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Post Hearing Information Pack of

Joint Stock Company "National Company "Kazakhstan Temir Zholy"

(the "Company")

(also known as Joint Stock Company National Company Kazakhstan Temir Zholy)

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

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Joint Stock Company "National Company "Kazakhstan Temir Zholy"

(also known as 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% (payable in full on [REDACTED], subject to refund)**
Nominal value	**:**	**Nil**
[REDACTED]	**:**	**[REDACTED]**

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

CICC 中金公司

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

[REDACTED]

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The **[REDACTED]** have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended. **[REDACTED]** that are qualified institutional buyers are hereby notified that the sellers of the **[REDACTED]** may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. The **[REDACTED]** are being offered outside the United States in reliance on Regulation S under the Securities Act.

[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]

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IMPORTANT NOTICE TO [REDACTED]

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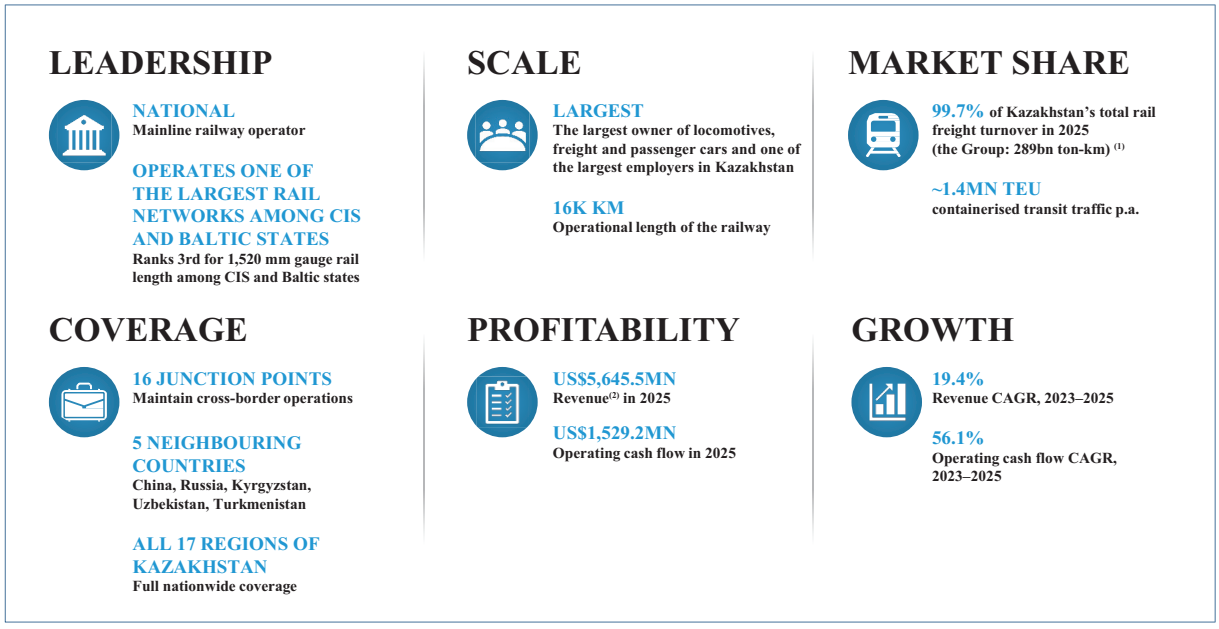
SUMMARY

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

Business of the Group

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

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

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

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

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

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

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

The Group's 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, Tselinnaya Railway Administration, and West Kazakhstan Railway Administration.

On 15 May 2002, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed pursuant to a 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" (also known as 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. For the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, revenue from the five largest customers, which are customers from the Group's freight transportation segment, in each year/period of the Track Record Period amounted to KZT 307,327 million, KZT 392,155 million, KZT 491,050 million and KZT 267,758 million, respectively, accounting for 15.9%, 18.1%, 17.8% and 18.2% of the total revenue and other income for the respective year/period. Revenue from the largest customer for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 accounted for 4.2%, 5.1%, 4.5% and 4.5% of total revenue and other income in the same years/period, 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 for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 amounted to KZT 283,733 million, KZT 288,436 million, KZT 445,898 million and KZT 252,944 million, respectively, representing 38.4%, 38.7%, 48.8% and 56.1% of total purchase amount for the respective year/period. Purchases from the Group's largest supplier for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 represented 13.0%, 10.8%, 22.0% and 27.8% of total purchase amount for the respective year/period.

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

Government policy, in the form of the regulated tariff framework applicable to mainline railway network services and locomotive traction services, also impacts the financial performance of the Group.

STRENGTHS

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

- National champion in freight and passenger transportation with an integrated railway network
- Strategic Eurasian corridor gateway with integrated rail, port, dry port and logistics assets
- Strong and improved financial performance supported by tariff reform, freight demand and operating efficiency
- Well-invested platform supporting capacity expansion, reliability and long-term service quality
- 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/periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
			(KZT millions)	*(unaudited)*	
Revenue and other income					
Revenue from freight transportation	1,682,550	1,875,558	2,463,197	1,130,511	1,322,173
Revenue from passenger transportation	101,682	110,523	129,250	60,161	66,814
Government grants	38,912	41,124	43,275	21,277	27,327
Other revenue	110,951	136,737	121,361	61,128	49,377
Total revenue and other income	1,934,095	2,163,942	2,757,083	1,273,077	1,465,691
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)	(902,522)	(1,036,553)
Gross profit	435,512	543,925	833,032	370,555	429,138
General and administrative expenses	(106,494)	(128,390)	(145,837)	(63,776)	(79,680)
Finance income	32,221	52,955	88,618	17,755	22,585
Finance costs	(208,365)	(184,984)	(245,844)	(119,383)	(164,930)
Foreign exchange (loss)/gain	(14,124)	(69,620)	(19,990)	(77,009)	99,715
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–	–	–
Share of profit of associates and joint ventures	8,144	10,772	1,634	1,094	(2,345)
Reversal of impairment/(Impairment) of financial assets and contract assets	2,662	1,601	(3,893)	(3,106)	(638)
Reversal of impairment/(Impairment) of non-financial assets	1,149	(7,336)	(11,480)	(6,685)	(3,315)
Other profits and losses	4,395	4,606	2,781	3,511	(1,141)
Profit before tax	161,383	223,529	499,021	122,956	299,389

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
			(KZT millions)	*(unaudited)*	
Income tax expenses	(24,599)	(62,724)	(155,375)	(36,906)	(108,388)
Profit for the year/period	**136,784**	**160,805**	**343,646**	**86,050**	**191,001**

Non-IFRS Measures

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

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

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

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

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

Gross Profit and Gross Profit Margin

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

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			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Total non-current assets	4,554,610	5,506,575	7,107,190	8,091,949
Total current assets	385,596	452,181	491,322	656,988
Total assets	4,940,206	5,958,756	7,598,512	8,748,937
Total current liabilities	808,382	1,381,619	1,454,337	1,580,156
Net current liabilities	(422,786)	(929,438)	(963,015)	(923,168)
Total non-current liabilities	2,372,768	2,607,820	3,755,945	4,570,431
Total liabilities	3,181,150	3,989,439	5,210,282	6,150,587
Net assets	1,759,056	1,969,317	2,388,230	2,598,350

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

The Group's net assets increased by 12.0% from KZT 1,759,056 million as at 31 December 2023 to KZT 1,969,317 million as at 31 December 2024, primarily attributable to profit for the year of KZT 160,805 million, other contributions of KZT 71,516 million representing an adjustment to fair value of KZT 89,395 million recognised in respect of loans received from Samruk-Kazyna at rates lower than market, net of a deferred tax effect of KZT 17,879 million, and the issue of 1,000 shares for cash consideration of KZT 13,273 million paid by Samruk-Kazyna, partially offset by other comprehensive loss for the year of KZT 33,108 million, primarily attributable to a net loss of KZT 38,570 million in the hedging reserve, and dividends of KZT 2,225 million declared to non-controlling interests. The Group's net assets further increased by 21.3% to KZT 2,388,230 million as at 31 December 2025, primarily attributable to profit for the year of KZT 343,646 million, the issue of 1,010 shares paid by Samruk-Kazyna by contributing non-current assets with a total fair value of KZT 28,791 million, and other contributions of KZT 58,556 million representing the difference of KZT 73,195 million between loans received from Samruk-Kazyna at rates lower than market and their fair value, net of a deferred tax effect of KZT 14,639 million, partially offset by other comprehensive loss for the year of KZT 8,571 million, primarily attributable to a net loss of KZT 13,442 million in the hedging reserve, and dividends of KZT 3,509 million declared to non-controlling interests. The Group's net assets further increased by 8.8% to KZT 2,598,350 million as at 30 June 2026, primarily attributable to profit for the period of KZT 191,001 million and other comprehensive income for the period of KZT 22,302 million, primarily attributable to a net gain of KZT 31,257 million in the hedging reserve, partially offset by dividends of KZT 3,183 million declared to non-controlling interests.

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/periods indicated:

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

Key Financial Ratios

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

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

Notes:

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

(2) Net profit margin is calculated by dividing profit for the 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%.

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

Foreign Exchange Exposure

The Group's results of operations and financial condition are affected by foreign exchange movements. In particular, the Group has revenue and expense items denominated in foreign currencies, including Swiss Franc-denominated transit revenue and expenditures for goods and services priced in foreign currencies, and the Group has foreign currency-denominated monetary items, including borrowings and debt securities, which are translated into Tenge for reporting purposes and may give rise to foreign exchange gains or losses. The Group is exposed principally to movements in the Swiss Franc, U.S. dollar, Euro, Russian Rouble and Chinese Yuan.

The following table sets forth the exchange rates of the Tenge against the Swiss Franc, U.S. dollar, Euro, Russian Rouble and Chinese Yuan which the Group used to prepare its consolidated statements of

financial position, together with the average daily rates the Group used to prepare its consolidated statements of profit or loss and other comprehensive income as of the dates or for the periods indicated:

	As at or for the year ended 31 December						As at or for the six months ended 30 June			
	2023		2024		2025		2025		2026	
	Closing	*Average*	*Closing*	*Average*	*Closing*	*Average*	*Closing*	*Average*	*Closing*	*Average*
Tenge/Swiss Franc	541.1	508.2	580.7	534.0	637.3	630.4	652.1	594.9	594.4	618.5
Tenge/U.S. dollar	454.6	456.3	525.1	469.4	505.5	521.6	519.6	512.0	480.7	486.5
Tenge/Euro	502.2	493.3	546.7	507.9	593.4	590.2	609.2	559.5	548.1	567.7
Tenge/Russian Rouble	5.1	5.4	4.9	5.1	6.3	6.3	6.6	5.9	6.1	6.4
Tenge/Chinese Yuan	63.9	64.4	71.9	65.3	73.2	71.9	72.5	70.6	70.9	70.9

As at 30 June 2026, most of the Group's borrowings (including debt securities) in foreign currencies were denominated in the Swiss Franc and U.S. dollar and, to a lesser extent, Euro, Russian Rouble and Chinese Yuan. See "Financial Information – Indebtedness and Financial Guarantee Agreement Liabilities – Borrowings" in this Document. 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, depreciation may increase the carrying amount of foreign currency-denominated monetary liabilities when translated into Tenge, which may be reflected as foreign exchange losses.

The Group generates Swiss Franc-denominated revenue from international freight transit under the CIS Tariff Agreement. Transit-related revenues, being the only revenue stream denominated in Swiss Francs, accounted for 33.9%, 32.3%, 30.0%, 30.7% and 33.4% of the Group's total revenue and other income for the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, respectively. 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.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025, the Group recorded foreign exchange losses of KZT 14,124 million, KZT 69,620 million, KZT 19,990 million and KZT 77,009 million, respectively, and a foreign exchange gain of KZT 99,715 million for the six months ended 30 June 2026.

See "Risk Factors – 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", "Risk Factors – 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" and "Financial Information - Key Factors Affecting Results of Operations – Foreign Exchange Exposure" in this Document for further information.

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's capital expenditure programme is subject to execution risks and, after the period covered by the working capital statement, will require substantial external financing that may not be available on acceptable terms.
- The Government, which indirectly controls the Company, may cause the Company to pursue public-policy objectives that conflict with its commercial interests and the interests of the **[REDACTED]**, which includes influencing management appointments and removals, and the sale or acquisition of assets.
- Tariff regulation by the Natural Monopoly Committee may adversely affect the Group's business and results of operations.
- 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.

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

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

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

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

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

[REDACTED]

[REDACTED]

FUTURE PLANS AND [REDACTED]

After deducting the **[REDACTED]** fees and **[REDACTED]** 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$**[REDACTED]** million, is expected to be used for railway digital infrastructure, to implement a comprehensive, technology-driven upgrade of the Company's railway infrastructure;
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, is expected to be used for capacity expansion, specifically for the construction of the Bakhty-Ayagoz railway line, a new 303 km railway line within Kazakhstan's territory 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$**[REDACTED]** million, will be allocated for repayment of the principal amounts of, and interest accrued on, a portion of the interest-bearing borrowings of the Group including the bond issued in favour of Samruk-Kazyna and other interest-bearing loan; and
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[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]

[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Following 30 June 2026, the Group expects to record a significant decrease in net profit for the year ended 31 December 2026 as compared to the year ended 31 December 2025, principally due to (i) an increase in interest costs and depreciation charges resulting from the Group's multi-year capital expenditure programme (including key capacity expansion projects such as the construction of the Bakhty-Ayagoz railway line and the Dostyk-Moiynty second tracks, and the modernization of the Group's fleet); (ii) non-recurring **[REDACTED]** expenses incurred in 2026 in connection with the **[REDACTED]**; (iii) increases in regulated tariffs in 2026 being significantly less than in 2025; and (iv) increases in cost of sales primarily attributable to rising employee costs and higher prices of purchased goods and services.

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

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

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
"2026 Interim Financial Statements"	the audited consolidated financial statements of the Group as at and for the financial period ended 30 June 2026, 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 and the six months ended 30 June 2026 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
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Antimonopoly Agency"	the Agency for Protection and Development of Competition of the Republic of Kazakhstan
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Audit Committee"	the audit committee of the Company, the details of which are described in "Corporate Information" in this Document
[REDACTED]	**[REDACTED]**
"Beneficial Owner"	as to any **[REDACTED]**, any person or entity having a beneficial interest deriving from the ownership of such **[REDACTED]**; provided that **[REDACTED]**, when acting solely in its capacity as nominee for **[REDACTED]**, shall not be treated as the Beneficial Owner of the **[REDACTED]** or the underlying Shares
"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, adopted on 17 September 2026 with effect from 8 October 2026, 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 (also known as Joint Stock Company National Company Kazakhstan Temir Zholy)
"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 and the six months ended 30 June 2026, 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]**
[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]**
"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
[REDACTED]	**[REDACTED]**
"Financial Reporting Council"	the UK Financial Reporting Council
[REDACTED]	**[REDACTED]**
"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]**
[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" or "Aktau Seaport"	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.
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

"Kazakh Tax Advisor"	SSH Tax & Legal Solutions LLP, the Kazakhstan tax advisor to the Company
"Kazakhstan Carriage Building Company"	Limited Liability Partnership «Kazakhstan Carriage 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
[REDACTED]	**[REDACTED]**
"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 Monopolies Law"	Law of the Republic of Kazakhstan No. 204-VI "On Natural Monopolies" dated 27 December 2018 (as amended)
"Natural Monopoly Committee" or "CRNM"	Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the State
"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]**

[REDACTED]	**[REDACTED]**
"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]**
[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]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"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
''Renminbi'', ''Chinese Yuan'' or "CNY"	Renminbi, the lawful currency of the PRC
[REDACTED]	**[REDACTED]**
"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
"Samruk-Kazyna Related Parties"	Samruk-Kazyna and such subsidiaries, joint ventures and associates of Samruk-Kazyna who are related parties of the Samruk-Kazyna group under IFRS and referred to in the Accountants' Report, each a Samruk-Kazyna Related Party
"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
"Sovereign Wealth Fund Law"	the Law of the Republic of Kazakhstan No. 550-IV dated 1 February 2012 "On the National Welfare Fund"
[REDACTED]	**[REDACTED]**
[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]**
[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 and the six months ended 30 June 2026
"UK Corporate Governance Code"	the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[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
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
"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
"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
"open-top wagon"	an open-top freight railcar, also referred to as an open wagon, commonly used for bulk cargo
"passenger transportation"	the movement of passengers by rail, including domestic, regional and international passenger services

GLOSSARY OF TECHNICAL TERMS

"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 open-top wagons and fitting platforms
"socially significant passenger services" or "socially significant passenger transportation"	passenger transportation services the social significance of which is determined under the Law on Railway Transport; the routes on which such services are provided are referred to as "socially significant routes"
"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 **[REDACTED]** 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 **[REDACTED]** 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 **[REDACTED]** *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* **[REDACTED]** *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* **[REDACTED]**.

[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 **[REDACTED]**.

RISKS RELATING TO ITS BUSINESS AND INDUSTRY

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

The Company operates with net current liabilities, calculated as current assets less current liabilities, which it manages with the support of short-term credit facilities. As at 30 June 2026, the Group's net current liabilities were KZT 923,168 million, as compared to KZT 963,015 million as at 31 December 2025, KZT 929,438 million as at 31 December 2024 and KZT 422,786 million as at 31 December 2023. 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 30 June 2026 included borrowings of KZT 561,975 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 six months ended 30 June 2026, the Group entered into a number of long-term financing arrangements with development finance institutions and international banks, as well as the issuances of eurobonds, 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 favourable 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 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 takes 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 Group's consolidated 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. 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.

Although the Company's clean working capital statement addresses the period covered by that statement, the Group's financing requirements extend beyond that period. There can be no assurance that, following the end of the period covered by the clean working capital statement, the Group will continue to have access to sufficient financing from internal or external sources to refinance its current liabilities as they fall due. Any inability to refinance maturing short-term borrowings on acceptable terms after the period, particularly if coupled with a reduction in or withdrawal of support from the Government and/or Samruk-Kazyna, could require the Group to curtail its capital expenditure programme and, as a result, adversely affect its ability to realise its strategy and growth objectives and could result in the Group being unable to meet its current liabilities as they fall due.

The Group's capital expenditure programme is subject to execution risks and, after the period covered by the working capital statement, will require substantial external financing that may not be available on acceptable terms.

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. Expenditure is expected to peak in 2026 before reducing to a lower annual average for the remaining years of the programme. The programme encompasses major infrastructure projects, including second track construction, new border crossings, an 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 over 60% of the planned investments through external borrowings.

The scale and complexity give rise to material execution risks. Projects may be delayed, exceed budget or fail to achieve the expected improvements in infrastructure condition, capacity or operational efficiency. These risks may arise during the 12-month period covered by the Company's working capital statement and thereafter. However, in giving its clean working capital statement, the Company has taken into account the Group's working capital requirements and the capital expenditure forecast to be paid during that 12-month period. Accordingly, the financing risk described in this risk factor relates to the funding required to complete the capital expenditure programme after that 12-month period.

A substantial portion of the funding required to complete the capital expenditure programme is expected to be raised after the end of the 12-month period covered by the clean working capital statement. The Group's ability after that period to continue the programme as planned will depend on continued access to external financing on acceptable terms and, where applicable, government or shareholder support, including concessional funding. Any deterioration in financial market conditions, the Group's credit profile, covenant position or the availability of such support could constrain the Group's ability to obtain the required funding, increase its reliance on higher-cost financing, require it to defer, reduce or re-scope projects, or delay the transition to maintenance-level expenditure. A failure to obtain the funding required after the period covered by the working capital statement or to execute the programme successfully could have a material adverse effect on the Group's business, results of operations, financial condition, 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 or acquisition of assets.

Immediately following the **[REDACTED]**, Samruk-Kazyna will hold approximately **[REDACTED]**% of Shares in the Company (assuming no exercise of the **[REDACTED]**). 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. Also, Samruk-Kazyna may, at its discretion, determine in any particular year, and from time to time, that no dividend may be paid by the Company.

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. Such requirements and actions by the Government may materially and adversely affect the Group's business, strategy and financial performance.

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, a reduced revenue base and reduced dividends being paid to the Company.

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 relevant authorised state bodies, regulates 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 takes into account a number of factors, including the costs incurred in providing the relevant services and the Group's investment needs. 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 transportation 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 and the investment requirements for the implementation of projects 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 to incorporate them 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. In 2026, a 24% increase in freight tariffs was approved, effective from 21 September 2026 for Main Railway Network services and from 1 December 2026 for LT services. The increase is attributable to the inclusion in the MRN tariff of amounts for the servicing and repayment of loans relating to infrastructure development projects on the MRN, as well as the recovery of increased operating expenses of KTZ-FT.

