteed amount specified in the company's charter. A joint stock company may not declare or pay dividends if the company has negative equity or if the payment of dividends would result in the company showing signs of insolvency (Article 91 of the Civil Code of Kazakhstan).

18. Amendment to Constitutional Documents

Amendments to the charter of a joint stock company require the approval of a simple majority of the total voting shares present at a GMS (Article 36.2 of the JSC Law). The charter and all amendments thereto must be notarised (Article 9 of the JSC Law).

19. Dissolution and Winding Up

A joint stock company may be liquidated voluntarily by a decision of the GMS (Article 88 of the JSC Law). Such decision requires a qualified majority of three-fourths of the total voting shares (Article 36.2 of the JSC Law). A joint stock company may also be liquidated by order of the court in circumstances provided for by law. Upon the adoption of a resolution to liquidate, a

liquidation committee is created to manage the liquidation process. Upon completion of the liquidation, remaining assets are distributed first to holders of preferred shares (accrued but unpaid dividends and the redemption value of such shares), and thereafter to holders of ordinary shares on a pro rata basis (Article 89 of the JSC Law).

20. Merger and Division

The JSC Law provides for the following forms of reorganisation of a joint stock company: merger, accession, division, separation, and transformation. A merger involves the creation of a new company by the transfer of all property, rights, and obligations of two or more companies, which are thereby terminated (Article 82 of the JSC Law). An accession involves the termination of one company and the transfer of all of its property, rights, and obligations to a surviving company (Article 83 of the JSC Law). A division involves the termination of a company and the transfer of all of its property, rights, and obligations to two or more newly created companies (Article 84 of the JSC Law). A separation involves the creation of one or more new entities by a company without the termination of the transferring company (Article 85 of the JSC Law). A transformation involves the conversion of a joint stock company into a business partnership or production cooperative (Article 86 of the JSC Law). All forms of reorganisation require the approval of the GMS by a qualified majority.

21. Takeovers/Mandatory Tender Offer

Any person who acquired 30% or more of the voting shares or other amount of shares that resulted in acquiring 30% or more of the voting shares (either individually or together with its affiliated parties) of a joint stock company on the secondary market is required to make a mandatory tender offer to all remaining shareholders within 15 business days of such acquisition (Article 25.2 of the JSC Law). In such case: (a) the offer must be unconditional; (b) the offer price must not be below the market price of the shares; and (c) payment must be made within 30 business days after the date of acceptance of the offer by the selling shareholder. Failure to make the mandatory offer requires the acquirer to reduce its shareholding to below 30%. The rule applies to both local and foreign investors.

Under Article 25-1 of the JSC Law, a person who, independently or in combination with its affiliates, acquires 95% or more of the voting shares of a company on the secondary market (or a different number of voting shares which in total constitute at least 10% of the voting shares, as a result of which that person owns 95% or more) has the right, within 60 business days after the date of such acquisition, to demand that remaining shareholders sell their voting shares. The company must, within three business days after receipt of the demand, ensure its publication on the internet resource of the Depository of Financial Statements and inform the KACD and the stock exchange (if the company's shares are on the official list). The remaining shareholders are obliged to sell their voting shares within 60 calendar days from the date of publication of the demand. During that period, shareholders are prohibited from making any other civil transactions

with their voting shares, except for termination of pledge or trust management and removal of seizures (Article 25-1.3 of the JSC Law).

The price at which remaining shareholders must sell their shares is determined as the highest of the following (Article 25-1.4 of the JSC Law): (a) with respect to shares included in the representative list of a stock exchange operating in Kazakhstan: the weighted average price prevailing on the organised securities market over the last six months preceding the date of the transaction which resulted in the 95% threshold being crossed, or the price of shares under that transaction (whichever is higher); (b) with respect to other shares: the market price determined by an appraiser in accordance with Kazakhstan legislation on appraisal activities, or the price of shares under the transaction (whichever is higher).

For the transfer of shares to become effective, it must be recorded in the registers of the KACD (or a nominee holder). The law provides that such registration may be completed on the basis of a purchase order submitted by the majority shareholder, without the need for a corresponding sell order from the minority shareholder.

The right to receive unpaid dividends on the voting shares as at the date of registration of the transfer is reserved for the selling shareholders (Article 25-1.7 of the JSC Law). The squeeze-out mechanism applies equally to foreign investors.

Minority shareholders are protected by the following additional rights: (a) shareholders holding 5% (individually or jointly) may sue directors and managers for mismanagement; (b) shareholders opposing delisting may require share buyback (subject to statutory limits); (c) shareholders opposing major or related party transactions may require share buyback; and (d) members of the board of directors are elected using cumulative voting (Articles 14, 27 and 55 of the JSC Law).

22. Securities Laws

The Securities Market Law governs the issuance, placement, and circulation of securities in the Republic of Kazakhstan. The ARDFM is the principal regulatory authority responsible for the supervision and regulation of the securities market. Listed companies are subject to disclosure requirements in respect of material events, including changes in management, major litigation, the assumption of material financial obligations, new securities issuances, major transactions, and foreign listings.

Kazakhstan law prohibits trading in listed securities while possessing inside information. Inside information means information that: (a) is not publicly available; and (b) could affect the price of securities if disclosed. The following is not considered inside information: (a) information based on public data, including research and forecasts; (b) information published in the mass media; (c) unreliable information from unknown sources; and (d) assumptions

regarding company activities. Companies must disclose inside information without delay, usually within three business days to 15 calendar days, depending on the type of information.

Market manipulation is prohibited and includes: (a) influencing prices to create artificial levels; and (b) creating a misleading appearance of trading activity. Providing false or misleading information or pressuring market participants is also prohibited. Violations may result in administrative or criminal liability and may lead to court invalidation of transactions.

23. Disclosure of Information

A joint stock company whose shares are listed is obligated to disclose information on its internet resources in accordance with the Securities Market Law and the regulatory legal acts of the authorised body (Article 79 of the JSC Law). Detailed disclosure requirements, the content of information to be disclosed, and disclosure timelines are established by the Rules for Disclosure of Information by Issuers, approved by Resolution of the Board of the NBK dated 27 August 2018 No. 189. In addition, the company must disclose information on the website of the Depository of Financial Statements (www.dfo.kz), including: (a) corporate events and resolutions; (b) remuneration of management; (c) affiliated entities; (d) changes in shareholders holding 10% or more; (e) annual financial statements and audit reports; (f) share valuation methodologies; (g) changes in significant shareholdings; and (h) amendments to the securities prospectus.

Material events affecting the company or its securities must be disclosed, including: (a) management changes; (b) major litigation; (c) major financial obligations; (d) securities issuances; (e) major share sales or buybacks; (f) major or related party transactions; (g) foreign listings; and (h) ratings assignments or withdrawals.

24. Regulatory Approvals for Overseas Listing

Kazakhstan law does not generally prohibit a Kazakhstan joint stock company from offering or listing its securities on foreign stock exchanges. However, state registration of the securities issuance is required under the Securities Market Law before any placement abroad. In addition, pursuant to Article 22-1 of the Securities Market Law, an organisation resident in Kazakhstan, simultaneously with the commencement of the placement of equity securities and/or derivative securities (where the underlying assets are such securities) in the territory of a foreign state, must offer them for purchase through KASE or AIX on the same terms as in the foreign jurisdiction, in the following volumes: (i) until 1 January 2026 – not less than 20% of the total number of securities planned for placement; (ii) from 1 January 2026 – not less than 30% of the total number of securities planned for placement; and (iii) from 1 January 2028 – not less than 50% of the total number of securities planned for placement. At least 20% of the total number of securities planned for placement must be placed on KASE and/or AIX.