Passenger transportation tariffs are adjusted through a separate mechanism. Tariff increases are initiated by carriers, including Passenger Transportation, rather than by the Government, through an annual application and approval process conducted within the applicable regulatory framework and the terms of the relevant subsidy agreements. See "Business Overview – Government Regulation and Tariffs – Natural Monopoly and Tariff Regulation" in this Document for further details. There can be no assurance that the Ministry of Transport or local executive bodies will approve the annual indexation stipulated in the subsidy agreements in full, on a timely basis or at all, or that the Government will not impose further tariff containment measures in the future. Any such failure to approve, delay in approving or containment of passenger transportation tariffs may result in passenger tariffs failing to keep pace with increases in the Group's operating costs, increase the Group's reliance on government subsidies and adversely affect the Group's business, financial condition and results of operations.

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 required to defer, reduce or reprioritise planned capital expenditures or seek additional funding. In particular, while the Concept of the New Tariff Methodology for Mainline Railway Network Services ("**Tariff Concept**"), which provides for, amongst others, regulated tariffs to be brought to levels ensuring the recovery of the cost of regulated services, elimination of cross-subsidisation between cargo categories, and the shift from current differentiation across 23 cargo groups to four tariff classes was approved by the State Commission for the Modernisation of the Economy of the Republic of Kazakhstan on 27 August 2026, with a testing period planned for 2027 and the full transition is scheduled from 1 January 2032. As the Tariff Concept remains subject to a multi-year transition and further implementing measures, it may be delayed or not implemented in full, and the tariff methodology and tariff levels actually adopted may differ materially from the concept and may be less favourable to the Group. 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.

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 tonne-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 18%, 17%, 19%, 19% and 20% of the Group's total revenue from freight transportation for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively. 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.

In addition, under the Law on Railway Transport, licensed carriers are entitled to non-discriminatory access to the mainline railway network. As at the Latest Practicable Date, two private carriers provided rail freight transportation services on selected domestic routes. The Concept for the Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030 sets policy target indicators for the share

of private carriers in the carriage of goods by rail, rising progressively from 10% in 2023 to not less than 30% by 2030. That Concept does not specify the basis on which these indicators are measured. Private carriers may focus on higher-margin cargoes and routes, while KTZ-FT continues to carry regulated cargo, a significant portion of which is carried at tariffs below cost. Any loss of freight volumes to private carriers could adversely affect the Group's revenue and profitability, particularly in the event of any future participation by private carriers in export, import or transit transportation. See "Business Overview – Government Regulation and Tariffs – Liberalisation of Rail Freight Transportation" in this Document for further details.

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 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 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. In terms of the Group's Russia and Belarus-related exposure, revenue from contractual customers whose countries of domicile were Russia and Belarus accounted for 7.4% of the Group's total revenue in 2025, compared with 8.9% in 2024 and 7.8% in 2023. However, as Kazakhstan is a landlocked country whose rail network is physically interconnected with the rail networks of Russia and Belarus, approximately 48% of the Group's total freight transportation revenue was related to export, import and transit freight that was directly or indirectly related to dealings with or through Russia and Belarus for the six months ended 30 June 2026 (compared with 47% in 2025, 46% in 2024 and 49% in 2023). The Group interacts with, and receives payments from and makes payments to, 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. However, as a company incorporated in Russia, UTLC ERA is a "person connected with Russia" as defined by the UK Russia (Sanctions) (EU Exit) Regulations 2019.

Under the UK Russia (Sanctions) (EU Exit) Regulations 2019, sanctions restrictions apply not only to designated persons, but also to entities 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 controlled by a designated person. With regards to the Group's participation in UTLC ERA, 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 will not 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 affiliate of the Group, Aktau Sea Northern Terminal LLP, in which the Group holds a 40% interest, remains a borrower under a loan facility provided by Sberbank, with RUB 5,066 million outstanding as at 30 September 2026. 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 will not 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 UK on 15 October 2025 and by the U.S. on 22 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.

OFAC General License 131K authorises transactions ordinarily incident and necessary to negotiating and entering into contingent contracts for the sale, disposition or transfer of Lukoil International GmbH and its 50%-or-greater-owned subsidiaries and maintaining or winding down those operations. The license is valid through 21 November 2026. OFSI General Licence INT/2025/8031092 is valid through 26 February 2027 and permits any person to continue business operations involving Lukoil International and its subsidiaries, including payments to and from, and the provision or receipt of economic resources, provided that funds must not be made available to Lukoil International unless paid into a frozen account. As the Group is not a U.S. person or a UK person, its own dealings with Lukoil Lubricants Central Asia do not depend on OFAC General License 131K or OFSI General Licence INT/2025/8031092. The Group intends to continue purchasing from Lukoil Lubricants Central Asia unless there is a regulatory or commercial change in circumstances. If OFAC General License 131K or OFSI General Licence INT/2025/8031092 is not further extended or replaced, the Group may, in the exercise of its commercial and compliance judgment, elect to adjust or 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. As a precautionary matter, the Group's International Sanctions legal advisers have recommended that the Group consider ending those contracts, reflecting a theoretical U.S. secondary sanctions exposure (assessed as practically low) from continued dealings with Lukoil Lubricants Central Asia. This recommendation is not a finding that the Group's dealings are prohibited; as a non-U.S. person and a non-UK person, the Group is not bound by the U.S. and UK prohibitions on dealing with Lukoil and does not itself rely on OFAC General License 131K or OFSI General Licence INT/2025/8031092.

Any expansion of sanctions, counter-sanctions, regulatory restrictions or changes in the legal or compliance status of this counterparty or failure to obtain or renew applicable licences could require the Group to adjust procurement arrangements (including terminating its contracts with Lukoil Lubricants Central Asia and identifying alternative lubricant suppliers), potentially resulting in increased costs or operational inefficiencies or disruptions.

There can be no assurance that a Group company, its counterparties or sectors in which the Group operates 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 and the Group's ongoing interactions with Russian transportation counterparties and its involvement in cross-border transportation routes to, from or involving Russia may attract heightened sanctions scrutiny. 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. 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 Kazakhstani 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. 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 is dependent on financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued.

The Group has historically been dependent on various forms of financial support from the Government and Samruk-Kazyna. While the Government has historically provided 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 in exchange for certain non-current assets including railway tracks and platforms, turnouts, shunting traffic lights and signals, communication and power supply lines, lighting masts and power supply poles, public address systems, structures, bridges, electrical and technological equipment for forest plantations with total market value of KZT 28,791 million, and in 2024 the Company issued 1,000 Shares to Samruk-Kazyna at a price of KZT 13,273 million in cash. While the amounts or their cash equivalents 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 locomotives, open-top wagons 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 six months ended 30 June 2026, the Group received KZT 67.7 billion, during the year ended 31 December 2025, the Group received KZT 1,803.4 billion in various 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 being covered by 10% government subsidies, and KZT 209.6 billion in financing with interest rates being 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 28 August 2026, Samruk-Kazyna confirmed that it is willing and able, if necessary, to provide support to the Group to enable the Group to meet its obligations and continue as a going concern for at least 12 months from 30 June 2026. Such support measures include the potential conversion of a portion of the Group's loans from Samruk-Kazyna into equity and the provision of perpetual financing in an amount of up to KZT 2,000 billion. Save for the above, there can be no assurance that interest rate subsidies will be paid or as to the format or level at which 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 provided in respect of socially significant routes for which the relevant authorised state body sets maximum tariff levels to ensure affordability of transportation for the population. Inter-regional socially significant routes are determined by the authorised state body in the field of railway transport. The list of such routes is established taking into account their social significance, the need to ensure the accessibility of railway transportation for the population, and demand for the relevant routes. The level of Government subsidies received by the Group changes periodically. Government subsidies amounted to KZT 21.3 billion and KZT 27.3 billion for the six months ended 30 June 2025 and 2026, respectively. 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. 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.

The Company's working capital statement takes into account the Group's working capital requirements and capital expenditure forecast to be paid during the 12-month period covered by that statement. Accordingly, any potential funding shortfall arising from a delay, reduction or discontinuation of Government support, and any resulting requirement to obtain alternative debt or equity financing, relates to periods after the end of that 12-month period. If such a shortfall arises after that period, the Group may be required to reduce, defer or re-scope capital expenditure, adjust the timing of capital expenditure projects or pursue tariff or other compensation mechanisms where available. There can be no assurance that alternative financing or other measures would be available when required, or on acceptable terms, or would be sufficient to address the relevant shortfall. Any such outcome could delay the Group's capital expenditure programmes and have a material adverse effect on the Group's business, prospects, financial condition, cash flows and/or results of operations.

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. The Russia-Ukraine conflict escalating into a military invasion in 2022 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 Council for Rail Transport of the CIS Member States 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, remains exposed to geopolitical risks, as traffic on this route was temporarily suspended in April 2026 and resumed operations in May 2026. This 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 (amounting to approximately 0.34 million tonnes in the six months ended 30 June 2026, being a 45% reduction from the six months ended 30 June 2025), 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 could affect the Group's transport corridors and 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 its business through joint ventures 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 18 court proceedings involving the Group (or its officers) 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. Whilst 16 cases have been decided in, or substantially in, the Group's favour, 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 quasi-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 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 positive and negative covenants and restrictions contained in its financing arrangements, including material changes to the scope or nature of their respective businesses, entering into mergers, consolidations or reorganisations, encumbering assets and completing certain sales, transfers and dispositions of properties. A breach of such covenants may constitute an event of default under the relevant financing arrangements and, if not waived or otherwise remedied, may permit lenders to exercise a range of remedies, including the acceleration of indebtedness, cancellation of commitments and enforcement of security.

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 positive 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.

As at 30 June 2026, KTZ did not satisfy a gearing ratio covenant contained in certain COFACE-backed locomotive financing arrangements which is tested once every six months. Although the relevant finance parties subsequently agreed to waive the consequences of that breach until 30 November 2026 and confirmed that they would not exercise acceleration or enforcement rights solely as a consequence of that breach. Following completion of the **[REDACTED]**, based on the expected **[REDACTED]** of the **[REDACTED]** at the lowest point of the price range, the Company expects to comply with the gearing ratio when subsequently tested in December 2026 and thereafter for at least the period covered by the working capital statement. Nevertheless, there can be no assurance that future breaches of financial covenants will not occur or that waivers, amendments or consents will be available on acceptable terms or at all.

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. Any such breach could result in penalties, restrictions on further borrowing, increased financing costs or other remedies available to the relevant lenders under the applicable financing arrangements, and could result in a cross-default under the Group's other financing arrangements, any of which could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations. See "Financial Information – Contractual Obligations – Certain Provisions, Terms and Covenant Waivers" for further information.

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%, 13.8%, 12.2% and 13.9% of the Group's total cost of sales for the years ended 31 December 2023, 2024 and 2025, and for the six months ended 30 June 2025 and 2026, 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 the 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. Any material increase in such costs could have a material adverse effect on the Group's results of operations.

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.

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 "**Trust Management Agreement**"). Under the 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 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 of strategic importance to the Group and is a key component of the Group's multimodal corridor strategy. It integrates the Group's railway, port and maritime infrastructure within Kazakhstan's unified transport and logistics system and supports the development of international transport corridors, including the Middle Corridor and the North-South Corridor. Accordingly, 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 Trust Management Agreement. In particular, it may be argued that the 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 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 Its Business and Industry – The Government, which indirectly controls the Company, may cause the Company to pursue public-policy objectives that conflict with its commercial interests and the interests of the **[REDACTED]**, which includes influencing management appointments and removals, and the sale or acquisition of assets" for further details 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 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. In such circumstances, the Group may be unable to coordinate port operations at Aktau Port, including cargo handling and vessel scheduling, with its rail and terminal operations, which could disrupt the Group's integrated rail-sea-rail transportation solutions and result in congestion, delays and reduced reliability of its logistics services. Any change in the management model of Aktau Port could also require the realignment of approaches to port capacity development, berth reconstruction, dredging and container infrastructure projects, which may affect the sequencing and timing of individual projects and impair the Group's ability to implement port development and capacity expansion projects in line with its multimodal corridor strategy. In addition, the Group may need to adapt its existing arrangements with shipping lines, shippers and joint venture partners in order to maintain the continuity of its logistics services, which could adversely affect those relationships. Such a change could further disrupt berth and terminal workload planning, reduce the efficiency of port infrastructure utilisation, constrain the Group's ability to scale up cargo handling volumes, lengthen cargo processing times, undermine the stability of port services and diminish the attractiveness of routes via Aktau Port for shippers, thereby limiting the Group's ability to increase its share of transit, export and regional logistics flows. It could also require the Group to deconsolidate Aktau Port from its financial statements. There can be no assurance that Samruk-Kazyna 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. It should be noted that the transfer of Aktau Port to the Company under a trust management arrangement is part of the sector-specific consolidation of state-owned logistics assets. At the same time, Aktau Port, which is a core transport asset, is legally under the control of JSC Samruk-Kazyna Sovereign Wealth Fund, as is the Group. Accordingly, its long-term direct integration into the Company's existing and future logistics models will be maintained. Furthermore, the share of JSC "NC Aktau International Trade Sea Port" in the Group's consolidated revenue (after intra-group elimination) (0.49%), net profit (after intra-group elimination) (1.48%), and total assets (after intra-group elimination) (0.47%) are not considered to be material as at 30 June 2026 and for the six months ended then.

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 and 30 June 2026, 12.1%, 25.9%, 35.4% and 28.5% respectively, of the Group's borrowings were denominated in Swiss Francs, and 17.6%, 16.9%, 12.8% and 23.0% 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 and the six months ended 30 June 2025, the Group recorded foreign exchange losses of KZT 69,620 million, KZT 19,990 million and KZT 77,009 million, respectively, while it recorded a foreign exchange gain of KZT 99,715 million for the six months ended 30 June 2026. 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 for a total amount of 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. As at 30 September 2026, most of the Group's consolidated total borrowings in foreign currencies were denominated in Swiss Franc and U.S. dollar and, to a lesser extent, Euro, Russian Rouble and Chinese Yuan, so a devaluation of the Tenge against such currencies would tend to increase the carrying value of the Group's liabilities denominated in those currencies and, accordingly, 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. Transit-related revenues, being the only revenue stream denominated in Swiss Francs, accounted for 33.9%, 32.3%, 30.0%, 30.7% and 33.4% of the Group's total revenue and other income for the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, respectively. 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, given that a significant portion of the Group's borrowings are denominated in U.S. dollars. 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 carrying value of the Group's Swiss Franc-denominated borrowings and simultaneously 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 have the opposite effect on both.

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 30 June 2026, the asset deterioration ratio of locomotives was 46.3%, that of freight cars was 60.2% and that of passenger cars was 34.9%. As of 31 December 2025, the asset deterioration ratio of locomotives was 49.4%, that of freight cars was 58.4% and that of passenger cars was 38.4%. A large portion of the Group's locomotives was 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's inventories may become obsolescent or unusable, which could result in inventory write-downs and adversely affect its results of operations and financial condition.

The Group's inventories primarily consist of fuel and lubricants, track structure materials, raw and other materials and spare parts and construction materials, which are held for the operation, maintenance and expansion of the railway network rather than for resale. As at 31 December 2023, 2024 and 2025, and as at 30 June 2026, the carrying value of the Group's inventories was KZT 64,362 million, KZT 57,820 million, KZT 86,422 million and KZT 96,285 million, respectively. The Group's inventory turnover days were 13.3 days, 13.8 days, 13.7 days and 15.9 days for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively.

The utilisation of the Group's inventories may be adversely affected by a number of factors, including, among others, technological changes in railway operations and signalling systems and changes in industry standards or regulatory requirements applicable to railway infrastructure components. Given the capital-intensive nature of railway assets, certain materials and spare parts may become obsolete as a result of fleet modernisation programmes or changes in maintenance practices.

If a significant portion of the Group's inventories were to become obsolete, slow-moving or otherwise impaired, the Group may be required to recognise material inventory write-downs to reduce their carrying value to net realisable value, which could adversely affect the Group's cost of sales, gross profit margins and overall profitability. There can be no assurance that the rate of technological change and evolution in railway operating requirements will not accelerate, resulting in material losses from inventory obsolescence, which 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 credit risk relating to its trade receivables, and any failure by counterparties to settle outstanding amounts could adversely affect the Group's cash flows, financial condition and results of operations.

The Group's trade receivables primarily comprise receivables from freight and passenger transportation customers. As at 31 December 2023, 2024 and 2025, and as at 30 June 2026, the Group's gross trade accounts receivable amounted to KZT 20,316 million, KZT 25,173 million, KZT 22,865 million and KZT 27,825 million, respectively. While the Group generally requires prepayment, credit terms ranging from three to 30 days are granted to certain customers in accordance with the Group's credit policies. The Group's trade receivables turnover days were 4.0 days, 3.8 days, 3.2 days and 3.1 days for the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2026, respectively.

The Group is subject to credit risk arising from the potential inability of its customers to meet their payment obligations. Adverse macroeconomic conditions in Kazakhstan or in the markets in which the Group's customers operate, deterioration in the financial condition of the Group's counterparties, or disruptions to their business operations could increase the likelihood of defaults. The Group does not hold any collateral or other credit enhancements over its trade accounts receivable balances. If the Group is unable to recover the amount as scheduled, the Group may need to make an allowance for impairment of receivables, 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 cybersecurity 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 ageing telecommunications network and computer systems require development and modernisation. The ageing 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, the Group's 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 cybersecurity 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. The 2026–2030 IT Strategy has been approved by the Board in September 2026. Until the new IT strategy is 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 2026–2030 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. For the six months ended 30 June 2025 and 2026, its revenue and other income increased from KZT 1,273 billion to KZT 1,466 billion. 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. For the six months ended 30 June 2025 and 2026, the transit freight volumes increased from 15.7 million tonnes to 17.7 million tonnes. 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 and, furthermore, could materially affect the Group's ability to meet its capital expenditure programme.

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, 3,571 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.

During the severe floods in Kazakhstan in 2024, the national carrier provided prompt assistance to government authorities, local executive bodies and the organisations involved, transporting personnel and specialists for flood response operations, as well as members of the public, including children. In total, approximately 30,000 people were transported, of whom approximately 23,000 were transported free of charge and the remaining 7,000 on a paid basis. 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.

There can be no assurance that the frequency or severity of extreme weather 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 ageing 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 reduction in direct diesel locomotive emissions from 1.8 million to 1.4 million tonnes of CO_2 by 2030, 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 270 battery-diesel hybrid 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 13.5% in 2023 to 22.5% in 2024 and 33.4% in 2025, and decreased to 14.8% in the first half of 2026. The 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 coordination 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 costs to do so, or if any deterioration in relations 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, which may not align with the business interests of the Group.

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. If such licences and permits were not to be granted, renewed or to continue in force or if they were renewed on unfavourable terms, the Group may be required to make material changes to its business operations which may in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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 ageing 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, which may not align with the business interests of the Group.

The Group is subject to Kazakhstan's 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 coordinated 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, they may have a material adverse effect on the Group's exports, imports and transit transportation operations and its ability to offer logistics services to customers

in these countries. The Group has been, continues to be and 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 662,185 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 between Kazakhstan and 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 administrations, 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 condition, 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 Company's approved development strategy for the period to 2032 (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, the Group may experience disruptions to and difficulties in its 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 which may, in turn, have a material impact on the Group's business, prospects, financial condition, cash flows or results of operations. Furthermore, if the Group were not successful in fulfilling key Government projects on a consistent basis, ultimately there may be an impact on the terms of the continued financial support from the Government and SK, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued.

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 trading price of 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, with a GDP of $302.8 billion, or more than half of Central Asia's combined GDP, in 2025. According to official statistics, real GDP grew by 5.1% in 2023, 5.0% in 2024 and 6.5% in 2025 and is projected to grow by 4.5% in 2026, and over 5% in 2027, 2028, and 2029 respectively. 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 showed signs of gradual moderation during the first five months of 2026, declining to 10.4% in May 2026 from 12.3% in December 2025, inflationary pressures remained 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 Group is directly exposed to the uncertain outcome of further market-based economic reforms, which may affect the Group's operating environment, the Government's capacity and willingness to provide funding support and demand for the Group's services.

The Group is Kazakhstan's national transport and logistics operator, wholly-owned by the Government through Samruk-Kazyna, and has a natural monopoly over Kazakhstan's mainline railway network. Approximately 64% of the Group's revenue in 2025 was derived from freight and passenger transportation services subject to regulated tariffs set by the Natural Monopoly Committee and the Kazakh Ministry of Transport. The Group is also dependent on various forms of non-obligatory financial support from the Government and Samruk-Kazyna, including capital contributions, subsidies, concessional loans and bonds, and receives Government grants as compensation for the shortfall arising from artificially low passenger tariffs (KZT 43,275 million in 2025). As a result, the Group has a direct exposure to the course and outcome of the Government's economic reform programme.