In respect of the Company, the Law on Railway Transport originally restricted the disposal of shares of the Company, effectively limiting the disposal of shares of the Company including through issuance of new shares and **[REDACTED]** in connection with the **[REDACTED]** and/or disposal by Samruk-Kazyna to below the current 90% plus one share threshold. This restriction was addressed at the legislative level by an amendment to Article 5-2 of the Railway Law which allows for a broader placement of up to [25]%.

A resident organisation of Kazakhstan that has placed securities and/or derivative securities on the territory of a foreign state shall notify the ARDFM of the results of the placement in the form and within the time limits established by the regulatory legal act of the ARDFM (Article 22-1 (2) of the Securities Market Law). A person planning to sell securities of resident organisations of Kazakhstan on the secondary securities market by issuing and **[REDACTED]** securities, the underlying asset of which is equity securities of such organisations, shall also notify the ARDFM of the results of the placement (Article 22-1 (3) of the Securities Market Law). **[REDACTED]**

THE TAKEOVERS CODE AND THE KAZAKHSTAN LAWS

As set out in "Summary of the Kazakhstan Law Applicable to Joint Stock Companies – 21. Takeovers/Mandatory Tender Offer" in this Appendix, the JSC Law stipulated when and how a mandatory tender offer must be made where a person acquired 30% or more of the voting shares or other amount of shares that resulted in acquiring 30% or more of the voting shares (either individually or together with its affiliated parties) of a joint stock company on the secondary market.

Since the Company will be a **[REDACTED]** for the purpose of the Takeovers Code upon **[REDACTED]**, the Takeovers Code shall apply to the Company. To the extent that the requirements under the Takeovers Code and Kazakhstan laws differ, the Company and the offeror is required to observe and comply with both sets of requirements and for the avoidance of doubt, the more onerous set of requirements shall prevail.

1. FURTHER INFORMATION ABOUT THE COMPANY

A. Incorporation

The Company's predecessor, Kazakhstan Temir Zholy Republican State Enterprise, was established in Kazakhstan on 31 January 1997 by resolution of the Government through the merger of the following republican state enterprises: Almaty Railway Administration, Tselinny Railway Administration, and West Kazakhstan Railway Administration. On 15 May 2002, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed on the basis of resolution of the Government through the merger of Kazakhstan Temir Zholy Republican State Enterprise and its state-owned subsidiaries. On 1 April 2004, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was reorganised into Joint Stock Company «National Company «Kazakhstan Temir Zholy». As of the Latest Practicable Date, the Company's charter capital was KZT1,152,698 million.

The Company's registered office, head office and business address is at 6 Konaev Street, Esil District, Astana 010000, Republic of Kazakhstan. As the Company was established in Kazakhstan, the Company's corporate structure and the Charter are subject to the relevant laws of the Kazakhstan. A summary of the relevant laws and regulations of Kazakhstan and the Charter is set out in "Summary of the Constitution of the Company Core Shareholder Protection Standards and the Kazakhstan Law Applicable to Joint Stock Companies—Summary of the Constitution of the Company" in Appendix IV to this Document.

The Company [has] established its principal place of business in Hong Kong at [46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong], Hong Kong, and [is] registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●] 2026. Ms. Chan Wing Yan (Vivian) [has] been appointed as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for service of process [is the same as the Company's principal place of business in Hong Kong].

B. Changes in the share capital of the Company

As of the Latest Practicable Date, the Company had 502,040,458 authorised Shares, of which 496,695,676 were placed and paid-in and are held by Samruk-Kazyna.

Save as disclosed in "History and Corporate Structure", there has been no alteration in the share capital of the Company during the two years immediately preceding the date of this Document.

C. Resolutions of the Shareholders of the Company dated [●] 2026

On [●] 2026, resolutions of the Company were passed by Samruk-Kazyna that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the **[REDACTED]** – Conditions of the **[REDACTED]**":

(a) the Charter was approved and adopted with effect from the **[REDACTED]**;

(b) the increase in the number of the Company's authorised Shares from 502,040,458 to [●] was approved;

(c) the **[REDACTED]** was approved and the Board of Directors and any person duly authorised by the Board of Directors are authorised to take all actions and execute all documents necessary or desirable in connection with the implementation of the **[REDACTED]**; and

(d) the **[REDACTED]** was approved and the Board of Directors and any person duly authorised by the Board of Directors are authorised to take all actions and execute all documents necessary or desirable in connection with the implementation of the **[REDACTED]**.

D. The Company's subsidiaries and changes in their share capital

As of the Latest Practicable Date, the Company had 29 subsidiaries, including nine Major Subsidiaries (see "History and Corporate Structure" in this Document for details of the Major Subsidiaries). The particulars of the non-Major Subsidiaries are set out below:

Name of subsidiary	Date of establishment	Place of establishment	Charter capital/ Issued share capital	Percentage of equity interest held by the Group	Principal business activities
LLP Transport Holding of Kazakhstan	28 January 2005	Kazakhstan	KZT3,270,612,762.89	100%	Provision of access road services, lease and management of own real estate
LLP «KTZ Express Shipping»	12 May 2014	Kazakhstan	KZT1,899,340,208.35	100%	Maritime and coastal freight transport
Xinjiang KTZ International Logistics Co., Ltd.	3 June 2014	People's Republic of China	USD1,000,000	100%	International transport agency services

Name of subsidiary	Date of establishment	Place of establishment	Charter capital/ Issued share capital	Percentage of equity interest held by the Group	Principal business activities
KTZ Express Hong Kong Limited	17 June 2014	Hong Kong	HKD8,299,200	100%	International freight forwarding services, consulting, warehousing and terminal operations
JSC Vagonservice	17 February 2004	Kazakhstan	KZT148,444,206,000	100%	Maintenance, repair and servicing of passenger railway cars and related equipment
JSC Temirzholsu	27 January 2004	Kazakhstan	KZT17,318,131,618.8	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Aktobe	26 March 2004	Kazakhstan	KZT2,203,593,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Mangystau	26 March 2004	Kazakhstan	KZT912,548,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Kyzylorda	25 March 2004	Kazakhstan	KZT1,620,794,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Kokshetau	22 April 2004	Kazakhstan	KZT649,293,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Karaganda	16 April 2004	Kazakhstan	KZT899,687,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Pavlodar	15 April 2004	Kazakhstan	KZT1,178,508,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Almaty	17 March 2004	Kazakhstan	KZT2,758,607,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Arys	12 March 2004	Kazakhstan	KZT910,373,000	100%	Provision of water supply and sewerage systems

Name of subsidiary	Date of establishment	Place of establishment	Charter capital/ Issued share capital	Percentage of equity interest held by the Group	Principal business activities
LLP Temirzholsu-Kostanay	30 March 2004	Kazakhstan	KZT822,109,000	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Ayagoz	18 March 2004	Kazakhstan	KZT717,712,000	100%	Provision of water supply and sewerage systems
Kazakhstan Temir Zholy Finance B.V.	11 September 2001	Kingdom of the Netherlands	EUR6,975,020	100%	Commercial trading and financing of Group companies
Kazakhstan Car Building Company	20 March 2012	Kazakhstan	KZT7,781,580,455	78.47%	Production and sale of passenger cars
LLP Tulpar Car-Building Plant	7 September 2010	Kazakhstan	KZT141,300	100%	Production and sale of freight cars
LLP Militarized Railway Security	26 December 2001	Kazakhstan	KZT14,380,071,684	100%	Provision of security services exclusively to Group companies

The following alterations in the share capital of the non-Major Subsidiaries have taken place within the two years immediately preceding the date of this Document:

- On 5 November 2025, the charter capital of LLP Transport Holding of Kazakhstan was increased by KZT3,224,250,000 through capital contribution by Kedentransservice.
- On 2 May 2024, the share capital of JSC Temirzholsu was increased by KZT1,400,000,000 to KZT15,918,131,618.8, and further increased by KZT1,400,000,000 to KZT17,318,131,618.8 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Aktobe was increased by KZT257,000 on 2 May 2024, and further increased by KZT25,000 to KZT2,203,593,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Mangystau was increased by KZT75,000,000 on 2 May 2024, and further increased by KZT250,000,000 to KZT912,548,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Kyzylorda was increased by KZT450,000,000 on 2 May 2024, and further increased by KZT150,000,000 to KZT1,620,794,000 on 23 December 2025.

- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Kokshetau was increased by KZT50,000,000 on 2 May 2024, and further increased by KZT25,000,000 to KZT649,293,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Karaganda was increased by KZT33,000,000 on 2 May 2024, and further increased by KZT25,000,000 to KZT899,687,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Pavlodar was increased by KZT100,000,000 on 2 May 2024, and further increased by KZT400,000,000 to KZT1,178,508,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Almaty was increased by KZT160,000,000 on 2 May 2024, and further increased by KZT100,000,000 to KZT2,758,607,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Arys was increased by KZT75,000,000 on 2 May 2024, and further increased by KZT300,000,000 to KZT910,373,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Kostanay was increased by KZT75,000,000 on 2 May 2024, and further increased by KZT25,000,000 to KZT822,109,000 on 23 December 2025.
- Through capital contribution by its sole participant, JSC Temirzholsu, the charter capital of LLP Temirzholsu-Ayagoz was increased by KZT125,000,000 on 2 May 2024, and further increased by KZT100,000,000 to KZT717,712,000 on 23 December 2025.
- In 2024, the share capital of Kazakhstan Temir Zholy Finance B.V. was increased to EUR4,817,280, and further increased to EUR 6,975,020 on 9 April 2026.
- On 24 December 2025, the charter capital of LLP Militarized Railway Security was increased by KZT 4,346,371,000, and further increased by KZT 7,401,338,684 to KZT14,380,071,684 on 12 May 2026.

Save as disclosed in "History and Corporate Structure" and above, there has been no alteration in the share capital of any of the subsidiaries within the two years immediately preceding the date of this Document.

2. FURTHER INFORMATION ABOUT THE COMPANY'S BUSINESS

A. Summary of the Company's Material Contracts

The Company has entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this

Document which is or may be material, and a copy of each has been published on the Stock Exchange's website and the Company's own website:

(a) the third additional agreement dated 31 December 2024 to the trust management agreement dated 2 November 2022 entered into between Kaztemirtrans and Limited Liability Partnership «SMP Group» in relation to amendments to the trust management arrangements for a 78.47% participation interest in the charter capital of Limited Liability Partnership «Kazakhstan Wagon Manufacturing Company», including the extension of the relevant trust management obligations and term of the trust management agreement until 31 December 2025;

(b) the fourth additional agreement dated 30 December 2025 to the trust management agreement dated 2 November 2022 entered into between Kaztemirtrans and Limited Liability Partnership «SMP Group» in relation to amendments to the trust management arrangements for a 78.47% participation interest in the charter capital of Limited Liability Partnership «Kazakhstan Wagon Manufacturing Company», including amendments reflecting the sale and purchase agreement for such participation interest and the extension of the relevant trust management obligations and term until 31 March 2026;

(c) the share subscription agreement entered into between Air Cargo and Turlov Private Holding Limited on 26 March 2026, pursuant to which Turlov Private Holding Limited agreed to subscribe for 104 common shares of Air Cargo (representing approximately 50.98% shareholding interest in Air Cargo as enlarged by the allotment and issue of the subscription shares) at a consideration of KZT 204,464,000;