There remains a need for substantial investment in many sectors of Kazakhstan's economy, and economic performance in the private sector is constrained in areas by an inadequate business infrastructure. The significant size of the shadow economy 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. Further market-based economic reforms, including privatisations, changes to the role of quasi-state-owned enterprises, reforms to tax administration and measures intended to reduce the shadow economy, may affect the Group directly because the Group is a quasi-state-owned national transport and logistics operator and a key participant in Kazakhstan's railway infrastructure and freight transportation market. If reforms are delayed, inconsistently implemented or fail to improve the broader business infrastructure and tax collection environment, Kazakhstan's economic growth, fiscal position and investment climate may be adversely affected. This could: (i) reduce the Government's capacity or willingness to provide capital contributions, concessional financing, subsidies or other support to the Group, including the Government grants and concessional financing on which the Group is dependent to supplement its operational and capital expenditure funding, (ii) increase pressure on tariffs or public-policy obligations imposed on the Group, including through the Natural Monopoly Committee's tariff-setting process, which already governs approximately 64% of the Group's 2025 revenue, and which may not take adequate account of the Group's income and investment needs, (iii) delay investment in rail-related infrastructure, including the Group's capital expenditure programme for 2026 to 2030, which is expected to be higher than the total capital spending in the prior five-year period and which the Group expects to finance over 60% through external borrowings, and (iv) reduce freight, import, export and transit volumes carried by the Group.

Conversely, reforms that increase private-sector participation or competition in transport and logistics could require the Group to adapt its operations, pricing, cost base and investment plans more rapidly than anticipated. See "Risks Relating to Its Business and Industry – Railway transportation may be subject to increasing competition from other modes of freight transportation, and the Group may be subject to increasing competition from other transportation and logistics companies" in this section above for further details. As at the end of 2025, private freight carriers held a combined share of approximately 5% of total freight turnover alongside the Group; any acceleration of liberalisation could erode the Group's approximately 93.9% share of Kazakhstan's freight rail transportation revenue. Any such developments could have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations, in particular through loss of or reduction in Government support, downward tariff pressure, increased financing costs for its 2026 to 2030 capital expenditure programme and reduced freight and transit volumes.

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. 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 Group 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 Group 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, **[REDACTED]** 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 **[REDACTED]** 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.

As Kazakhstan's national railway operator and a quasi-state-owned enterprise within the Samruk-Kazyna group, the Group operates in an environment where such risks are directly relevant to its business and operations.

Kazakhstan was given a score of 38 in the Transparency International's 2025 Corruption Perceptions Index (with 0 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, and consequently on demand for the Group's services and the Government's capacity to provide support to the Group.

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. The investigation was dismissed on 31 October 2024; the Company was not a party to the investigation and was not recognised as an injured party.

The involvement of entities within the Samruk-Kazyna group and the initial references to officials associated with the Company illustrate the reputational and operational sensitivity of anti-corruption matters for the Group. There can be no assurance that similar allegations, investigations or compliance matters will not arise in the future or that the Group will not be required to devote management's time and resources to responding to such matters. 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. 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 [REDACTED]

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, 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 compliance with applicable sanctions.

An active [REDACTED] 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 **[REDACTED]** for the **[REDACTED]** will develop and continue after the **[REDACTED]** and the **[REDACTED]**, respectively. If an active **[REDACTED]** 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 **[REDACTED]** 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. In addition, there is also no guarantee that the **[REDACTED]** will remain listed on the **[REDACTED]** and **[REDACTED]** (as applicable), and failure to maintain the Company's **[REDACTED]** could adversely affect the liquidity of the market for the **[REDACTED]**.

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. 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 **[REDACTED]** 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 **[REDACTED]** 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 **[REDACTED]** and **[REDACTED]**, with a view to placing the two exchanges under a 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 trade the **[REDACTED]** on the **[REDACTED]**. The limited operational history of the **[REDACTED]**, 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 **[REDACTED]** in Kazakhstan.

If the [REDACTED] does not become unconditional, the [REDACTED] will not proceed.

Kazakhstan law does not generally prohibit a Kazakhstan joint stock company from offering or listing its securities on foreign stock exchanges. 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 and/or AIX on the same terms as in the foreign jurisdiction. In this **[REDACTED]**, if the **[REDACTED]** does not admit the **[REDACTED]** under the

[REDACTED] for **[REDACTED]** on **[REDACTED]**, less than **[REDACTED]**% of the **[REDACTED]** are not placed on **[REDACTED]**, or the **[REDACTED]** does not become unconditional, the **[REDACTED]** will not proceed.

The concurrent [REDACTED] of [REDACTED] may limit the liquidity of trading in the [REDACTED].

The Company is proposing to list **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]** concurrently with the **[REDACTED]** of the **[REDACTED]**. As a result, trading in **[REDACTED]** representing interests in the **[REDACTED]** may be split across more than one **[REDACTED]** programme, trading venue, time zone and **[REDACTED]** base. There can be no assurance that an active or liquid trading market will develop or be sustained for the **[REDACTED]**, or that **[REDACTED]** will prefer to trade through the **[REDACTED]** programme rather than the **[REDACTED]** programme. If a significant proportion of **[REDACTED]** demand, trading activity or secondary market liquidity is concentrated in the **[REDACTED]**, the market for the **[REDACTED]** may be less liquid than it would otherwise have been, which could increase volatility, widen bid-offer spreads, impair **[REDACTED]** ability to buy or sell **[REDACTED]** at desired prices or volumes and adversely affect the market price of the **[REDACTED]**.

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 **[REDACTED]** 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 **[REDACTED]** 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 **[REDACTED]**, 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]** and this could materially and adversely affect the prevailing market price of 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 Takeover 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]**. See "Risks Relating to the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** – Withdrawals and conversion of **[REDACTED]** into Shares traded on the **[REDACTED]** might adversely affect the liquidity and trading volume of the **[REDACTED]**" in this section for further details.

[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 "Risks Relating to the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** – **[REDACTED]** will be reliant on the performance of several service providers. Any operational disruption, delay, insolvency or failure affecting those service providers could have adverse consequences for an **[REDACTED]** in the **[REDACTED]**". See also "**[REDACTED]**, Terms of **[REDACTED]** and **[REDACTED]**, Registration, Dealings and Settlement – Terms of **[REDACTED]**" in this Document for further details.

Withdrawals and conversion of [REDACTED] into Shares traded on the [REDACTED] might adversely affect the liquidity and trading volume of the [REDACTED].

Upon the completion of the **[REDACTED]**, the Shares will be traded on the **[REDACTED]**. Any **[REDACTED]** may, at any time (subject always to the terms and conditions of the **[REDACTED]**), request that the **[REDACTED]** it holds be withdrawn and exchanged into Shares for trading on the **[REDACTED]**. Upon the exchange of **[REDACTED]** into Shares, the relevant **[REDACTED]** will be cancelled. In the event that a substantial number of **[REDACTED]** are withdrawn, exchanged into Shares and subsequently cancelled, the resulting reduction in the number of outstanding **[REDACTED]** could decrease trading volume and market depth, increase price volatility and make it more difficult for remaining **[REDACTED]** to dispose of their **[REDACTED]** promptly or at a desired price. Any such developments could adversely affect the liquidity and market price of the **[REDACTED]** traded on the Stock Exchange.

[REDACTED] will be reliant on the performance of several service providers. Any operational disruption, delay, insolvency or failure affecting those service providers could have adverse consequences for an [REDACTED] in the [REDACTED].

The Group and **[REDACTED]** will depend on the performance of several service providers for the continuing viability of an **[REDACTED]** in the **[REDACTED]**, including the **[REDACTED]**, the **[REDACTED]** and any **[REDACTED]**, the **[REDACTED]**, **[REDACTED]** and any other service providers appointed in respect of the underlying Shares. These service providers provide services including the safekeeping of the underlying Shares, and the administration of voting, distributions, transfers and conversion arrangements in respect of the **[REDACTED]** and the underlying Shares. Any operational disruption, delay, insolvency or failure by any of the service providers, whether or not constituting a breach of their contractual obligations, could adversely affect the safekeeping of the underlying Shares, the ability of **[REDACTED]** to exercise voting rights, receive distributions, or to transfer or convert their **[REDACTED]**, and could detract from the continuing viability of the **[REDACTED]** as an **[REDACTED]**. The Company will not have direct contractual recourse against the **[REDACTED]**, the **[REDACTED]**, any **[REDACTED]** or the **[REDACTED]**, hence the potential for redress in circumstances of default will be limited.

[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]**. **[REDACTED]** 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 **[REDACTED]** of **[REDACTED]** and the administrative procedures required for the Company to make available such pre-emptive rights to **[REDACTED]** of **[REDACTED]**, the Company may determine that it is not practicable in the circumstances for the Company to do so.

[REDACTED]

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 or the relevant Kazakhstan income taxes are not otherwise applicable.

According to the Tax Code, in the absence of tax exemptions, **[REDACTED]** who are Kazakhstan tax residents (both individuals and legal entities) may be subject to Kazakhstan income tax on (i) capital gains derived from the transfer of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** and (ii) individual **[REDACTED]** who are Kazakhstan tax residents may be subject to Kazakhstan income tax on dividends received on the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**. **[REDACTED]** who are Kazakhstan tax non-residents may be subject to income tax on (i) capital gains derived from the transfer of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** and (ii) on dividends received on the Shares, but, as advised by the Kazakh Tax Advisor there should not be Kazakhstan tax on dividends on **[REDACTED]** and on sale of **[REDACTED]** on the Stock Exchange for non-Kazakhstan tax resident **[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 criterion) received on; and (ii) capital gains derived from the transfer of securities listed on the **[REDACTED]**, until 1 January 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 **[REDACTED]** website on a regular basis and the Kazakhstan tax resident individual **[REDACTED]** and non-resident **[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. As of the Latest Practicable Date, there had been reported failures by certain securities listed on the **[REDACTED]** to meet certain of the trading criteria, which means that the shares of these companies were not actively traded on the **[REDACTED]**.

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 **[REDACTED]** of the **[REDACTED]**. If the Company fails to list the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** on the **[REDACTED]**, or if the **[REDACTED]**, **[REDACTED]** or the **[REDACTED]** are later removed from the **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** (as applicable) (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 or the relevant Kazakhstan income taxes are not otherwise applicable. Furthermore, if the Shares are listed on the **[REDACTED]** (i.e., being included into the Official List of the **[REDACTED]** according to the Tax Code) only after they are listed on the **[REDACTED]** and the **[REDACTED]** (as applicable), 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 **[REDACTED]**" 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/or the **[REDACTED]** (as applicable) are listed on the **[REDACTED]**. The Company's advisor for the **[REDACTED]**. **[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 the official-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]**. 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 **[REDACTED]** 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 "Kazakhstan Tax Considerations – Specific Tax Exemptions" and "Kazakhstan Tax Considerations – KASE and AIX Tax Exemptions for Kazakhstan Non-Residents under the Tax Code" in Appendix III in this Document 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) on **[REDACTED]**, **[REDACTED]** or the **[REDACTED]** and dividends received by Kazakhstan tax non-resident **[REDACTED]** (both legal entities and individuals) on the **[REDACTED]** will be exempt from the Tax in the case where such **[REDACTED]**, **[REDACTED]** or the **[REDACTED]** (as the case may be) are listed 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) on **[REDACTED]** and **[REDACTED]** should be outside the scope of Kazakhstan taxation provided that they are paid by a non-Kazakh issuer of **[REDACTED]**.
- Capital gains received by individual **[REDACTED]** (both Kazakhstan tax residents and non-residents) and Kazakhstan tax resident legal entity **[REDACTED]** from disposal of **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** should 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]**, **[REDACTED]** and the **[REDACTED]** are included into **[REDACTED]** 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]**. This exemption is not applicable to Kazakhstan tax non-resident legal entity **[REDACTED]**.

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 addition, the tax exemptions described above, including the AIFC Exemption and the exemptions under the Tax Code, are subject to change. The Kazakhstan legislature and the relevant authorities may abolish, suspend, narrow or otherwise amend such tax exemptions or the conditions and criteria for their applicability (including the trading criteria), or adopt new laws, regulations or interpretations affecting the taxation of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**, at any time and potentially with retroactive effect. The Company cannot assure you that the tax exemptions currently available to **[REDACTED]** of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]** will continue to be available during the period of your **[REDACTED]**, that the scope of the Kazakhstan taxation will not be widened, or that any changes to such tax exemptions will not be made with retroactive effect. Any such change may increase the tax liabilities of the **[REDACTED]** in respect of capital gains or dividends derived from the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**, reduce the after-tax return on their **[REDACTED]** and adversely affect the market price and liquidity of the **[REDACTED]**, **[REDACTED]** and the **[REDACTED]**.

In the event that the AIFC Exemption is not available and if the non-resident **[REDACTED]** do not fulfill any applicable tax obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of the applicable withholding tax on capital gains, tax liabilities may be imposed on the Company as the issuer of the Shares. Since 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, the Company cannot estimate the potential maximum exposures of the **[REDACTED]**. See "Summary of Kazakhstan Taxation on **[REDACTED]** Traded on the **[REDACTED]**" set out in Appendix III to this Document for details.

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 or the relevant Kazakhstan income taxes are not otherwise applicable" 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 from 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, it is important to note that if the **[REDACTED]**, **[REDACTED]**, or **[REDACTED]** are traded on a stock exchange, practically the buyer and seller of the **[REDACTED]**, **[REDACTED]** and **[REDACTED]** may not be able to know each other's identities, and the Tax Code does not provide any mechanism to obtain information required for capital gain tax calculation for trades with the securities on a stock exchange when the identities of the buyer and seller of such securities are not known. 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. Such facts and statistics, including the KPMG Report, have not been independently verified by the Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, or the Company's or their respective affiliates or advisors or any other parties involved in the **[REDACTED]** (except by KPMG itself), and no representation is given as to their accuracy. The Company therefore makes no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled 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 strongly cautions [REDACTED] 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 contains, 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 does 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 investment 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 **[REDACTED]**, the **[REDACTED]** or **[REDACTED]** in making your **[REDACTED]** decision regarding the **[REDACTED]**, **[REDACTED]** and 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]**, **[REDACTED]**, 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 for the **[REDACTED]**, **[REDACTED]** and 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. Yelzhas Otynshiyev, 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. Yelzhas Otynshiyev, 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 fulfil 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 organising 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 depositary receipts are purchased by the listed issuer, the issuer shall surrender the purchased depositary receipts to the depositary. The depositary shall then cancel the surrendered depositary receipts and shall arrange for the shares which the surrendered depositary receipts 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 Chapter 9.2 of the Guidance Materials for Listed Issuers issued 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 listing 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]**.

SAMRUK-KAZYNA NOT TO BE TREATED AS "CONNECTED PERSON" OF THE GROUP

Nature of waiver application

Pursuant to Rules 14A.07, connected persons of a listed issuer include its substantial shareholder and the associates of such substantial shareholder.

Pursuant to Rule 14A.10, "*the Exchange will not normally treat a PRC Governmental Body as a connected person. The Exchange may request a listed issuer to explain its relationship with a PRC Governmental Body and why it should not be treated as a connected person*."

Rule 19A.09 sets out that, "PRC Government Body", for purposes of rules 19A.14 and 19A.19, includes (but is not limited to) "*(a) the State Council of the PRC, State Ministries and Commissions, Bureaus and Administrations directly under the State Council, State Council Offices and Institutions, Bureaus supervised by State Ministries and Commissions....*"

Pursuant to Rule 14A.102, the Stock Exchange may waive any requirements under this Chapter in individual cases, subject to any conditions that it may impose.

The Company has applied for a waiver under Rule 14A.102 of the Listing Rules to seek the Stock Exchange's endorsement that Samruk-Kazyna should be treated as analogous to a "PRC Government Body" and therefore, not a connected person of the Group.

Background to Samruk-Kazyna

The Company's sole shareholder, Samruk-Kazyna, exhibits many characteristics akin to that of a PRC Governmental Body: (a) Samruk-Kazyna was established by presidential decree in furtherance of national policy objectives; (b) pursuant to the Sovereign Wealth Fund Law, Samruk-Kazyna is 100% owned by the Government of Kazakhstan and its shares are the exclusive property of the Government and are not subject to alienation; (c) Samruk-Kazyna operates as Kazakhstan's sovereign wealth fund with the statutory purposes of enhancing the national welfare of the Republic of Kazakhstan through increasing the long-term value of group companies, and effective management of assets belonging to it, and (d) Samruk-Kazyna'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. Samruk-Kazyna operates as an investment holding company and accordingly does not itself engage in any commercial business nor operate any commercial entity. See "Relationship with the Government" in this Document for further details.

As a national managing holding company, Samruk-Kazyna advances its statutory purpose and objectives through strategic oversight of its portfolio companies, while the respective portfolio companies undertake their own commercial operations. The Government, as the sole shareholder of Samruk-Kazyna, exercises sole shareholder powers over Samruk-Kazyna's strategic direction, key appointments, financial results and dividend policy, while the Prime Minister of Kazakhstan serves as chairman of Samruk-Kazyna's board. Under the Sovereign Wealth Fund Law, the board's exclusive competence is principally strategic and financial-control, including the development, implementation and monitoring of the annual budget and of the development plan and the approval of policies of strategic and public importance such as risk management, charitable assistance, social responsibility, information disclosure and industrial-innovative activity. Samruk-Kazyna's management board administers the fund's current activities, implements the strategy and development plan and executes the decisions made by the board and the Government. Similar to other investment holding companies, through its management board, Samruk-Kazyna will take operational measures to prevent the failure of its investment projects, it formulates the fund's position as a shareholder in portfolio companies, hears the performance of the portfolio companies on an annual basis and shapes group-level policies and standards, including unified financial, investment, cash-management, personnel, social policies and corporate governance code in relation to portfolio companies.

In contrast, the Company's Board and Management Board divide responsibility for the Company's governance and day-to-day operations, distinct from Samruk-Kazyna. The Board approves the Company's development plan and priority areas, monitors implementation of the development plan, approves the Company's key performance indicators, major transactions, risk management, internal control and human resources policies, and oversees the effectiveness of corporate governance. The Management Board and its chairman are exclusively responsible for the Company's day-to-day commercial and operational activities within that framework and remain accountable to the Board. The chairman of the Management Board, also the Company's chief executive officer, is a member of the Board of Directors and facilitates reporting by the Management Board to the Board. The Management Board's competence includes implementing

the development plan, approving the detailed budget within it, approving internal documents and rules on risk management, internal control and business continuity, deciding on transactions below the 10% asset threshold and certain related party transactions, considering and preparing the annual financial statements and dividend proposals for onward approval of the Board.

The division is clear: Samruk-Kazyna formulates, implements and monitors the fund-level development plan as approved by the Government, taking into account the directions of state policy, and cascades such plan to its portfolio companies; the Board and Management Board of the Company approve and execute the Company-level strategy and development plan, its budget within that plan, and its operations.

Samruk-Kazyna's involvement in its portfolio companies is that of a sovereign owner exercising shareholder rights, not that of an operator. Although Samruk-Kazyna's management board is also tasked with formulating certain standards and policies at the level of portfolio companies, these are unified principles that apply across all portfolio companies, serving the purpose of efficient management of state assets and are not intended to intervene in the operations of portfolio companies. The boards of the portfolio companies have full autonomy in decision-making within their competence, as provided in the respective charters. As set out in Samruk-Kazyna's corporate governance code, "*the Fund does not allow interference in the operational activities of the company, including personnel decisions, procurement and production processes, for which the executive body of the company is responsible, except in cases defined by the legislation of the Republic of Kazakhstan, as well as cases where there are circumstances entailing non-fulfillment of the KPI established in the development plan.*" The relevant KPIs are those approved by the Company's Board as part of the Company's development plan, being a five-year plan which sets out, among other things, financial and business targets. Such plan is reviewed by the Company's Board on an annual basis, and the Company's Management Board monitors the Group's performance against such plan on an ongoing basis. The KPI exception is triggered where it has been established, through such monitoring and review, that a KPI is not being, or will not be, achieved, and such non-performance is attributable to specific circumstances, examples of which include significant shortfalls in transit volumes, emergencies or other exceptional events, or changes in legislation and regulatory requirements. Where the Company consistently fails to meet a KPI, Samruk-Kazyna's involvement remains limited to the exercise of its rights as a shareholder and, where appropriate, to bring up matters for discussion at the Company's Board through its representatives on the Board. The Company's Board will in turn consider the causes of the failure to achieve the KPI and discuss the challenges, risks and measures for improvement with the Company's Management Board. Thereafter, the Board may amend the development plan as it considers appropriate without the approval of Samruk-Kazyna. Accordingly, the day-to-day operations of the Company remain the responsibility of the Company.

Samruk-Kazyna also undertakes public duties consistent with a governmental role. Under the Sovereign Wealth Fund Law and Samruk-Kazyna's charter, Samruk-Kazyna is required to establish a public council for the purpose of representing the interests of civil society and taking into account public opinion in the decision-making process. In addition, as mandated by its charter, Samruk-Kazyna also makes annual allocations to non-profit organisation represented by Kazakhstan Khalkyna public fund in an amount of not less than seven percent of its net income in accordance with the direction of the Government.

As set out in "Relationship with the Government" in this Document, the transactions between Samruk-Kazyna, its subsidiaries and associates (as defined under the Listing Rules and hereafter referred to as the "**Samruk-Kazyna Group**") on the one hand, and the Group on the other hand, during the Track Record Period primarily comprised: (1) the procurement by the Group of services and products from Samruk-Kazyna Group companies, including electricity, diesel fuel and gasoline, telecommunication services, engineering products and postal services, some or all of which may be subject to regulated pricing. In addition, pursuant to applicable law, the Group shall conduct its procurement in accordance with the Samruk-Kazyna Procurement Rules which provide for mandatory procedures for the procurement of goods, work and services, including, in most cases, formal public tenders; (2) the provision by the Company of trust management services to Samruk-Kazyna in respect of the management of JSC Aktau International Sea Commercial Port National Company and JSC Transport Services Centre, and (3) financial assistance from Samruk-Kazyna in the form of loans and bonds to supplement the Group's funding for its operations and capital expenditures. As at 30 June 2026, the Group's borrowings from Samruk-Kazyna were mainly received at rates below market rate.

Other than the transactions with Samruk-Kazyna Group above, there are no continuing connected transactions with connected persons as defined under the Listing Rules that are not fully exempted under Chapter 14A and are hence required to be disclosed in this Document.

Scope of waiver application

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 14A.07 of the Listing Rules. Accordingly, Samruk-Kazyna shall be treated as a governmental body and therefore not a "connected person" of the Company for the purposes of Chapter 14A of the Listing Rules and the following consequences also flow:

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

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

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

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

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

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Director		
Mr. Yelzhas Otynshiyev *(Chairman of the Management Board)*	2 R. Koshkarbayev Street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Non-executive Directors		
Mr. Aidar Ryskulov	2 Parassat Street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Kuat Irubayev	817, 5 Baytursynov Street, Astana 010000, Republic of Kazakhstan	Kazakhstani
Ms. Saltanat Satzhan	5 Kunaev Street, Flat 52, Astana 010000, Republic of Kazakhstan	Kazakhstani
Mr. Zhandos Kairgeldi	Apartment No. 418, Building No. 13, Dostyk Street, Yesil District, Astana 010000, Republic of Kazakhstan	Kazakhstani
Independent non-executive Directors		
Ms. Saya Mynsharipova	Apartment 85, 63 Satpayev Street, Bostandyk District, Almaty, Republic of Kazakhstan	Kazakhstani
Mr. Ulf Wokurka	Schuetzenplatz 12, 01067 Dresden, Germany	German
Dr. Alexander Andreas Schierhuber *(Chairman of the Board)*	Rosenhuegelstrasse 15/9 1120 Vienna, Austria	Austrian
Mr. John Smillie McKay	Firthview, Redland Road, Finstown, Orkney, United Kingdom, KW172 ER	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 Sponsor-[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]

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*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.*

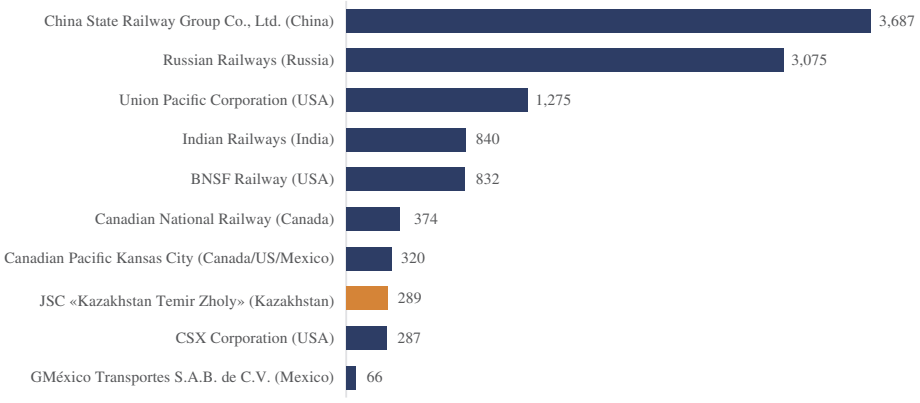
1. GLOBAL RAILWAY MARKET

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 Eurasian corridors on which the Group operates are among the principal routes of this type.

The global railway sector is characterised by a mix of massive, state-backed networks and highly consolidated commercial operators. The selected railway operators provide a benchmark for assessing the Group's operating scale relative to major railway operators globally. In 2025, the Group recorded freight turnover of approximately 289 billion tonne-km, ranking eighth among the selected railway operators by freight turnover. This comparison demonstrates the Group's significant operating scale in terms of freight transportation activity, notwithstanding differences in network characteristics, geographic coverage and operating models across the selected operators.

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



Source: 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.

2. EURASIAN RAILWAY TRANSPORTATION MARKET AND EURASIAN CORRIDORS

2.1. Eurasian Rail Transportation Market Size and Composition

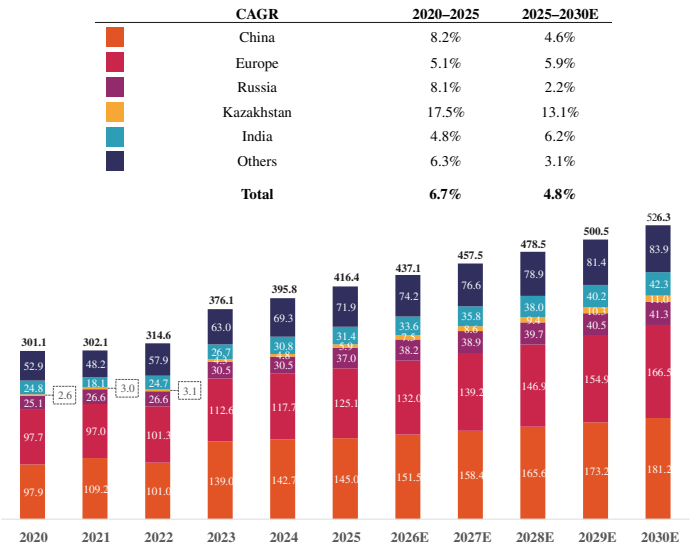
Rail transport is a structurally critical component of the Eurasian logistics system. For inland transportation over distances above 500–700 km, rail is the dominant mode for bulk cargo, containerised freight and transit flows, particularly across the China-Europe corridor. Unlike maritime transport, 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 Eurasian rail transportation market size represents revenues generated from freight and passenger rail transportation and ancillary rail-related services provided as part of freight transportation activities. Market size is attributed to the country or region where the relevant transportation activity is performed, irrespective of the jurisdiction of incorporation of the railway undertaking. The estimation methodology and geographical coverage are set out in the note to Figure 2.

The total Eurasian rail transportation market grew from approximately USD 301.1 billion in 2020 to approximately USD 416.4 billion in 2025, a CAGR of approximately 6.7%. The market is further projected to reach approximately USD 526.3 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, containerisation and rising demand for diversified land-based logistics routes between China, Central Asia and Europe.

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



Source: Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software

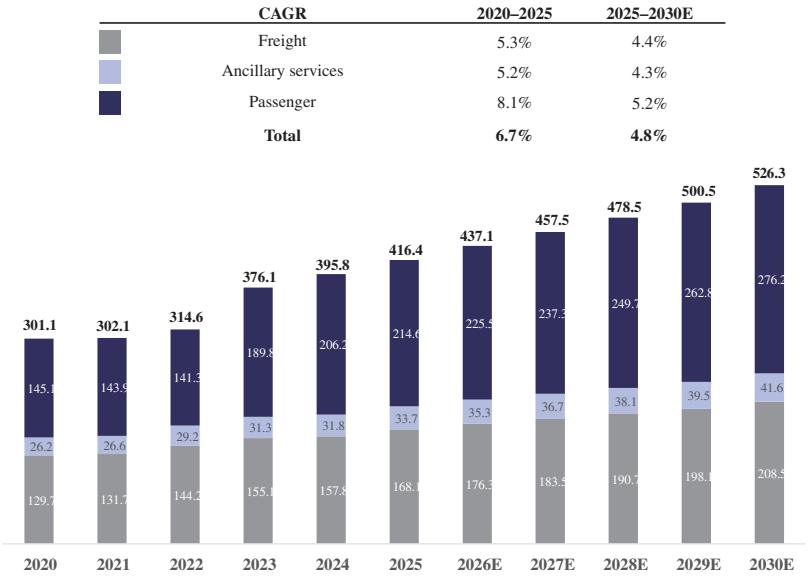
Notes:

(1) Depending on data availability, market size was estimated using either (i) revenues attributable to freight and passenger transportation activities performed in the relevant country or region by railway undertakings operating in that market, including estimates for relevant operators whose revenue information is not publicly available, or (ii) rail traffic turnover in the relevant country or region multiplied by the applicable average yield per tonne-kilometre or passenger-kilometre. Approach (i) was applied to China, Russia, Kazakhstan and India, while approach (ii) was applied to the other countries and regions included in Figure 2.

(2) For cross-border transportation, revenue is attributed to each country or region based on the portion of the transportation activity performed on its railway network, and the same portion of the transportation activity is not counted in more than one market.

(3) "Europe" comprises the 27 Member States of the European Union and excludes Russia. "Others" comprises Belarus and the remaining Eurasian markets covered by the analysis in Central Asia, the South Caucasus, West Asia, South Asia, East Asia and Southeast Asia.

Figure 3. Eurasian Rail Transportation Market Size by Service Type, 2020–2030E (billion USD)



Source: *Eurostat, National Bureau of Statistics of China, Rosstat, Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software*

Note: Ancillary rail-related services comprise loading and unloading, shunting, wagon handling, transhipment and short-term storage directly associated with rail freight transportation, and exclude standalone logistics, warehousing, terminal and other separate business activities.

2.2. Eurasian Rail Freight Market and Key Trends

Market Size, Growth Drivers and Constraints

Eurasian rail freight and related ancillary rail-related services market expanded from USD 156.0 billion in 2020 to USD 201.8 billion in 2025 (CAGR 5.3%), and is further projected to reach USD 250.1 billion by 2030 (CAGR 4.4%).

Growth of the Eurasian rail freight market is driven by increasing Eurasian trade volumes and containerisation, growing demand for diversified land-based transportation routes, and the competitiveness of rail in terms of customer-facing transportation prices, transit times and service reliability. At the same time, market growth is influenced by the availability of rail infrastructure and capacity at border crossings, transhipment facilities and terminals, where bottlenecks may constrain throughput and affect service reliability.

- **Accelerated Modal Shift Driven by Decarbonisation:** As global supply chains face increasing pressure to reduce GHG emissions, railways are increasingly prioritised 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). By the end of 2025, 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.
- **Globalisation 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 and state-owned railway operators in facilitating cross-border freight transportation and developing international rail connections.

- **Digitalisation 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 signalling architectures (ERTMS), Digital Automatic Coupling (DAC), automated terminal handling, predictive maintenance analytics, and digitised customs interfaces – all creating the supply chain visibility increasingly demanded by international shippers.

2.3. Corridor Landscape and Competition

Principal Eurasian Freight Corridors

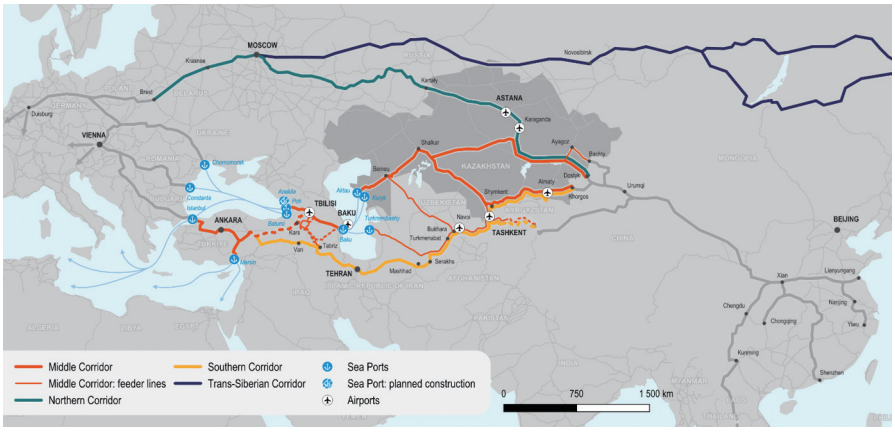
While several international transport corridors operate across Eurasia, this section focuses on the principal East-West rail corridors connecting China, Central Asia and Europe, as they represent the primary routes for long-distance Asia-Europe rail freight transportation and provide the most relevant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

- **The Trans-Siberian corridor** connects China and East Asia with Europe through Russia.
- **The Northern Corridor** connects China with Europe through Kazakhstan, Russia and Belarus. In Kazakhstan, the corridor enters through Dostyk-Alashankou/ Altynkol-Khorgos at the China-Kazakhstan border and continues north-west through the national railway network towards Russia.
- **The Middle Corridor** connects China with Europe through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Türkiye/the Black Sea. In Kazakhstan, the corridor enters through Dostyk-Alashankou/Altynkol-Khorgos and continues westwards to the Caspian ports of Aktau and Kuryk.
- **The Southern Corridor** connects China with the countries of Central Asia and Iran through the territory of Kazakhstan. It runs from China through Kazakhstan to Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, and onward to Iran.

Three of four corridors – the Northern Corridor, the Middle Corridor and the Southern Corridor – pass through Kazakhstan, positioning the country as a key transit hub for Eurasian rail freight.

In 2025, the Northern Corridor remained the principal East-West rail route through Kazakhstan for China-Europe container transit, handling approximately 416 thousand TEUs, compared with approximately 42 thousand TEUs transported via the Middle Corridor. The Southern Corridor remained at an early stage of development, and comparable annual container traffic data for the corridor are not publicly available.

Figure 4. 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.

CORRIDOR COMPETITION AND KAZAKHSTAN'S POSITION

The principal Eurasian rail corridors compete primarily in terms of transit time, transportation cost, capacity, reliability and geopolitical exposure.

Table 1. Comparison of China-Europe Transportation Corridors, 2025

Mode/Corridor	Route/correspondence	Transit time, days	Total transport costs, USD/FEU	Source and interpretation
Northern Corridor	Xi'an – Duisburg (via Kazakhstan, Russia, Belarus)	18	6,650	ERAI report (Jan 2025), Table 1 (authors' compilation from ERAI/CTS/Drewry WCI/TITR/Maersk/ market survey), point-to-point (SOC), data as of Dec 2024.
Middle Corridor (TITR)	Xi'an – Duisburg (via Trans-Caspian: Kazakhstan, Caspian, Azerbaijan, Georgia)	12–15	8,200	ERAI report (Jan 2025), Table 1 (authors' compilation from ERAI/CTS/Drewry WCI/TITR/Maersk/ market survey), point-to-point (SOC), data as of Dec 2024.
Sea Route	Shenzhen – Hamburg/Rotterdam	32–37	1,700–3,900[1]	ERAI report (Jan 2025), Table 1 (authors' compilation), point-to-point, deep-sea, data as of Dec 2024.
Southern Corridor	China – Kazakhstan – Central Asia – Iran – Türkiye	26	5,500	No consolidated official source, corridor at an early stage, indicative.

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).

Competition in the Eurasian rail transportation market operates on two levels. At the primary level, overland Eurasian corridors compete with deep-sea shipping for cargo flows on the Asia-Europe trade lane. Sea freight generally offers a lower unit cost but involves transit times of approximately 32 to 37 days, while rail offers transit times of approximately 12 to 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 specialised logistics ecosystem including dry ports, automated transhipment 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 among the rail corridors. No single railway company controls an entire China-Europe route end to end, and 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 geographical footprint also underlines its strategically important role within Eurasian rail networks. On the Northern Corridor, Kazakhstan accounts for 1,910 km, extending from the Dostyk-Alashankou/Altynkol-Khorgos border crossings with China to the Mamlyutka/Petukhovo border crossing with the Russian Federation. On the Middle Corridor, the domestic rail section covers 3,128 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.

[1] Maritime freight rates show record volatility in recent years (they fell roughly threefold and then rose again). The current figure is the Drewry World Container Index, Shanghai-Rotterdam ($3,768/FEU, June 2026); the December 2024 value is from the ERAI table.

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 optimisation 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 synchronised tariffs, streamlined border crossings, and created a more integrated corridor management system.

2.4. Coal-related Freight Flows and Implications for Rail Freight

Coal remains an important bulk commodity for Eurasian rail freight, particularly in Kazakhstan, Russia and China. Between 2020 and 2025, Kazakhstan's coal production increased from approximately 107.8 million tonnes to 116.0 million tonnes, while coal exports increased by approximately 32%, from 22.2 million tonnes to 29.4 million tonnes (Bureau of National Statistics of the Republic of Kazakhstan). Over the same period, Russian coal production increased from 401.4 million tonnes to 429.0 million tonnes, while exports remained broadly stable at approximately 211–212 million tonnes (Interfax). In China, coal production increased from approximately 3.9 billion tonnes to 4.9 billion tonnes, while imports increased by approximately 62%, from 303.6 million tonnes to 490.3 million tonnes (National Bureau of Statistics of China), reinforcing China's importance as a destination market for regional coal flows.

In 2025, the Group transported approximately 106.6 million tonnes of coal, comprising 71.7 million tonnes of domestic transportation, 34.2 million tonnes[1] of export transportation, 0.6 million tonnes of import transportation and negligible transit volumes.

3. KAZAKHSTAN RAILWAY TRANSPORTATION MARKET

Railways hold a core position within Kazakhstan's freight logistics system, generating 289.8 billion tonne-km (excluding empty runs) and accounting for 85.5% of the country's total freight turnover (excluding pipelines) in 2025, according to the Bureau of National Statistics of the Republic of Kazakhstan.

Kazakhstan rail transportation market expanded from USD 2.6 billion in 2020 to USD 5.9 billion in 2025 (CAGR 17.5%), and is further projected to reach USD 11.0 billion by 2030 (CAGR 13.1%). 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.

The Kazakhstan rail transportation market comprises freight rail transportation, passenger rail transportation and ancillary rail-related services. Freight rail transportation comprises domestic, export, import and transit freight transportation, while passenger rail transportation comprises the transportation of passengers by rail between settlements. Ancillary rail-related services are provided by railway undertakings as part of their rail freight transportation activities The ancillary rail-related services market increased from USD 0.4 billion in 2020 to USD 0.7 billion in 2025 and is projected to reach USD 1.2 billion by 2030, representing a CAGR of 12.4% in 2020–2025 and 12.8% in 2025–2030E.

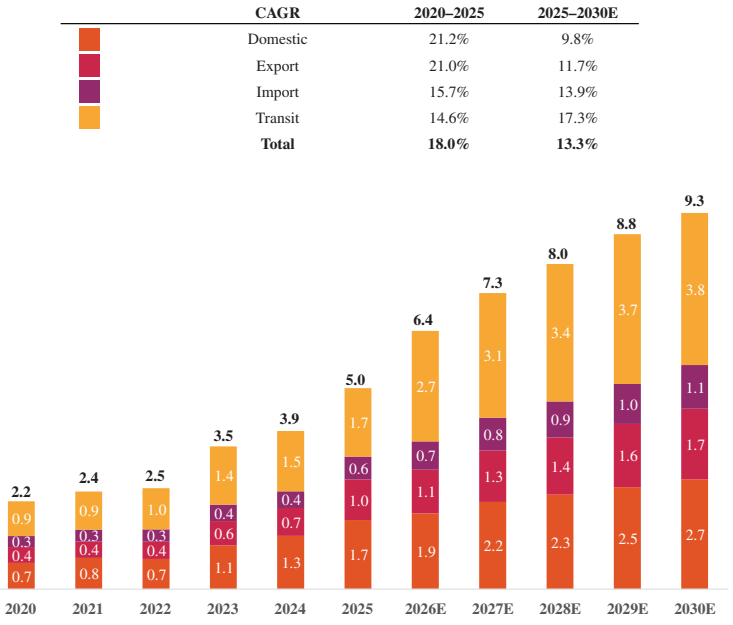
[1] The difference between the Group's coal export transportation volumes and coal export figures reported by the Bureau of National Statistics of the Republic of Kazakhstan is attributable to different statistical reporting bases and commodity coverage. The Group's figures are based on railway consignment records and include both hard coal and lignite, whereas Bureau of National Statistics of the Republic of Kazakhstan figures are based on commodity statistics and cover hard coal only.