(d) the fifth additional agreement dated 31 March 2026 to the trust management agreement dated 2 November 2022 entered into between Kaztemirtrans and Limited Liability Partnership «SMP Group» in relation to amendments to the trust management arrangements for a 78.47% participation interest in the charter capital of Limited Liability Partnership «Kazakhstan Wagon Manufacturing Company», including the extension of the relevant trust management obligations and term until 31 December 2026;

(e) the shareholders' agreement entered into between KTZ Express and Turlov Private Holding Limited on 10 April 2026 regarding the management and activities of Air Cargo;

(f) a programme agreement dated 21 April 2026 entered into between the Company as issuer, Kaztemirtrans and KTZ-FT as guarantors (collectively, the "**Guarantors**"), and Citigroup Global Markets Limited, J.P. Morgan Securities plc and Société Générale as dealers and arrangers, establishing the MTN Programme for the issuance of Notes guaranteed by the guarantors (the "**Programme Agreement**");

(g) a subscription agreement dated 27 April 2026, supplemental to the Programme Agreement, entered into between the Company, the guarantors, Citigroup Global Markets Limited, J.P. Morgan Securities plc and Société Générale as joint global coordinators, Abu Dhabi Commercial Bank PJSC, Deutsche Bank Aktiengesellschaft, Oman Investment Bank and Standard Chartered Bank as joint lead managers, and Freedom Finance Global PLC and Teniz Capital Investment Banking JSC as Kazakhstan lead managers, pursuant to which the managers severally subscribed for U.S.$500,000,000 4.875 per cent. Notes due 2031 at an issue price of 99.453%;

(h) a subscription agreement dated 27 April 2026, supplemental to the Programme Agreement, entered into between the Company, the guarantors, Citigroup Global Markets Limited, J.P. Morgan Securities plc and Société Générale as joint global coordinators, Abu Dhabi Commercial Bank PJSC, Deutsche Bank Aktiengesellschaft, Oman Investment Bank and Standard Chartered Bank as joint lead managers, and Freedom Finance Global PLC and Teniz Capital Investment Banking JSC as Kazakhstan lead managers, pursuant to which the managers severally subscribed for U.S.$500,000,000 5.250 per cent. Notes due 2036 at an issue price of 99.043%; and

(i) **[REDACTED]**.

B. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, the following trademarks have been registered in the name of the relevant member of the Group which are considered by the Directors to be or may be material to the Company's business:

No.	Trademark	Owner/Applicant	Registration Number	Registration date	Expiry date	Place of registration	Class
1		The Company	50182	17 November 2015	12 November 2034	Republic of Kazakhstan	12, 16, 25, 35, 39, 41
2	KTZ EXPRESS MULTIMODAL COMPANY	KTZ Express	54924	1 February 2017	30 March 2036	Republic of Kazakhstan	39
3		Kedentransservice	81579	12 December 2022	22 April 2032	Republic of Kazakhstan	39
4	ҚАЗТЕМІРТРАНС	Kaztemirtrans	25720	25 December 2017	31 May 2027	Republic of Kazakhstan	35, 39
5		International Sea Trade Port of Aktau	14533	29 November 2002	26 March 2032	Republic of Kazakhstan	01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27
6		KTZ-FT	20603	12 June 2006	15 December 2034	Republic of Kazakhstan	35, 39, 42
7	JOLAŶSHYLAR LOKOMOTIVTERI	KTZ-Passenger Locomotives	76477	15 December 2021	11 December 2030	Republic of Kazakhstan	12, 35, 39
8		Port Kuryk	59870	23 May 2018	1 July 2027	Republic of Kazakhstan	35, 39

(b) Domain Names

As of the Latest Practicable Date, the following internet domain names have been registered in the name of the relevant member of the Group which are considered by the Directors to be or may be material to the Company's business:

No.	Domain name	Owner	Expiry date
1.	railways.kz	The Company	31 December 2026
2.	ektz.kz	KTZ Express	2 May 2027
3.	ktzair.kz	KTZ Express	28 November 2026
4.	ktze.kz	KTZ Express	7 October 2026
5.	ktzair.com	KTZ Express	28 November 2026
6.	kdts.kz	Kedentransservice	25 February 2027
7.	5pl.kz	KTZ Express	5 April 2027
8.	Portaktau.kz	International Sea Trade Port of Aktau	26 March 2027
9.	temirzholy.kz	Passenger Transportation	31 October 2026
10.	ktzh-gp.kz	KTZ-FT	21 June 2026
11.	portkuryk.kz	Port Kuryk	21 November 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which were material in relation to the Group's business.

3. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors' contracts

The Company has entered into a service contract with each of the independent non-executive and executive Director which contains provisions in relation to, among others, termination. The non-executive Directors have not entered into any service contract with the Company. Pursuant to the Charter, Directors are appointed for terms of up to three years.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of the Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Directors' remuneration

Save as disclosed in "Directors, Senior Management and Corporate Governance – Remuneration of Directors and Senior Management" and Note 31 to the Consolidated Financial Statements set out in Appendix I to this Document, none of the Directors received other remuneration or benefits in kind from the Company during the three years ended 31 December 2023, 2024 and 2025.

4. DISCLOSURE OF INTERESTS

A. Interests and short positions of the substantial shareholders in the Shares and underlying Shares, or debentures of the Company and its associated corporations

Save as disclosed in the section headed "Substantial Shareholders" in this Document, up to the Latest Practicable Date, the Directors were not aware of any other person, not being a Director or chief executive of the Company, who had an interest or short position in the Shares, underlying Shares, or debentures of the Company or any of its associated corporations which following the completion of the **[REDACTED]**, would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are expected to be, directly or indirectly, interested in 10% or more of the issued voting shares of the Company or that of any other member of the Group.

B. Interests and short positions of the Directors and the chief executive of the Company in the Share, underlying Shares or debentures of the Company and its associated corporations

Immediately following completion of the **[REDACTED]**, none of the Directors or chief executive of the Company has any interest and/or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which has been taken or is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

C. Disclaimers

Save as disclosed in this Document:

(a) none of the Directors nor any of the parties listed in "5. Other Information – G. Qualification of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the Company's business;

(b) none of the Directors nor any of the parties listed in "5. Other Information – G. Qualification of Experts" in this Appendix is interested in the Company's promotion, or in any assets which have, within two years immediately preceding the issue of this Document, been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company;

(c) none of the parties listed in the paragraph headed "5. Other Information – G. Qualification of Experts" in this Appendix: (i) is interested legally or beneficially in any of the Shares or any shares in any of the Company's subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities; and

(d) none of the Directors or their associates (who to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Company's five largest suppliers or five largest customers for each year/period during the Track Record Period.

5. OTHER INFORMATION

A. Estate Duty

The Company has been advised that no material liability for estate duty is likely to fall upon the Company or any member of the Group.

B. Litigation

As of the Latest Practicable Date, no member of the Group was involved in any material litigation, arbitration or administrative proceedings, and so far as the Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of the Group.

C. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor [has] made an **[REDACTED]** on the Company's behalf to the **[REDACTED]** for **[REDACTED]** of, and permission to deal in, the **[REDACTED]**, including any **[REDACTED]** which may be issued. All necessary arrangements have been made to enable the **[REDACTED]** to be admitted into **[REDACTED]**.

The Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which the Company agreed to pay a total amount of US$0.5 million to the Sole Sponsor for acting as sponsor to the Company in the **[REDACTED]**.

D. Compliance Advisor

The Company [has] appointed Somerley Capital Limited as its compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

As of the Latest Practicable Date, the Company did not incur material preliminary expenses.