3.1. Freight Market

Market Size and Structure

Kazakhstan freight rail transportation market expanded from USD 2.2 billion in 2020 to USD 5.0 billion in 2025 (CAGR 18.0%), and is further projected to reach USD 9.3 billion by 2030 (CAGR 13.3%).

Figure 5. Kazakhstan freight rail transportation market size, billion USD



Source: *Bureau of National Statistics of the Republic of Kazakhstan, modelled in InfraForecast Software, KPMG analysis*

Note: Growth in freight transportation volumes is expected to be supported by the following factors: (i) Expected growth of the Russian economy, based on forecasts of the relevant Russian ministries, (ii) maintenance of maritime freight rates at around current levels, (iii) the implementation of planned railway and logistics infrastructure projects in neighbouring countries, particularly in Uzbekistan, including the Samarkand-Bukhara section, as well as projects in Azerbaijan improving connectivity to the Port of Alat and (iv) implementation of the Group's planned railway infrastructure and capacity expansion projects.

The Kazakhstan freight rail market comprises domestic, export, import and transit transportation. Domestic freight refers to transportation where both the origin and destination are within Kazakhstan, export freight refers to transportation originating in Kazakhstan and destined for destinations outside Kazakhstan, import freight refers to transportation originating outside Kazakhstan and destined for Kazakhstan, and transit freight refers to transportation between foreign origin and destination markets through the territory of Kazakhstan. The principal cargo transported by rail includes coal, petroleum products, grain, iron ore, ferrous metals, chemicals and soda, non-ferrous ore, construction materials and mineral fertilisers.

According to the Bureau of National Statistics of the Republic of Kazakhstan, in 2025, coal was the largest cargo category transported by rail in Kazakhstan, with approximately 109.2 million tonnes, accounting for 32.1% of total rail freight volume of approximately 339.7 million tonnes. Iron ore was the second-largest category at approximately 28.4 million tonnes (8.4%), followed by grain at approximately 15.7 million tonnes (4.6%) and construction cement at approximately 7.9 million tonnes (2.3%). Together, these four cargo categories accounted for approximately 47.5% of total rail freight volume, reflecting the importance of bulk commodities in Kazakhstan's rail freight market.

Transit Freight Market Size and Economics

Transit rail transportation represents an important segment of Kazakhstan's rail freight transportation market, supported by increasing Eurasian trade flows, supply chain diversification and the growing role of land-based transportation corridors between Asia and Europe. According to the Bureau of National Statistics of the Republic of Kazakhstan, transit freight turnover amounted to approximately 65.5 billion tonne-km, representing approximately 22.6% of Kazakhstan's total rail freight turnover. Transit freight revenue was estimated at approximately USD1.7 billion in 2025, representing approximately 34.1% of total freight transportation revenue. The higher share of transit in freight revenue compared with freight

turnover primarily reflects differences in applicable transportation rates, with transit services generally subject to commercial pricing.

China-Europe trade remains one of the key drivers of rail transit demand, driven by the transportation of high-value and time-sensitive goods. Trade turnover reached approximately EUR 760 billion in 2025 (Eurostat, 2026).

Rail transport through Kazakhstan is increasingly focused on higher-value and containerised cargo. Based on the Group's data, the principal transit cargo categories include petroleum products, ferrous metals, chemicals and soda, mineral fertilisers and grain, reflecting broader Eurasian trade diversification and growing demand for reliable logistics solutions. In 2025, petroleum products represented the largest individually identified transit cargo category, accounting for approximately 12.2 billion tonne-km of freight turnover and USD 0.5 billion of transit freight revenue. China-Europe transportation remains one of the strategically important transit flows due to the high-value and time-sensitive nature of transported goods, with containerised transit also including machinery, chemicals, automotive products, metals and agricultural goods.

Growth Drivers and Industry Trends

Future growth of Kazakhstan's rail freight market is expected to be supported by different drivers across transportation activities: (i) domestic freight is expected to benefit primarily from continued economic and industrial activity, infrastructure modernisation and additional network capacity, while planned increases in regulated railway tariffs are expected to support revenue growth; (ii) export freight is expected to be supported by expanding cross-border trade, improvements in border and network capacity and adjustments to regulated tariffs; (iii) import freight is expected to benefit from growing trade flows, improved cross-border capacity and adjustments to regulated tariffs and (iv) transit freight is expected to be supported by increasing East-West trade flows, continued development of Eurasian transit corridors, expansion of cross-border capacity and increasing containerisation, including growth in intermodal and containerised cargo flows. Transit tariffs are generally not subject to state regulation and are determined separately under the applicable international tariff framework. Digitalisation, advanced tracking and traffic management systems are expected to improve network utilisation and operational efficiency across all freight activities.

Key Trends in the Kazakhstan Freight 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. According to the Bureau of National Statistics of the Republic of Kazakhstan, in 2025 Kazakhstan's total transit volumes across transportation modes, including pipelines, reached 107.1 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 modernised, 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 Optimisation:** 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.

Competition by Transportation Mode and Freight Activity

Rail transportation is characterised by high carrying capacity, regularity of service and competitive unit transportation costs for long-distance and bulk freight movements. Its competitive position relative to other transportation modes varies depending on cargo type, transportation distance, shipment size, route

and customer requirements. The principal alternative modes of freight transportation in Kazakhstan include pipeline, road, air and water/maritime transportation.

The following table sets forth certain information published by the National Statistics Bureau regarding freight turnover in Kazakhstan by transportation type for 2025:

Table 2. Freight Transportation by Mode, 2025

Type of Transportation	2025, million tonne-kilometres	Percentage (%)
Railway	289,807	56.5%
Pipeline	173,544	33.9%
Road	47,088	9.2%
Water/Maritime	1,990	0.4%
Air	70	0.0%
Total	**512,499**	**100%**

Source: Bureau of National Statistics of the Republic of Kazakhstan

Note: Water/Maritime transportation comprises inland waterway and marine transportation. Freight turnover represents the combined freight turnover of these two transportation modes.

In 2025, rail accounted for approximately 56.5% of Kazakhstan's total freight turnover, or approximately 85.5% excluding pipelines. Road is the principal competing mode for short- and medium-distance domestic freight, while pipelines primarily carry crude oil and natural gas and have limited direct substitutability with rail.

The competitive characteristics of these transportation modes, including their freight turnover, pricing basis, advantages, limitations and degree of competitive overlap with rail, are summarised below.

Table 3. Comparison of Freight Transportation Modes in Kazakhstan, 2025

	Rail	Pipeline	Road	Water/Maritime	Air
Freight turnover, billion tonne-km	289.8	173.5	47.1	2.0	0.1
Competitive overlap with rail	–	Limited, primarily overlaps with rail in the transportation of crude oil and petroleum products.	High, particularly for short- and medium-distance transportation, overlaps with rail primarily for iron ore, construction materials, grain and petroleum products.	Limited, primarily overlaps with rail for bulk cargo, oil products and containers on routes with access to the Caspian Sea.	Limited due to materially different cargo characteristics, primarily serves high-value and time-sensitive cargo.
Pricing	Regulated/unified tariffs and contractual pricing	Regulated	Market-driven	Market-driven	Market-driven
Customer-choice factors	Cost, distance, volume, connectivity, time, reliability	Cost, connectivity, cargo type, destination	Cost, distance, flexibility, time, door-to-door delivery	Cost, destination, time, port access/capacity	Speed, cost, cargo value, urgency
Key advantages	High capacity, competitive long-distance unit cost, broad network	Low unit cost, high capacity, continuous flow	Flexible, door-to-door, faster over shorter distances	Cost-efficient for large volumes, Caspian access	Fastest mode
Key limitations	Network/terminal capacity, less flexible than road	Fixed network, cargo-specific	Higher long-distance unit cost, lower capacity	Limited coverage, weather and port constraints	High cost, low capacity

	Rail	Pipeline	Road	Water/Maritime	Air
Entry barriers	High: infrastructure, rolling stock, regulation	High: CAPEX, permits, strategic infrastructure	Relatively low: fleet and regulatory requirements	High: vessels, ports, terminals	High: aircraft, regulation, permits

Source: Bureau of National Statistics of the Republic of Kazakhstan, KPMG analysis.

Competition between transportation modes also varies materially across domestic, export, import and transit freight due to differences in cargo mix, transportation distance, available infrastructure and customer requirements.

Table 4. Competition by Freight Activity in Kazakhstan, 2025

Activity	Competition with rail and principal alternative modes/routes	Group's share of rail freight revenue
Domestic	**High.** Road is the principal competing mode, particularly over short and medium distances, with competition primarily for iron ore, cement and construction materials, grain and petroleum products, pipeline competition is limited mainly to crude oil, while international alternative corridors are not applicable.	82.6%
Export	**Moderate.** Road competes primarily for grain, petroleum products and selected general cargo, while pipeline competes primarily for crude oil.	100.0%
Import	**Moderate.** Road is the principal competing mode for petroleum products, grain and selected industrial and general cargo, while pipeline competition is limited mainly to crude oil.	100.0%
Transit	**Moderate.** Rail transit through Kazakhstan competes with deep-sea shipping and alternative Eurasian routes bypassing Kazakhstan, principally the Trans-Siberian Corridor, particularly for containerised and other long-distance transit cargo.	100.0%

Source: Bureau of National Statistics of the Republic of Kazakhstan, Agency for Protection and Development of Competition of the Republic of Kazakhstan, KPMG analysis.

Competitive Landscape and Group Market Position

Competition within Kazakhstan's railway sector varies across the railway value chain. As described in "Regulatory Framework" below, infrastructure management is operated exclusively by the National Infrastructure Operator under a natural monopoly framework, while locomotive traction remains highly centralised. The rolling stock segment, particularly wagons and containers, has been substantially liberalised, whereas freight transportation services, although open to limited private participation since 2018, remain highly concentrated.

In 2025, the Group accounted for approximately 99.7% of Kazakhstan's total rail freight turnover. Private operators hold a limited share, primarily focused on selected freight segments. In addition, the Group is the largest owner of locomotives and freight and passenger rolling stock in Kazakhstan, and one of the country's largest employers.

The following table presents market shares based solely on freight transportation operator revenue and does not represent market shares across the broader railway value chain.

Table 5. Kazakhstan Freight Rail Transportation Market Share by Revenue, 2025

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
1	KTZ	4.7	94.0%	Vertically Integrated (Mixed)	State-owned
2	TTT Service LLP	0.2	4.0%	Non-integrated (Freight-focused)	Independent

Ranking	Company	Revenue, billion USD	Revenue Share, %	Business model	Independence
3	DAR Rail LLP	0.1	2.0%	Non-integrated (Freight-focused)	Independent
	Total	**5.0**	**100%**		

Source: *Agency for Protection and Development of Competition of the Republic of Kazakhstan, Department of Transport and Communications, KPMG analysis*

Note: (1) Vertically Integrated (Mixed) refers to an operating model where railway infrastructure management and transportation operations are performed within the same corporate group, with significant activities in both freight and passenger transportation. Non-integrated (Freight-focused) refers to an operating model where freight transportation services are provided by a railway undertaking over infrastructure managed by a separate infrastructure manager.

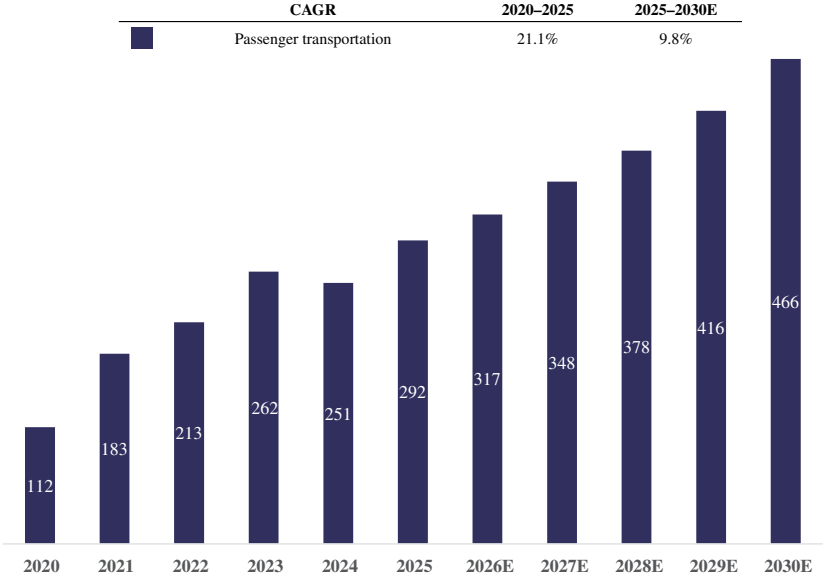
(2) Revenue figures reflect freight transportation revenue from domestic, export, import and transit operations only.

3.2. Passenger Rail Transportation

Passenger rail transportation represents a relatively small segment of Kazakhstan's railway market in revenue terms and primarily performs a social and public service function within the broader national transport system.

Passenger transportation revenue increased from approximately 112.2 million USD in 2020 to 291.7 million USD in 2025 and is projected to reach approximately 466.3 million USD by 2030. Despite gradual growth, passenger transportation is expected to account for approximately 4.0% to 4.3% of total Kazakhstan rail transportation market revenues during 2026 to 2030.

Figure 6. Passenger rail transportation revenue, million USD



Source: *Bureau of National Statistics of the Republic of Kazakhstan, Government of the Republic of Kazakhstan, Concept for the Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030*

Passenger rail services provide intercity and regional connectivity between settlements across Kazakhstan and beyond, and are operated by the Group's passenger transportation business together with private passenger carriers. In 2025, approximately 19.4 million passengers were transported by rail in Kazakhstan, generating passenger turnover of approximately 15.8 billion passenger-km. Based on the passenger-turnover data provided by the Company, the Group generated approximately 11.4 billion passenger-km, equivalent to approximately 72% of total rail passenger turnover, with private carriers accounting for the remaining approximately 28%.

The following table presents passenger turnover in Kazakhstan by transportation mode in 2025.

Table 6. Passenger Transportation by Mode, 2025

Type of Transportation	2025, million passenger-km	Percentage
Railway	15,792.9	17.8%
Motor vehicles and urban electric transport	43,158.9	48.5%
Air	29,960.3	33.7%
Water (river)	4.7	0.0%
Marine	0.1	0.0%
Total	**88,916.9**	**100.0%**

Source: Bureau of National Statistics of the Republic of Kazakhstan

Demand for passenger rail transportation is primarily supported by population mobility, connectivity between major cities and regional settlements, urbanisation and development of the national railway network. Rail competes principally with air travel, long-distance buses and private cars. Air transportation provides significantly shorter travel times and is particularly competitive on longer-distance routes, while buses and private cars offer greater flexibility and broader point-to-point accessibility, particularly over shorter and medium distances. Rail nevertheless remains important for long-distance and regional travel due to its network coverage, carrying capacity and role in connecting settlements across Kazakhstan. In 2025, air transport carried approximately 15.4 million passengers and generated approximately 30.0 billion passenger-km, compared with 19.4 million rail passengers and 15.8 billion rail passenger-km.

Passenger railway services operate within a regulated framework, particularly in respect of socially significant routes. Kazakhstan's railway legislation provides for a national passenger carrier and for the subsidisation of passenger transportation on socially significant routes. Such routes are organised under the applicable public-service framework, with carriers selected to provide specified passenger services; route packages may combine more and less commercially attractive services in order to maintain socially necessary connectivity. Fares on socially significant services are regulated, while State compensation is intended to reimburse eligible carrier costs associated with providing such services under the applicable regulatory mechanism.

Accordingly, passenger rail transportation performs both a transportation and public-service function within Kazakhstan's national transport system, supporting regional connectivity, accessibility and mobility between settlements while operating within a framework of regulated fares and State-supported socially significant passenger services.

3.3. Network, Capacity and Infrastructure

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-Alashankou and Altynkol-Khorgos), where freight reached 33.9 million tonnes in 2025. Total container traffic passing through Kazakhstan reached 2.2 million TEU in 2025, increasing the network's containerisation rate from 6.7% in 2024 to 8.0% in 2025.

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 11,000 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.

3.4. Major cost components of the rail transportation market

Based on the financial statements of KTZ-Freight Transportation LLP and in the absence of publicly available industry-wide data on the cost structure of rail freight transportation in Kazakhstan, KTZ-Freight Transportation LLP's freight transportation COGS is used as a proxy for the market.

On a unit basis, freight transportation COGS increased from approximately USD16.8 per thousand tonne-kilometres in 2023 to approximately USD19.5 per thousand tonne-kilometres in 2025. The increase primarily reflected higher mainline railway network service costs, which increased from approximately USD8.0 to USD10.3 per thousand tonne-kilometres, and electricity costs, which increased from approximately USD0.5 to USD0.9 per thousand tonne-kilometres. Personnel and fuel costs were broadly stable to moderately higher, while locomotive maintenance and other service costs decreased from approximately USD1.9 to USD1.5 per thousand tonne-kilometres over the same period.

3.5. Entry Barriers and Key Success Factors

Key success factors

Kazakhstan's railway industry is characterised 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 utilisation 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 thousand 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 Standard (UIC) gauge, necessitating transhipment 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 neighbouring railway administrations and customs authorities. Developing synchronised 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 centralised, state-controlled regulatory model characterised by high vertical integration, with the Ministry of Transport responsible for sector policy, the Natural Monopoly Committee overseeing tariff regulation, and the Transport Control Committee ensuring safety oversight and regulatory compliance.

Value Chain Segmentation & Liberalisation

In line with national economic modernisation, the sector is undergoing a phased and regulated liberalisation 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 centralised to maintain optimal asset utilisation across Kazakhstan's extensive railway network.
- **Rolling Stock:** The wagon and container segment has been substantially liberalised 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-subsidisation mechanisms where applicable.

Tariff Regulation and Transit Pricing

Tariffs for natural monopoly services, including mainline railway network services, are regulated by the Natural Monopoly Committee, while socially significant passenger transportation is regulated by the relevant authorised state body, including the Ministry of Transport of the Republic of Kazakhstan, within its respective powers.

The current tariff framework is characterised by three key features:

- **Regulated tariff evolution:** Since 2024, regulated freight tariffs have been undergoing a multi-year reform programme aimed at strengthening the financial sustainability of the railway sector and supporting long-term infrastructure investment. The Tariff Concept was approved by the State Commission for the Modernisation of the Economy on 27 August 2026. The Concept envisages the development of a new tariff methodology for mainline railway network services, including a gradual transition towards cost-reflective tariffs, reduction of cross-subsidisation and simplification of the tariff structure. A testing period is planned for 2027, with full implementation scheduled from 1 January 2032. The reform envisages a phased transition across tariff classes, progressing from cost recovery towards profitability.

  Under the latest approved tariff schedule (CRNM Order No. 114-OD dated 2 September 2026), tariffs for mainline railway network services increased by 24% from 21 September 2026, will remain unchanged in 2027 and are subject to annual increases of 3% in 2028–2030. Additional increases may apply following the implementation of new infrastructure projects and corresponding revisions to the mainline railway network investment programme. Separately, locomotive traction tariffs are scheduled to increase by 24% from 1 December 2026, with subsequent annual increases planned in line with inflation.
- **Market-based transit pricing:** Transit tariffs are not subject to domestic regulation and are influenced by corridor competitiveness, network capacity, market demand and global logistics conditions. Kazakhstan retains autonomy to determine transit tariff levels applicable to transportation across its territory. Transit tariffs are denominated in Swiss francs and historically exceeded regulated tariffs by approximately 1.5–5.6 times during 2023–2025.
- **Corridor coordination:** Tariff coordination across major Eurasian transport corridors supports the establishment of competitive end-to-end transportation rates. Cross-corridor cooperation is facilitated through initiatives including the Middle Corridor Association, Middle Corridor Multimodal JV and TITR Association, which support the coordination and establishment of through and end-to-end tariff rates.

5. APPENDIX: 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. All rights reserved.

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, AUD/USD 0.7019, USD/ZAR 16.4, USD/RUB 83.8, USD/CAD 1.4 and USD/KZT 488.3.

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 a vast variety of regulated activities ranging from freight and passenger transportation, port, freight forwarding and terminal operations, mainline railway network services, militarised railway security, wagon operator services and other regulated activities.

International Sanctions Laws and Regulations

Sanctions compliance is an important component of the Group's governance, risk management and internal control framework. The Group attributes importance to identifying, assessing and managing sanctions risk and has established policies and procedures intended to support compliance with applicable sanctions and responsible conduct of its business. Those policies and procedures have been enhanced since 2022 in response to changes in the sanctions environment.

Mandatory sanctions measures. United Nations sanctions are established by resolutions of the United Nations Security Council and may include targeted asset freezes, travel bans, arms embargoes and other financial, trade or commodity restrictions. The Group monitors applicable United Nations sanctions and implements measures applicable to its activities through the relevant laws and regulations of Kazakhstan. The Group must also comply with mandatory sanctions or other restrictions applicable to a relevant transaction, activity, funds, cargo, bank, counterparty, person or other relevant connection, including where there is a U.S., EU or UK jurisdictional nexus. These measures may include asset freezes, prohibitions on making funds or economic resources available to designated persons, trade or investment restrictions, restrictions on specified goods or services and anti-circumvention rules.

U.S. sanctions are administered principally by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"). U.S. primary sanctions generally apply to U.S. Persons and to transactions or other activities with a U.S. nexus, and may include asset blocking, transaction and services prohibitions. The U.S. sanctions regime relevant to the Group includes measures adopted under Executive Order 14024 (Blocking Property With Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation) and, to the extent there is a U.S. nexus, Executive Order 14071 (Prohibiting New Investment in and Certain Services to the Russian Federation in Response to Continued Russian Federation Aggression). U.S. sanctions may also expose non-U.S. persons to secondary sanctions, including in connection with significant dealings with designated persons or sanctioned sectors, even where no U.S. nexus is present.

EU sanctions comprise restrictive measures adopted by the EU and its Member States, including asset freezes, prohibitions on making funds or economic resources available to designated persons and entities, sectoral trade and financial restrictions and anti-circumvention measures, including measures relating to Russia and Belarus.

UK sanctions include measures under the Russia (Sanctions) (EU Exit) Regulations 2019 (the "**UK Russia Regulations**"), including the prohibitions in Regulations 11 to 19, and the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019 (the "UK Belarus Regulations"). These regimes include asset freeze, financial, trade, investment and anti-circumvention restrictions administered by HM Treasury through the Office of Financial Sanctions Implementation ("**OFSI**"). The above prohibitions include restrictions on dealing in certain securities issued by specified Russian or Belarusian entities or persons connected with Russia or Belarus, restrictions on dealing in securities issued for the purposes of certain investment activities in Russia, and restrictions on specified investments in Russia, including under Regulation 16 and Regulation 18B of the UK Russia Regulations and Regulation 15A of the UK Belarus Regulations (the "**UK Capital Market Restrictions**").

None of the members of the Group is a U.S., EU or UK person and, accordingly, those U.S., EU and UK sanctions regimes do not directly bind the Group solely by reason of the status of its members. Nevertheless, the Group conducts its business consistently with those regimes and applicable United Nations sanctions. The Group screens counterparties and transactions against U.S./EU/UK sanctions lists, avoids dealings with designated persons and observes applicable general licences and the conditions of those licences. In addition, the UK Capital Market Restrictions described above are not engaged for UK persons participating in the **[REDACTED]** or, by reason only of a purchase of **[REDACTED]** following the **[REDACTED]**, subsequently dealing in the **[REDACTED]**. The Company is incorporated in Kazakhstan, is not designated, is not controlled by a designated person and is not connected with Russia or Belarus for the purposes of those restrictions. **[REDACTED]** will acquire an interest in the Company, and the **[REDACTED]** of the **[REDACTED]** will be applied to the projects disclosed in this Document, none

of which is intended to constitute an activity prohibited under the applicable UK sanctions regulations. Activities carried on by the Company's joint ventures or associates are not, solely by reason of a UK investor's investment in the Company, attributed to that investor for the purposes of those restrictions.

Compliance with U.S., UK and EU measures. The Group is subject to geopolitical events which affects the way it conducts business. The Group does conduct its business taking into account applicable US, UK and EU sanctions and United Nations sanctions. This approach reflects (i) the Group's good governance and risk management objectives; (ii) the requirements and expectations of international counterparties, lenders, banks and other financing or transaction parties in financing and other documentation; (iii) the risk of secondary sanctions or other restrictions applicable to non-U.S. persons; and (iv) restrictions that may require the Company to limit the **[REDACTED]** of a share sale, including the **[REDACTED]**. Accordingly, the Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]**: (1) for the benefit of any person designated under UK, EU, U.S. or UN sanctions, or any entity controlled by such a person; (2) for any investment restricted for UK persons under Regulation 18B (including acquiring interests in land or entities in Russia, or establishing JVs with persons connected with Russia), or any similar investment in Belarus; (3) to fund, finance or otherwise contribute to UTLC ERA or Aktau Sea Northern Terminal LLP; or (4) for any other activity that would breach applicable UK, EU or U.S. sanctions.

Russia and Belarus-related activities. 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. In 2025, approximately 47% of the Group's total freight transportation revenue was related to export, import and transit freight directly or indirectly related to dealings with or through Russia and Belarus (compared with 46% in 2024 and 49% in 2023). Approximately 0.6% of the number of the Group's customers were domiciled in Russia and Belarus for the six months ended 30 June 2026 (approximately 1.8% in 2025; 1.9% in 2024; and 1.5% in 2023). The Group interacts with, and receives payments from and makes payments to, Russian Railways and Belarusian Railways in connection with passenger and freight transportation and related payments.

Russian Railways is designated under the UK sanctions regime and is subject to U.S. Directive 3 under Executive Order 14024. Belarusian Railways is not directly designated under the UK, EU or U.S. sanctions regimes, although it is subject to sanctions in certain other jurisdictions and is wholly owned by the Government of Belarus, which is itself subject to certain EU restrictive measures.

The Group participates in 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. UTLC ERA is currently operating normally and its assets are not frozen. UTLC ERA is not itself designated. In assessing its participation in UTLC ERA, the Group applies the relevant ownership and control and financial-facilitation considerations through the sanctions review procedures described below, including consideration of ownership and governance arrangements, relevant payment and dividend flows and any UK nexus.

The UK ownership-and-control analysis is fact-specific and may take into account direct and indirect ownership, contractual arrangements, financing relationships, board appointment rights, informal influence and other means of control. Payments, dividends or other financial flows involving UTLC ERA may also give rise to financial-facilitation considerations, particularly where UK persons or 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. Under U.S. sanctions, there is also 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, this risk is practically low.

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 refers to its activities in the Russian transport sector. In the U.S., a determination issued on 19 May 2023 under Executive Order 14024 authorises the imposition of sanctions on persons operated or operating in certain sectors of the Russian economy, including transportation. OFAC guidance describes the Russian transportation sector broadly, including the production, manufacturing, testing, financing, distribution or transport to, from or involving Russia of any mode of transport or any goods, services or technology for the movement or conveyance of persons or property, together with related loading, unloading, storage and associated activities. The Group's historical and ongoing interactions with Russian transportation counterparties and its involvement in routes to, from or involving Russia may therefore theoretically attract scrutiny, though this risk is practically low. Relevant UK and U.S. sanctions do not automatically flow up from a designated subsidiary to the wider corporate group solely because of a commercial or operational link.

Iran-related exposure. The Group has contingent 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 memorandum is not legally binding and, as at the date of this Document, the Group has not commenced construction projects in connection with it. If the Group proceeds with projects under or related to the memorandum, this could give rise to U.S. secondary sanctions exposure.

Russian banking relationships. The Group historically maintained relationships with Russian state-owned banks, including Sberbank and VTB Bank, which are subject to EU, UK and U.S. 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. An affiliate, Aktau Sea Northern Terminal LLP, remains a borrower under a Sberbank facility, with RUB 5,066 million outstanding as at 30 September 2026. The Company nominates two of the five members of the supervisory board of Aktau Sea Northern Terminal LLP. This is a legacy exposure at the level of an associate and does not constitute a new or incremental Russian banking exposure for the Group. Aktau Sea Northern Terminal LLP is not itself designated. Based on the facts and circumstances as at the Latest Practicable Date, the Group has not identified this legacy exposure as resulting in a breach by the Group of applicable UK, EU or U.S. sanctions. Any amendment, refinancing, payment or other transaction relating to the facility that introduces a relevant UK, EU or U.S. nexus, or otherwise changes the sanctions analysis, would be subject to transaction-specific sanctions review. 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.

Lukoil relationship and licences. The Group maintains a non-exclusive commercial relationship with Lukoil Lubricants Central Asia, a subsidiary of PJSC Lukoil, for the supply of lubricants used in the Group's rail operations. Lubricants are 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 UK on 15 October 2025 and by the U.S. on 22 October 2025. UK and U.S. persons are therefore prohibited from dealing with Lukoil and its subsidiaries, subject to any applicable authorisations. The Group has not experienced supply disruptions or sanctions-related issues in relation to this relationship to date, but changes in sanctions, regulatory restrictions or the counterparty's legal or compliance status could require changes to procurement arrangements.

As the Group is not a UK person, its own dealings with Lukoil Lubricants Central Asia do not depend on UK OFSI General Licence INT/2025/8031092 (Continuation of Business of Lukoil International Entities). The licence exempts acts that would otherwise breach Regulations 11 to 17 and 18C, subject to its conditions and any applicable notification or reporting requirements.

U.S. OFAC General License 131K, which superseded 131J, authorises transactions ordinarily incident and necessary to negotiating and entering into contingent contracts for the sale, disposition or transfer of Lukoil International GmbH and its 50%-or-greater-owned subsidiaries, and maintaining or winding down those operations. The license is valid through 21 November 2026.

As the Group is not a U.S. person, its own dealings with Lukoil Lubricants Central Asia do not depend on General License 131K. Continued dealings by the Group may nevertheless give rise to potential U.S. secondary sanctions exposure, which is assessed as practically low. The Group intends to continue these dealings unless there is a regulatory or commercial change in circumstances, and retains flexibility to adjust its approach accordingly.

Screening and monitoring. Under the Group's Regulation for Sanctions Compliance approved by Order No. 504-Ц 3 dated 15 July 2024 (the "504 Regulation"), counterparties are screened before contract execution and at least annually thereafter, including their ultimate beneficial owners, representatives and bank accounts. The Group also uses digital counterparty tracking and monitoring, and subsidiary organisations report sanctions compliance matters quarterly. Procurement contracts include sanctions and termination clauses addressing changes in sanctions that may make performance unlawful, delay or suspend delivery, or affect financing terms.

Working groups established under the 504 Regulation, including the head of legal, coordinate sanctions reviews and advise on applicable restrictions and permissions. When a new sanctions package is introduced, an information note is prepared within five working days and relevant counterparties and transactions are re-screened within a further five working days. These controls have been enhanced since 2022.

Escalation and decision-making. A potential sanctions hit is escalated by the relevant business or contract owner through the sanctions compliance working group and the head of legal. Before a transaction

or relationship is continued, the Group assesses the identity of the relevant person, ownership and control, the transaction and jurisdictional nexus, applicable prohibitions, exemptions or licences, payment and cargo routes, and the risk of secondary sanctions. The review also considers whether the proposed transaction or arrangement could directly or indirectly circumvent applicable sanctions restrictions or result in funds or economic resources being made available to, or for the benefit of, a designated person.

Depending on the outcome, the Group may pause or reject the transaction, restructure it, seek an authorisation, obtain further legal advice or terminate the relationship. However, the Group's sanctions procedures do not necessarily require all dealings with sanctioned persons to be terminated, where the review concludes that no prohibition applies or that the relevant activity is authorised and can be appropriately controlled.

Post-[REDACTED] measures and [REDACTED] ringfencing. Following **[REDACTED]**, the **[REDACTED]** of the **[REDACTED]**, and the **[REDACTED]** of any future **[REDACTED]** will be held in a segregated account and disbursed only after review confirming compliance with applicable UK, EU and U.S. sanctions. The Company does not intend to apply any of the **[REDACTED]** of the **[REDACTED]** or any future **[REDACTED]**, directly or indirectly: (1) for the benefit of any person designated under UK, EU, U.S. or UN sanctions, or any entity controlled by such a person; (2) for any investment restricted for UK persons under Regulation 18B (including acquiring interests in land or entities in Russia, or establishing JVs with persons connected with Russia), or any similar investment in Belarus; (3) to fund, finance or otherwise contribute to UTLC ERA or Aktau Sea Northern Terminal LLP; or (4) for any other activity that would breach applicable UK, EU or U.S. sanctions. In addition, as required under the Listing Rules, the Company will disclose in its annual audited report (which is subject to the auditor's annual review) a detailed breakdown of how the **[REDACTED]** from the **[REDACTED]** have been used, and whether such use is consistent with the intentions previously disclosed in this Document. These measures are intended to prevent any sanctions-related escalation decision from prejudicing the **[REDACTED]** or UK **[REDACTED]**.

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 privatisation 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 which came into effect on 26 July 2026, 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, organisation 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 organisation of international and interregional passenger transportation is determined by the competent state authority, while local authorities play a role in organising 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 organisation 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 authorises state regulation of tariffs for specified railway services and establishes a framework for state support and subsidisation of certain passenger transportation activities and railway development projects. The authorised 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 authorised 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 transhipment of oil and oil products.

The authorised 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, as well as ensuring equal and non-discriminatory access of carriers to the Main Railway Network.

Tariff Regulation of Natural Monopolies

Under the Natural Monopolies Law, tariffs for regulated services are subject to approval by the authorised 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 authorised regulatory authority.

With respect to regulated services relating to the mainline railway network, the authorised 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 reorganisation 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 transhipment 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 a 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 fertilisers 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.

The Group has been assigned facility categories in accordance with the Environmental Code as follows:

Category II – 7.11%, Category III – 32.9%, Category IV – 59.9%.

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 fulfilment 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 the 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 Group'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, signalling 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 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 ionising radiation, radioactive waste within the territory of the Republic of Kazakhstan, construction and installation works, medical activities require a licence.

The licence for transportation, including transit, of nuclear materials, radioactive substances, radioisotope sources of ionising radiation, radioactive waste within the territory of the Republic of Kazakhstan is granted for the period of five years; and the licence 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 limitations 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 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 organisation 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 authorised 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 organisation of regional economic integration possessing international legal personality. The member states of the EEU are Kazakhstan, Russia, Belarus, Armenia and Kyrgyzstan.

A coordinated (harmonised) 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 (harmonised) 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 utilisation 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 organisations, consumers and the authorised 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 (harmonised) 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 ratified 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 favourable 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 organisations of the parties, and (iii) ensuring conditions for access by railway transport organisations 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, Tselinnaya Railway Administration, and West Kazakhstan Railway Administration.

On 15 May 2002, National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed pursuant to a 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" (also known as 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.

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.
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.
2026	Completion of the construction of the first phase of the international container hub at the Aktau seaport.

Year	Event
2026	The Company established the MTN Programme for the issuance of up to USD3,000,000,000 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 stabilise 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, Tselinnaya Railway Administration and West Kazakhstan Railway Administration.

Prior to the merger, each of the Almaty Railway Administration, the Tselinnaya Railway Administration and the West Kazakhstan Railway Administration was a republican state enterprise owned by the Republic of Kazakhstan. Pursuant to a Government resolution to facilitate the financial and economic rehabilitation and optimisation of the management structure of railway transport in the Republic of Kazakhstan, the three predecessor republican state enterprises were merged to form Kazakhstan Temir Zholy Republican State Enterprise. Following the merger, the Republic of Kazakhstan retained ownership of the merged entity, with the Ministry of Transport and Communications acting as its state administration body.

Transformation into a closed joint stock company

In 2002, the Government established National Company Kazakhstan Temir Zholy Closed Joint Stock Company, which 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" (also known as Joint Stock Company National Company Kazakhstan Temir Zholy).

The reorganisation of the Company from a closed joint-stock company to a joint-stock company in 2004 was undertaken solely to comply with the JSC Law, which abolished the distinction between closed and open joint-stock companies and introduced a single, unified form of joint-stock company. Under the earlier Law of the Republic of Kazakhstan dated 10 July 1998 "On Joint-Stock Companies", closed and open joint-stock companies constituted distinct legal forms. A closed joint-stock company was subject, among other things, to restrictions on the number and composition of its shareholders and to specific rules governing the circulation of shares, including pre-emptive rights of existing shareholders. The JSC Law abolished this distinction and introduced a single organisational and legal form of joint-stock company. Consequently, the restrictions and features previously unique to closed joint-stock companies ceased to define the type of company. Matters of share circulation, shareholders' rights and corporate governance became governed by the uniform provisions of the JSC Law.

Under the transitional provisions of the JSC Law, all existing closed joint-stock companies were required to re-register and bring their constitutional documents into line with the new legislation within two years from the date the JSC Law came into force (which term was then further extended to three years in 2005).

The reorganisation did not affect the Company's ownership or share capital, and 100% of the Company's shares continued to be held by the state both before and after re-registration. The Company's governance structure was updated to comply with the JSC Law, including the formal establishment of a general meeting of shareholders, a board of directors and an executive body. The Company retained full continuity of all its assets, liabilities, contracts, licences, and permits following the reorganisation.

The reorganisation had no impact on the Company's operations. Its principal activity as the national railway operator and carrier in the Republic of Kazakhstan continued without interruption during and after the re-registration process.

In 2006, the Government established Samruk under a Presidential Decree with the aim of ensuring the effective management of state-owned companies and to increase their long-term value through the improvement of corporate governance. Specifically, the Government's overall objective in establishing

Samruk was to increase management efficiency and optimise organisational structures in order to achieve the Government's strategic goals and increase the country's sovereign wealth. As part of this reform, the Government transferred the Company's shares (along with those of other strategic national companies) to Samruk.

In 2008, Samruk merged with the state development fund Kazyna to form Samruk-Kazyna. The merger was part of measures to enhance the competitiveness and stability of the national economy in response to global financial market conditions. As a result, the Company's shares passed from Samruk to Samruk-Kazyna. Since then, Samruk-Kazyna has remained the Company's sole shareholder.

In subsequent years, the Government and Samruk-Kazyna continued to implement reforms aimed at optimising 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.

Share capital changes of the Company

As at the Latest Practicable Date, the Company had 3,267,734,711 authorised Shares, of which 2,483,478,380 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 share capital 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;
- 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; and
- on 25 September 2026, the sole shareholder of the Company adopted a resolution approving a five-for-one share split of the Company's placed ordinary shares, pursuant to which each existing ordinary share was subdivided into five ordinary shares. As a result of the share split, the number of the Company's placed ordinary shares increased from 496,695,676 to 2,483,478,380. Taking into account the previously authorised but unplaced ordinary shares, the total number of authorised ordinary shares of the Company following the share split amounted to 2,488,823,162. On the same date, the sole shareholder of the Company adopted a resolution approving an increase in the number of authorised ordinary shares from 2,488,823,162 to 3,267,734,711 ordinary shares. The increase in the number of authorised ordinary shares was registered with the competent authority of the Republic of Kazakhstan on 28 September 2026.

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
Kaztemirtrans	21 October 2003	Kazakhstan	100%	Freight carriage operation and renting out freight wagons services

Name of subsidiary	Date of establishment	Place of establishment	Percentage of equity interest held by the Group	Principal business activities
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 a 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. JSC Lokomotiv was established with 100% participation by the Company. Upon its establishment, JSC Lokomotiv had 61,588,990 authorised ordinary shares, of which 59,535,451 were placed and paid in and held by the Company. In 2016, JSC Lokomotiv was renamed JSC KTZ-Freight Transportation. 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 KZT 78,064,127,171. The Company has been the sole participant of KTZ-FT since its establishment and holds a 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 and was registered with the Ministry of Justice of Kazakhstan on 24 May 2002. KTZ Express was established with 100% participation by the Company. Upon its establishment, KTZ Express had 2,822,011 authorised ordinary shares, all of which were placed and paid in and held by the Company. The Company has been the sole shareholder of KTZ Express since its establishment. 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 47,913,613,000. There has been no change in KTZ Express's issued share capital within the two years immediately preceding the date of this Document.