F. Promoters

The Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given to any promoters in connection with the **[REDACTED]** or related transactions in this Document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this Document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Zan Hub LLP	Legal advisers to the Company as to Kazakhstani laws
KPMG Tax and Advisory LLC	Independent financial and industry research consultant
Reed Smith LLP	Legal advisers to our Company as to International Sanctions laws
Reed Smith LLP	Legal advisers to the Company as to specific matters under Kazakhstani laws

H. Consents of Experts

Each of the experts as referred to in "5. Other Information – G. Qualification of Experts" in this Appendix has given, and has not withdrawn, its respective written consents to the issue of this Document with the inclusion of its reports and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of the Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. No Material Adverse Change

Save as disclosed in this Document, the Directors confirm that there has been no material adverse change in the Company's financial or operational position since 31 December 2025, being the end date of the Company's latest audited financial statements, and up to the Latest Practicable Date.

J. Binding effect

This Document shall have the effect, if an **[REDACTED]** is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

K. Agency Fees or Commissions Paid or Payable

In relation to the MTN Programme, an aggregate commission of US$2,405,000 was paid or payable to the bookrunners and the joint lead managers.

Save as disclosed in this Document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of the Group within the two years preceding the date of this Document.

L. Miscellaneous

Save as disclosed in this Document, within the two years immediately preceding the date of this Document:

(a) neither the Company nor any of its subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any share capital or debentures of the Company or any of its subsidiaries;

(e) there is no arrangement under which future dividends are waived or agreed to be waived.

The Company's **[REDACTED]** will be maintained in Hong Kong by the **[REDACTED]**. Unless the Directors otherwise agree, all transfers and other documents of title of **[REDACTED]** must be lodged for registration with and registered by the Company's **[REDACTED]** and may not be lodged in Kazakhstan. All necessary arrangements have been made to enable the **[REDACTED]** to be admitted to **[REDACTED]**.

The Directors confirm that:

(a) there has been no interruption in the Company's business which may have or have had a significant effect on its financial position in the last 12 months;

(b) there are no hire purchase commitments, guarantees or other material contingent liabilities of the Company or any member of the Group; and

(c) save as disclosed in "Financial Information" in this Document, the Company and its subsidiaries have no outstanding debentures or convertible debt securities.

M. Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

The English version of this Document shall prevail over the Chinese version.

DOCUMENTS DELIVERED TO THE [REDACTED]

The documents attached to the copy of this Document delivered to the **[REDACTED]** for registration were, among other documents:

(a) the written consents referred to in "Appendix V – Statutory and General Information – 5. Other Information – H. Consents of Experts" to this Document; and

(b) a copy of each of the material contracts referred to in "Appendix V – Statutory and General Information – 2. Further Information about the Company's Business – A. Summary of the Company's Material Contracts" to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.railways.kz** during a period of 14 days from the date of this Document:

(a) the Charter;

(b) the Accountants' Report for the years ended 31 December 2023 and 2024 from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IA to this document;

(c) the Accountants' Report for the year ended 31 December 2025 from Ernst & Young, the text of which is set out in Appendix IB to this document;

(d) the audited consolidated financial statements of the Group for the three financial years ended 31 December 2023, 2024 and 2025 and the audited financial statements of the Company for the three years ended 31 December 2023, 2024 and 2025;

(e) **[REDACTED]**;

(f) the legal opinion issued by Zan Hub LLP, the Company's legal adviser as to Kazakhstan laws, summarizing certain aspects of Kazakhstan law applicable to joint stock companies referred to in Appendix IV to this Document;

(g) the industry report issued by KPMG Tax and Advisory LLC, the summary of which is set forth in the section headed "Industry Overview" in this Document;

(h) the material contracts referred to in "Appendix V – Statutory and General Information – 2. Further Information about the Company's Business – A. Summary of the Company's Material Contracts" to this Document;

(i) the written consents referred to in "Appendix V – Statutory and General Information – 5. Other Information – H. Consents of Experts to this Document"; and

(j) the contracts with the Directors referred to in "Appendix V – Statutory and General Information – Further Information about the Directors and Substantial Shareholders – A. Particulars of Directors' contracts" to this Document.