Kaztemirtrans

The Group's freight railcar fleet is owned by Kaztemirtrans. Kaztemirtrans is a joint stock company organised under the laws of Kazakhstan and was registered with the Ministry of Justice of Kazakhstan on 21 October 2003. Kaztemirtrans was established with 100% participation by the Company. Upon its establishment, Kaztemirtrans had 63,000,000 authorised ordinary shares, of which 61,851,793 were placed

and paid in and held by the Company. The Company has been Kaztemirtrans' sole shareholder since its establishment. As at the Latest Practicable Date, Kaztemirtrans had 123,000,000 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 a republican state enterprise owned by the Republic of Kazakhstan. In March 2002, pursuant to a resolution of the Government, 71.4% of Kedentransservice's then issued shares were transferred from the Republic of Kazakhstan to the Company at nil consideration. Following subsequent share issuances and changes in Kedentransservice's shareholding structure, the Company's shareholding in Kedentransservice was reduced to 33% by 2013.

In May 2013, the Company transferred its entire 33% shareholding interest in Kedentransservice to Logistic System Management B.V. ("**LSM**") in consideration of LSM issuing 33% of its shares to the Company (the "**Share Swap**"). At the time, LSM had an aggregate direct and indirect shareholding interest of 67% in Kedentransservice and was an indirect subsidiary of Logistic Investment S.a.r.l., which in turn was wholly-owned by TransContainer PJSC "Center for Cargo Container Transportation "TransContainer" ("**TransContainer**", an independent third party). Following completion of the Share Swap, LSM was held as to 33% by the Company and as to 67% by Logistic Investment S.a.r.l., and had an aggregate 100% interest in Kedentransservice.

In December 2013, the Company acquired a further 17% stake in LSM from Logistic Investment S.a.r.l. for a consideration of US$21,136,999, which was determined by reference to the value of 17% of the issued capital of LSM as of 25 November 2013, as determined by an independent valuer on the basis of (i) the original acquisition price of the shares paid by TransContainer; and (ii) the cost of debt financing incurred by TransContainer in the acquisition of the shares.

In November 2019, the Company acquired the remaining 50% shareholding interest in LSM from TransContainer for a consideration of US$73,000,000. The consideration was determined on the basis of arm's length negotiations between the parties with reference to the equity valuation of LSM as of 30 September 2019, as appraised by an independent valuer. Following completion, the Company became the sole shareholder of LSM and, through LSM, the sole shareholder of Kedentransservice.

In November 2020, as part of an intra-group restructuring, LSM transferred its entire 100% shareholding in Kedentransservice to the Company against the fair value of Kedentransservice shares as at 30 June 2020, as appraised by an independent valuer, by means of a capital repayment (EUR 74,148,884.37 through a reduction of LSM's authorised capital) and a distribution of the LSM's retained earnings reserve and share premium to the Company (EUR 78,997,115.63 through a distribution of LSM's income by way of the share transfer). Following registration of the transfer on 20 November 2020, the Company became the direct holder of 100% of the shares in Kedentransservice. 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 3,401,429,779. 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 (formerly LLP "Estim") is a limited liability partnership organised under the laws of Kazakhstan. KTZE – Khorgos Gateway was registered with the Ministry of Justice of Kazakhstan as a limited liability partnership on 1 December 2009 under the name LLP "Estim". In January 2015, KTZ Express acquired 100% of the charter capital of LLP "Estim" (a participant in the Khorgos – Eastern Gate SEZ) from an individual who was an independent third party for a consideration of KZT 500,000. 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 and was established on 23 July 2012 by the Company. At the time of establishment, Port Kuryk had a charter capital of KZT 200,000, all of which was held by the Company. As at the Latest Practicable Date, Port Kuryk had a charter capital of KZT 98,469,275,371. The Company has been the sole participant of Port Kuryk since its establishment and holds a 100% participation interest in the charter capital of Port Kuryk. During the two years immediately preceding the date of this Document, the charter capital of Port Kuryk had the following changes:

- on 28 November 2024, Port Kuryk's charter capital was increased by KZT 8,155,895,890 to KZT 66,307,555,736; and
- on 19 March 2026, Port Kuryk's charter capital was increased by KZT 32,161,719,635 to KZT 98,469,275,371.

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 and was registered with the Ministry of Justice of Kazakhstan on 21 May 2002. Upon its establishment, Passenger Transportation had 2,614,012 authorised ordinary shares, all of which were placed and paid in and held by the Company. The Company has been the sole shareholder of Passenger Transportation since its establishment. As at the Latest Practicable Date, Passenger Transportation had 80,133,127 authorised ordinary shares, of which 69,760,861 were placed and paid in and held by the Company. As at the Latest Practicable Date, the charter capital of Passenger Transportation was KZT 94,298,833,651. During the two years immediately preceding the date of this Document, the share capital of Passenger Transportation had the following changes:

- on 12 March 2025, one ordinary share of Passenger Transportation was placed to the Company;
- on 30 June 2026, 176 ordinary shares of Passenger Transportation were placed to the Company;
- on 9 July 2026, 112 ordinary shares of Passenger Transportation were placed to the Company;
- on 13 August 2026, 85 ordinary shares of Passenger Transportation were placed to the Company;
- on 15 September 2026, 33 ordinary shares of Passenger Transportation were placed to the Company; and
- on 6 October 2026, 27 ordinary shares of Passenger Transportation were placed to the Company.

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 and was registered with the Ministry of Justice of Kazakhstan on 31 August 2021. At the time of establishment, KTZ-Passenger Locomotives had an initial charter capital of KZT 51,435,067,000, which was later increased to KZT 83,697,835,000, all of which was held by the Company. As at the Latest Practicable Date, KTZ-Passenger Locomotives had a charter capital of KZT 96,890,536,000. The Company has been the sole participant of KTZ-Passenger Locomotives since its establishment and holds a 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.

SUBSTANTIAL SHAREHOLDERS OF SUBSIDIARIES OF THE COMPANY

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than a director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the issued voting shares/participation interests of the following members of the Group (other than the Company):

KTZE – Khorgos Gateway

Name of Shareholder	Nature of Interest	Chater capital held as at the Latest Practicable Date Amount	Percentage
Shanhai (Hong Kong) Investment & Development Company Limited	Beneficial Owner	KZT8,913,177,420	24.5%
COSCO Container Lines (Hong Kong) Co., Limited	Beneficial Owner	KZT8,913,177,420	24.5%

Kazakhstan Carriage Building Company

Name of Shareholder	Nature of Interest	Chater capital held as at the Latest Practicable Date Amount	Percentage
Limited Liability Partnership «SMP Group»	Beneficial Owner	KZT1,675,374,272	21.53%

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$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 being HK$4,500,000,000 at the time of listing; and (ii) 10%. Based on (i) the indicative **[REDACTED]** range of HK$**[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]** expected to be in issue immediately upon completion of the **[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]** (assuming no exercise 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.

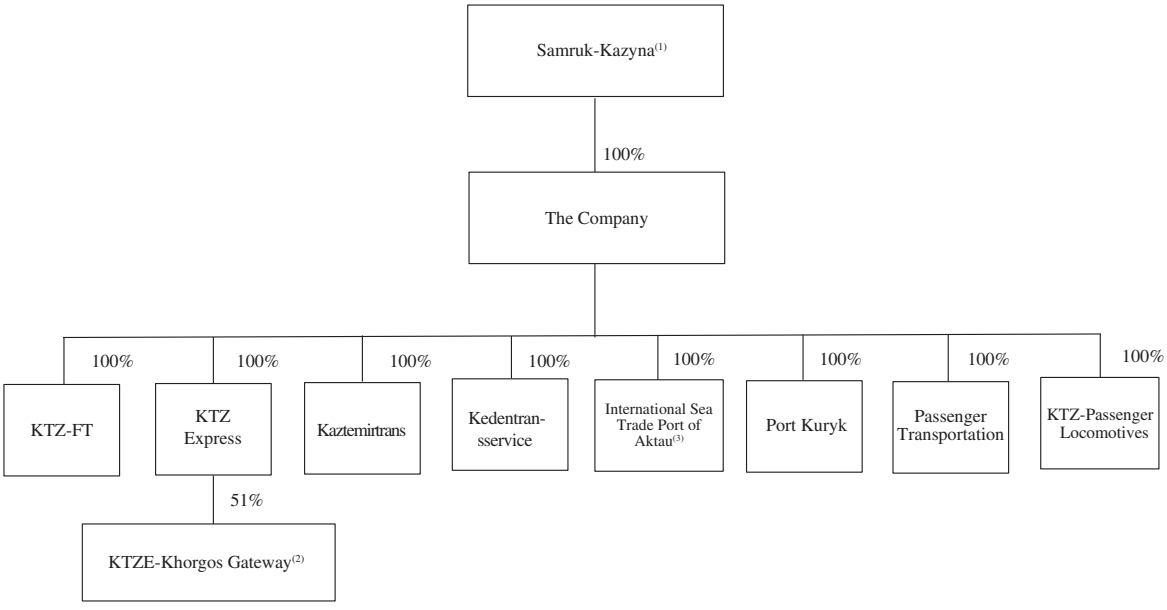
FREE FLOAT

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 is 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.

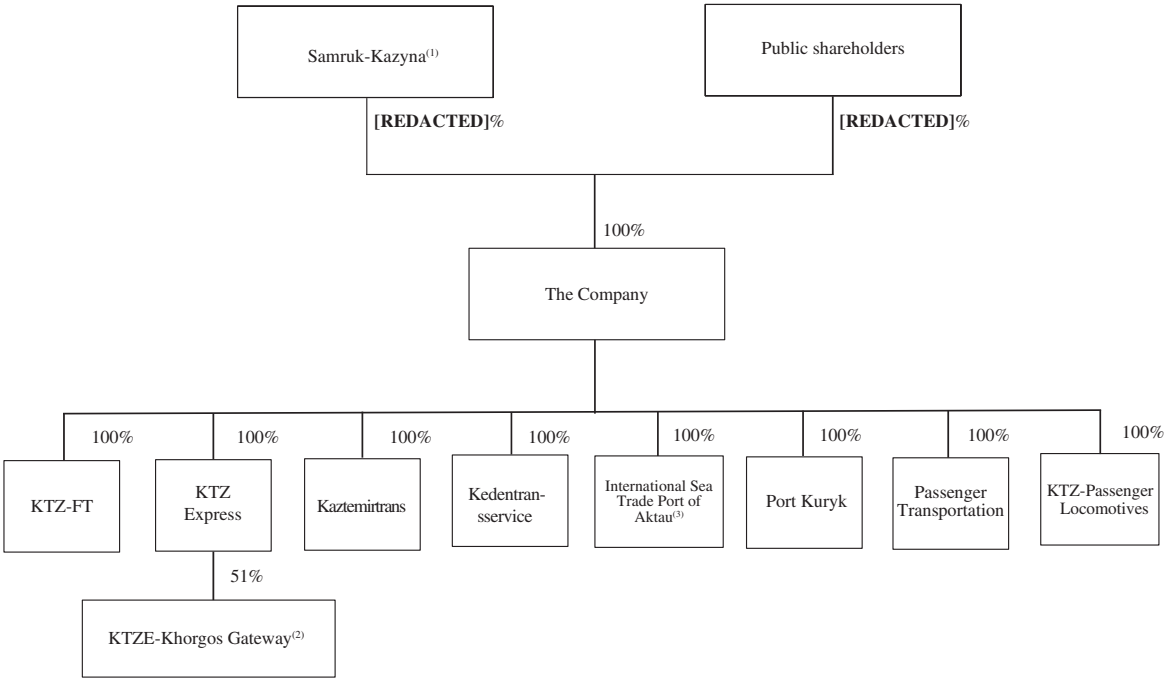
CORPORATE STRUCTURE

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] (assuming the [REDACTED] is not exercised)



Notes:

(1) The entire shareholding of Samruk-Kazyna is held by the Ministry of Finance's Committee of State Property and Privatisation on behalf of the Republic of Kazakhstan.

(2) 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.

(3) 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]

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 **[REDACTED]**, **[REDACTED]** and **[REDACTED]** for the following reasons:

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

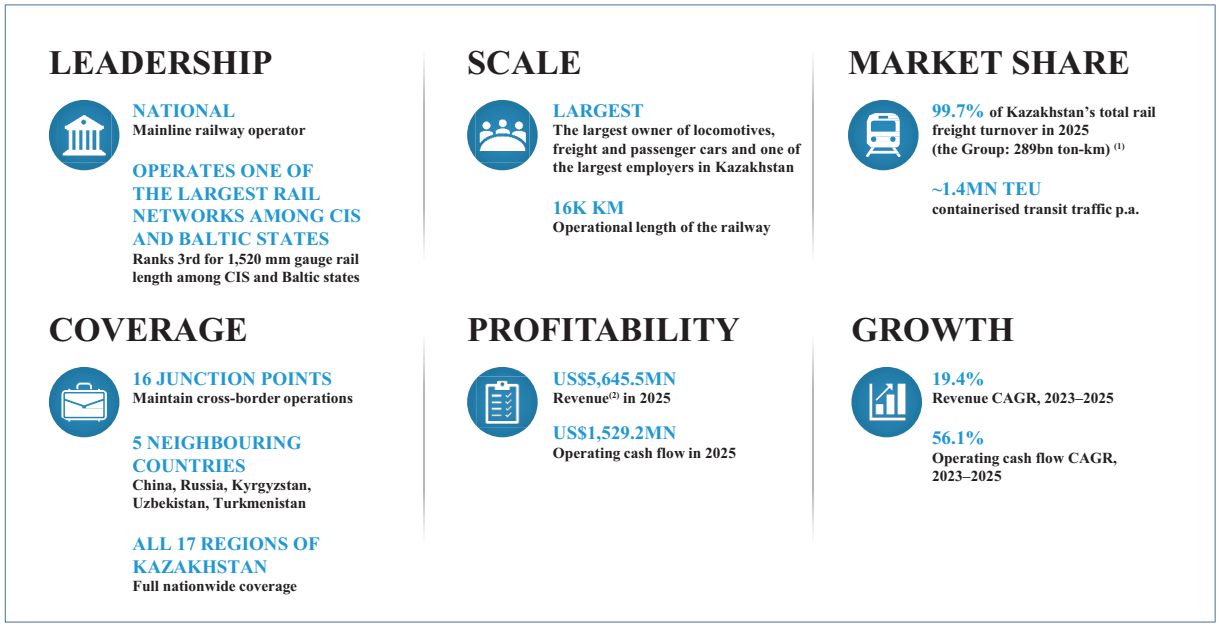
(ii) the **[REDACTED]** in **[REDACTED]**, **[REDACTED]** and **[REDACTED]** attract different **[REDACTED]**. A **[REDACTED]** across these **[REDACTED]** will provide the Company with ready access to **[REDACTED]**. The **[REDACTED]** and the **[REDACTED]**, as leading international financial markets,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

(iii) **[REDACTED]** on the **[REDACTED]** and the **[REDACTED]** 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.

OVERVIEW

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

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



Notes:

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

(2) Revenue represents total revenue and other income.

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

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

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

KEY STRENGTHS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STRATEGY

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

Improving rail transportation efficiency and network capacity

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

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

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

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

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

Enhancing service quality and customer experience across freight and passenger services

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

Accelerating digitalisation to improve planning, utilisation and border processing

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

Embedding ESG Principles into decarbonisation, workforce development and governance

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

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

Ensuring railway safety and operational resilience

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

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

OVERVIEW OF THE BUSINESS OPERATIONS OF THE GROUP

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

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

each segment incorporating associated infrastructure and support services.

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

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

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

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

FREIGHT TRANSPORTATION

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

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

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

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

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

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

Note 1: Consists of revenue from private licensed carriers only

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

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

Railway Carrier

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

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

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

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

Mainline Railway Infrastructure Operator

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

Transportation and Logistics Services

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

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

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

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

Transportation Process

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

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

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



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

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

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

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

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

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

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

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

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

Establishment of a cargo air carrier

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

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

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

International Partnerships

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

Consolidated-cargo carriage services on international routes

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

Terminal facility at Xi'an dry port

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

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

Terminal facility and warehouse at Almaty GTS-2 freight terminal

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

Logistics terminal at Lianyungang port

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

Middle Corridor transit coordination services

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

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

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

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

Central Asia–Persian Gulf logistics services

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

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

Expansion of Aktau Seaport

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Increasing the availability of fleet for fitting platforms

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

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

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

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

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

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

JSC UTLC Eurasian Railway Alliance

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

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

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

PASSENGER TRANSPORTATION

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

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

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

Note:

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

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

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

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

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

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

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

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

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

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

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

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

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

INFRASTRUCTURE AND SUPPORT SERVICES

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

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

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

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

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

THE RAIL NETWORK AND ROLLING STOCK

Overview

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

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

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

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

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

International Transit Corridors

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

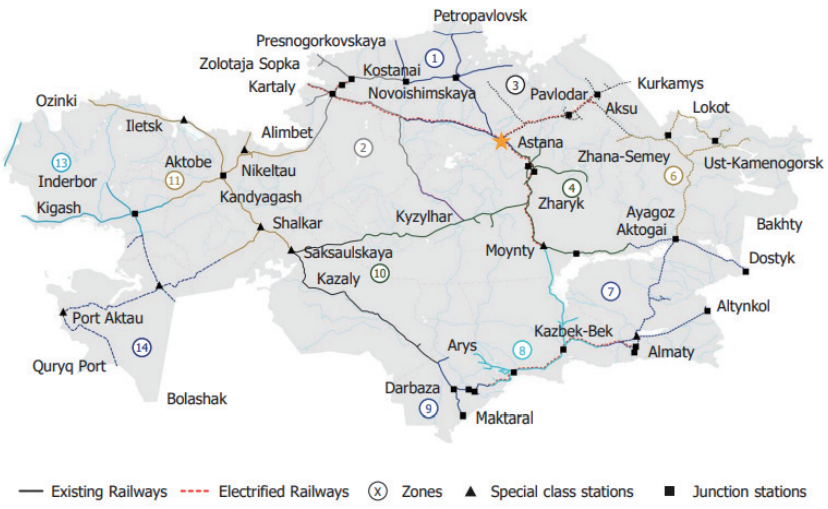


- **Northern Corridor.** The Northern Corridor is the shortest overland route between East Asia and Europe. It runs from China through Kazakhstan, Russia and Belarus to Europe, entering the European Union through Poland.
- **Southern Corridor.** The Southern Corridor connects China with the countries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

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

Railway Network

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



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



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

Network Specifications and Land Leases

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

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

Cross-Border Railway Infrastructure Arrangements

China

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

Russia

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

Existing Infrastructure, Investment Projects and Expansion

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

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

Projects Under Construction

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

Key projects include:

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

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

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

Rolling Stock and Other Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

GOVERNMENT REGULATION AND TARIFFS

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

Railway Sector Regulation

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

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

Freight and Passenger Transportation Regulation

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

National Carriers and Safety Oversight

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

Natural Monopoly and Tariff Regulation

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

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

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

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

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

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

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

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

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

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

Regulated Tariff Increases

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

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

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

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

Transit and International Tariff Framework

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

EAEU and Other International Arrangements

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

Competition and Antimonopoly Regulation

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

Liberalisation of Rail Freight Transportation

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

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

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

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

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

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

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

Licensing, Permits and Other Regulatory Requirements

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

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

GEOPOLITICAL DEVELOPMENTS AND SANCTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Taking into account the above:

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

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

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

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

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

SALES AND MARKETING

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

CUSTOMERS AND SUPPLIERS

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

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

Year Ended 31 December 2023

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

Year Ended 31 December 2024

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

Year Ended 31 December 2025

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

Six months Ended 30 June 2026

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

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

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

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

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

Suppliers

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

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

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

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

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

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

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

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

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

Year Ended 31 December 2023

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

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

Year Ended 31 December 2024

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

Year Ended 31 December 2025

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

Six Months Ended 30 June 2026

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

Board Oversight

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

Management-level Responsibility

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

ESG-related Strategic KPIs

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

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

Environmental Matters

Climate Change Management

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

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

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

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

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

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

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

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

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

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

CARBON TRANSITION PLAN

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

Energy Efficiency and Energy Saving

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

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

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

Water Management

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

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

Waste Management

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

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

Social Matters

Workforce Composition

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

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

Employee Development

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

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

Occupational Health and Safety

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

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

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

Note:

(1) LTIR is calculated per 1 million hours worked

Fair Labour Practices

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

Freedom of Association and Collective Bargaining

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

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

Employee Engagement, Satisfaction and Social Stability

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

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

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

Community Investment

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

Railway Traffic Safety

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

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

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

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

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

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

Supply Chain Management

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

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

GOVERNANCE MATTERS

Business Ethics and Anti-Corruption

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

Whistleblowing and Reporting Channels

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

SEASONALITY

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

EMPLOYEES

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

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

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

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

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

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

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

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

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

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

LICENCES, PERMITS AND APPROVALS

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

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

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

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

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

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

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

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

INSURANCE

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

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

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

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

INFORMATION TECHNOLOGY

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

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

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

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

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

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

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

PROPERTIES

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

LITIGATION

Legal Proceedings

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

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

Compliance

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

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

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

OVERVIEW

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

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

BASIS OF PRESENTATION

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

SEGMENT REPORTING

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

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

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

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

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

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

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

Macroeconomic Environment in Kazakhstan

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

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

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

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

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

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

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

Geopolitical Developments and Sanctions

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

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

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

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

Foreign Exchange Exposure

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

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

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

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

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

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

Demand for Freight Transportation

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

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

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

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

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

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

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

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

Tariff Regulation and Government Support

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

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

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

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

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

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

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

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

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

Staff, Fuel and Energy Costs

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

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

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

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

Investment Programme and Funding Requirements

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

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

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

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

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

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

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

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
			(KZT millions)	*(unaudited)*	
Revenue and other income					
Revenue from freight transportation	1,682,550	1,875,558	2,463,197	1,130,511	1,322,173
Revenue from passenger transportation	101,682	110,523	129,250	60,161	66,814
Government grants	38,912	41,124	43,275	21,277	27,327
Other revenue	110,951	136,737	121,361	61,128	49,377
Total revenue and other income	1,934,095	2,163,942	2,757,083	1,273,077	1,465,691
Cost of sales	(1,498,583)	(1,620,017)	(1,924,051)	(902,522)	(1,036,553)
Gross profit	435,512	543,925	833,032	370,555	429,138
General and administrative expenses	(106,494)	(128,390)	(145,837)	(63,776)	(79,680)
Finance income	32,221	52,955	88,618	17,755	22,585
Finance costs	(208,365)	(184,984)	(245,844)	(119,383)	(164,930)
Foreign exchange (loss)/gain	(14,124)	(69,620)	(19,990)	(77,009)	99,715
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	–	–	–	–
Share of profit/(loss) of associates and joint ventures	8,144	10,772	1,634	1,094	(2,345)
Reversal of impairment/(impairment) of financial assets and contract assets	2,662	1,601	(3,893)	(3,106)	(638)
Reversal of impairment/(impairment) of non-financial assets	1,149	(7,336)	(11,480)	(6,685)	(3,315)
Other profit and losses	4,395	4,606	2,781	3,511	(1,141)
Profit before tax	161,383	223,529	499,021	122,956	299,389
Income tax expenses	(24,599)	(62,724)	(155,375)	(36,906)	(108,388)
Profit for the year/period	**136,784**	**160,805**	**343,646**	**86,050**	**191,001**

NON-IFRS MEASURES

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

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

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

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

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

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue and other income

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

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

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

Revenue from freight transportation

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

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

Note:

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

Revenue from passenger transportation

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

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

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

Note:

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

Government grants

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

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

Other revenue

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

Cost of Sales

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

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

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

Gross Profit and Gross Profit Margin

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

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

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

General and Administrative Expenses

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

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

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

Finance Income

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

Finance Costs

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

Foreign Exchange Loss/Gain

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

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

Share of Profit/Loss of Associates and Joint Ventures

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

Reversal of Impairment/Impairment of Non-Financial Assets

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

Income Tax Expense

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

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

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue and other income

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

Revenue from freight transportation

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

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

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

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

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

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

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

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

Revenue from passenger transportation

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

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

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

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

Government grants

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

Other revenue

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

Cost of sales

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

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

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

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

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

Gross profit and gross profit margin

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

Freight transportation

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

Passenger transportation

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

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

General and administrative expenses

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

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

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

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

Finance income

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

Finance costs

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

Foreign exchange gain/loss

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

Share of profit/loss of associates and joint ventures

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

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

Impairment of non-financial assets

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

Profit before tax

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

Income tax expense

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

Profit for the period

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

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

Revenue and other income

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

Revenue from freight transportation

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

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

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

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

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

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

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

Revenue from passenger transportation

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

Government grants

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

Other revenue

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

Cost of sales

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

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

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

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

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

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

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

Gross profit and gross profit margin

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

Freight transportation

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

Passenger transportation

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

General and administrative expenses

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

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

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

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

Finance income

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

Finance costs

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

Foreign exchange loss

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

Share of profit of associates and joint ventures

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

Impairment of non-financial assets

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

Profit before tax

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

Income tax expense

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

Profit for the year

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

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

Revenue and other income

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

Revenue from freight transportation

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

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

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

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

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

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

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

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

Revenue from passenger transportation

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

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

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

Government grants

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

Other revenue

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

Cost of sales

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

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

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

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

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

Gross profit and gross profit margin

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

Freight transportation

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

Passenger transportation

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

General and administrative expenses

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

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

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

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

Finance income

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

Finance costs

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

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

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

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

Foreign exchange loss

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

Share of profit of associates and joint ventures

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

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

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

Profit before tax

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

Income tax expense

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

Profit for the year

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

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

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

Property, Plant and Equipment

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

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

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

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

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

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

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

Investments in Associates and Joint Ventures

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

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

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

Other Non-Current Assets

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

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

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

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

Inventories

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

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

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

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

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

Note:

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

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

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

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

Trade Accounts Receivables

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

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

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

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

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

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

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

Note:

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

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

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

Trade Accounts Payable

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

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

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

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

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

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

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

Note:

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

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

Contract Liabilities

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

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

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

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

Other Current Assets

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

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

VAT Recoverable (Current Portion)

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

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

Other Liabilities

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

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

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

Deferred Tax Liabilities

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

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

Derivative Financial Instruments

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

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

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

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

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

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

Cash Flows

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

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

Net cash from operating activities

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

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

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

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

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

Net cash used in investing activities

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

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

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

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

Net cash from financing activities

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

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

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

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

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

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

Current Assets and Current Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEBTEDNESS AND FINANCIAL GUARANTEE AGREEMENT LIABILITIES

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

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

Borrowings

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

Lease liabilities

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

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

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

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

Financial guarantee agreement liabilities

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

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

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

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

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

Capital Expenditure

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

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

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

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

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

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

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

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

The Group expects growth capital expenditure to be approximately KZT 1.7 trillion over the next one to two years, following which there will be a shift towards maintenance capital expenditure which the Group expects to be up to approximately KZT 1.1 trillion per annum from 2027 to 2030.

Capital Commitments

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

CONTRACTUAL OBLIGATIONS

Certain Provisions, Terms and Covenant Waivers

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

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

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

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

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

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

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

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

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

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

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

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

Group Financial Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KEY FINANCIAL RATIOS

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

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

Notes:

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

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

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

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

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

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

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

DIVIDENDS

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

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

WORKING CAPITAL CONFIRMATION

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

DISTRIBUTABLE RESERVES

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

[REDACTED]

NO MATERIAL ADVERSE CHANGE

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

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

DISCLOSURE UNDER LISTING RULES

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

[REDACTED]

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.

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.

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. Yelzhas Otynshiyev	39	Chairman of Management Board	22 February 2024	22 February 2024	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	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
Mr. Kuat Irubayev	47	Representative	19 June 2023	19 June 2023	Providing strategic advice on the overall development of the Group	None
Ms. Saltanat Satzhan	37	Representative	13 August 2026	13 August 2026	Providing strategic advice on the overall development of the Group	None
Mr. Zhandos Kairgeldi	36	Representative	30 July 2026	30 July 2026	Providing strategic advice on the overall development of the Group	None
Independent non-executive Directors						
Ms. Saya Mynsharipova	56	Independent Director	25 September 2026	25 September 2026	Providing independent advice and judgment to the Board	None
Mr. Ulf Wokurka	64	Independent Director	7 October 2021	7 October 2021	Providing independent advice and judgment to the Board	None
Dr. Alexander Andreas Schierhuber	38	Chairman of the Board, 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. Yelzhas Otynshiyev, aged 39, is an executive Director. He was appointed to the Board as a Representative on 22 February 2024 and was appointed Chairman of the Management Board on 20 July 2026.

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 was serving as the managing director for strategy and asset management of Samruk-Kazyna from April 2025 to July 2026. He was also serving as a member of the management board of Samruk-Kazyna from April 2023 to July 2026.

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. Otynshiyev's predecessor was Mr. Talgat Aldybergenov (appointed from 24 June 2024 to 8 July 2026), who ceased to be a Director and the Chairman of the Management Board following termination by Samruk-Kazyna, the Company's sole shareholder.

Non-executive Directors

Mr. Aidar Ryskulov, aged 45, is a non-executive Director. He was appointed to the Board as a Representative on 31 August 2023 and was the Chairman of the Board from 7 September 2023 to 25 September 2026 .

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 centre 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). He has served as a director of NAC Kazatomprom JSC since November 2023.

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 (client services executive) 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.

Ms. Saltanat Satzhan, aged 37, is a non-executive Director. She was appointed to the Board as a Representative on 13 August 2026. From September 2011 to September 2013, Ms. Satzhan worked as an auditor's assistant (specialist in the audit department) at "Deloitte" LLP. In September 2013, she moved to the position of senior specialist in the audit department at "Deloitte" LLP, where she worked until July 2014. From July 2014 to April 2016, she served as a manager in the economics and planning department of Samruk-Kazyna. From April 2016 to November 2016, she was a senior manager in the management reporting and budgeting service of Samruk-Kazyna. From November 2016 to February 2019, she was a senior manager in the electric power industry directorate of Samruk-Kazyna. From March 2019 to April 2021, she served as head of the economic analysis sector in the directorate for asset management of Samruk-Kazyna. From April 2021 to August 2023, she was the director of the directorate for consolidated analytical work and control of Samruk-Kazyna. Since August 2023, Ms. Satzhan has been managing director for development and privatisation of Samruk-Kazyna. She also has served as a member of the board of directors of Samruk-Kazyna Construction JSC since July 2023, a member of the board of directors of «Qazaq Air» JSC since December 2023, and a member of the board of directors of NAC Kazatomprom JSC since May 2025.

Ms. Satzhan received her Bachelor's degree in Economics from the Australian National University with honours in December 2010 and completed her MBA from the University of Warwick in June 2026.

Ms. Satzhan is an ACCA Certified Specialist (International Qualification in Accounting and Finance).

Mr. Zhandos Kairgeldi, aged 36, is a non-executive Director. He was appointed to the Board as a Representative on 30 July 2026. Mr. Kairgeldi worked as a specialist in accounting of credit transactions at "Nurbank" JSC from July 2012 to December 2012. From January 2013 to February 2014, he worked at "Eurasian Bank" JSC as a senior financial consultant. From February 2014 to December 2014, he worked at NC "Food Corporation" JSC as the chief risk manager. He served as the chief specialist for the sale of collateral at "Halyk Bank" JSC from June 2015 to October 2016. He was the head of the risk management and internal control service at "KazMunayGas Onimderi" LLP from October 2016 to December 2017, and from December 2017 to September 2018, he held the position of deputy director of the risk management and IS department. At "KPI Inc." LLP, he served as director of the department of financial planning and control (from September 2018 to July 2019), managing director of economics and finance (from July 2019 to March 2020), director of the department of financial planning and control (from March 2020 to July 2020), and head of the department of economics and finance (from July 2020 to April 2021). From April 2021 to February 2023, he worked at "KLPE" LLP (KeyElPiI) as director of the financial support department for projects. From September 2022 to August 2025, he was general director of "Sileno" LLP. From August 2025 to August 2026, Mr. Kairgeldi served as director of the department of oil and gas assets of Samruk-Kazyna. Since August 2026, he has been co-managing director for strategy and asset management of Samruk-Kazyna. He also represents the interests of Samruk-Kazyna as chairman of the board of directors of "QAZAQGAS" JSC since August 2026. He has served as the chairman of the supervisory board of Samruk-Kazyna Ondeu LLP since September 2025, a member of the supervisory board of Samruk-Kazyna Contract LLP since December 2025, and a director of NC KazMunayGas JSC since August 2026, a company listed on KASE and AIX (ticker symbols: KMGZ and KMG).

Mr. Kairgeldi received a Bachelor's degree in Banking and Finance from the University of Essex, Great Britain in July 2011.

Independent Non-executive Directors

Ms. Saya Mynsharipova, aged 56, was appointed as an independent non-executive Director of the Company on 25 September 2026.

Ms. Mynsharipova began her career at JSC Telecompany Dala in Almaty as an accountant-economist from 1994 to 1995. She served as head of the accounting department at Customs Astana in Almaty from 1995 to 1996, and as assistant auditor at the audit company Marsat in Almaty, where she was responsible for company audits, from 1996 to 1998. She subsequently served as chief accountant at the paging company Aspan in Almaty from 1998 to 2003, at JSC National Innovation Fund in Almaty from 2003 to 2007, and at JSC FRMP Damu in Almaty from 2007 to 2008.

Ms. Mynsharipova served as director of the audit and control department of Samruk-Kazyna in Astana from December 2008 to February 2015, where she was responsible for the audit of the fund's subsidiaries, methodological support and monitoring of the internal audit functions of the fund's subsidiaries, and the development of internal documents on internal audit and control matters. She served as deputy chairman of the management board of JSC NC Kazakhstan Engineering in Astana from February 2015 to August 2018, where she was responsible for the organisation and control of economic, financial, accounting and treasury matters, and for ensuring financial control in subsidiaries. From September 2018 to January 2023, she served as director of the tax policy department of the AIFC Administration in Astana,

where she was responsible for amendments to the AIFC Constitutional Law and the Tax Code in respect of tax benefits for AIFC participants, the development and approval of joint regulations and rules with government agencies on AIFC tax matters, and the provision of consultations on the AIFC tax regime and the tax legislation of the Republic of Kazakhstan.

Since August 2023, Ms. Mynsharipova has served as an independent director of NC KazMunayGas JSC, a company listed on KASE and AIX (ticker symbols: KMGZ and KMG). She has also been serving as an independent director of JSC NC QazaqGaz since April 2023 and of JSC Samruk-Kazyna Construction since March 2024. Ms. Mynsharipova is the chairperson of the audit committee of each of JSC NC QazaqGaz and JSC Samruk-Kazyna Construction, and a member of the audit committee, the strategy and portfolio management committee and the nomination and remuneration committee of NC KazMunayGas JSC.

Ms. Mynsharipova graduated from the Kazakh State University of Economics in Almaty, with a specialisation in accounting and business analysis, in 1992. She obtained an executive MBA from the Lomonosov Moscow State University Business School in Moscow in 2010. She has held an auditor's state licence issued by the Ministry of Finance of the Republic of Kazakhstan since 17 June 2000.

Mr. Ulf Wokurka, aged 64, 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". Since September 2026 has been serving as a member of the Supervisory Board of JSCB "Microcreditbank".

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 and the Chairman of the Board. He has been serving as an independent Director of the Company since 10 May 2023 and was appointed as Chairman of the Board on 25 September 2026.

Dr. Schierhuber began his professional career at Russian Machines/GAZ Group in Moscow and Nizhny Novgorod as a project manager from October 2015 to February 2017 and as export manager for West Africa from March 2017 to March 2018. He worked at the Austrian Federal Railways as managing director of Breitspur Planungsgesellschaft mbH from June 2018 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.

Members of the Management Board, other than the Chairman of the Management Board (who is elected by the GMS), are elected by the Board for a term of up to three years and may thereafter be re-elected for further terms of up to three years each.

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. Yelzhas Otynshiyev	39	Chairman of Management Board	22 February 2024	20 July 2026	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	First Deputy Chairman of the Management Board	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
Ms. Akzhanova Zhanna	49	Managing Director for Digitalisation (IT officer)	March 2026	10 September 2026	Oversight of IT strategy and management digitalisation and automation initiatives	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. Yelzhas Otynshiyev, aged 39, 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 2023, 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, acting deputy chairman of the Management Board for traffic safety – director of the traffic safety department from 30 July 2018 to 3 December 2018 and 3 August 2020 to 14 October 2025, and as managing director for traffic safety – director of the traffic safety department from 4 December 2018 to 2 August 2020. Since 15 October 2025, Mr. Shakenov has been serving as Deputy Chairman of the Management Board. He has served as the chairman of the supervisory board of KTZ-Passenger Locomotives since 18 February 2026.

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, industrialisation 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. He joined the Company as first deputy chairman of the Management Board for transformation and digitalisation in July 2021, and served in that role until 31 January 2022. From February 2022 to November 2023, he has consecutively served as acting deputy chairman and deputy chairman of the Management Board for strategy and digitalisation. Since 2 July 2021, Mr. Akhmetzhanov has been serving as Deputy Chairman of the Management Board. He has also served as a director of Passenger Transportation since 15 March 2024 and as the chairman of the management board of Passenger Transportation since 7 August 2026.

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. Koishibayev 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. He served as a member of the board of directors of International Sea Trade Port of Aktau from 2 June 2021 to 18 February 2026. He has also been serving as a member of the supervisory board of KTZE–Khorgos Gateway since December 2021, the chairman of the board of KTZ Express since 17 March 2025, the chairman of the board of Port Kuryk since 18 February 2026, and as the chairman of the board of Kedentransservice since 28 April 2026.

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 first deputy chairman. From 8 July 2026 to 20 July 2026, Mr. Urynbassarov served as acting Chairman of the Management Board.

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 mainline 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. From 31 January 2022 to 20 September 2026, he was serving as managing director for production processes of the Company. Since 21 September 2026 he has been serving as the First Deputy Chairman of the Management Board of the Company. He has also been serving as the chairman of the board of International Sea Trade Port of Aktau since 18 February 2026 and as the chairman of the board of Kaztemirtrans since 11 June 2026.

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 KazTransOil 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. He has also been serving as a director of Kedentransservice since 28 April 2026.

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.

Ms. Zhanna Akzhanova, aged 49, serves on the Management Board as managing director for digitalisation.

Ms. Akzhanova began her career in 1996, holding various economist, specialist, and managerial positions at Kazkommertsbank JSC until 2006. She then transitioned to executive banking roles, serving as branch director of Eximbank Kazakhstan JSC in Astana from September 2006 to July 2007. At Kazinvestbank JSC, she served as Astana branch director and regional business development director (North) from July 2007 to September 2011. She subsequently joined Asia Credit Bank JSC as branch director and managing director in Astana, and later served as advisor to the chairman of the management board until January 2015.

Transitioning to the corporate sector, Ms. Akzhanova spent nearly three years at Kazpost JSC, progressing from advisor to the chairman to chief financial services support director, and ultimately to managing director for risk, security, and legal support until June 2017. She subsequently served as deputy chairperson for finance at Astana LRT LLP (from May 2017 to January 2018), advisor at Samruk-Kazyna Invest LLP (from May 2019 to August 2019), and head of the analysis and planning centre at the First President's Foundation (from August 2019 to June 2020).

At National Information Technologies JSC, she served as financial department director and chief financial officer from December 2020 to March 2021. From November 2021 to February 2026, she served as the director of the financial department at A to Z Techs Ltd while concurrently holding director and deputy director roles at DLS-Global KZ LLP and ROYAL SKIN LLP. Ms. Akzhanova joined the Company as acting managing director for digitalisation in March 2026, and since August 2026, she has served as managing director for digitalisation (IT officer) of the Company.

Ms. Akzhanova graduated from Buketov Karaganda State University with a degree in finance and credit in April 1999. She earned a master's degree in management from the International Academy of Business in September 2010.

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 power supply distance of the Almaty mainline network division, a branch of the Company, from 3 April 2017 to 25 August 2021. He served as head of the Almaty electric supply division within the Almaty branch of the mainline 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. He has also been serving as a chairman of the board of JSC Temirzholsu since 18 February 2026.

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 14 June 2022. 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 Centre 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 three Directors, namely Ms. Saya Mynsharipova, Mr. Ulf Wokurka and Mr. John Smillie McKay. Ms. Saya Mynsharipova serves as the chairperson of the Audit Committee. 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 three Directors, namely Mr. John Smillie McKay, Mr. Ulf Wokurka and Mr. Zhandos Kairgeldi. 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 three Directors, namely Mr. John Smillie McKay, Mr. Ulf Wokurka and Ms. Saltanat Satzhan. 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 five members, namely, Mr. Ulf Wokurka, Dr. Alexander Andreas Schierhuber, Mr. Aidar Ryskulov, Ms. Saltanat Satzhan and Ms. Saya Mynsharipova. 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 three members, namely, Dr. Alexander Andreas Schierhuber, Mr. John Smillie McKay and Mr. Kuat Irubayev. 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 Sustainability Committee 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 and the six months ended 30 June 2026, the aggregate amount of remuneration paid or payable to Board, including fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions, amounted to KZT 170 million, KZT 170 million and KZT 289 million and KZT 92 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 million, KZT 367 million, KZT 356 million and KZT 339 million, for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, 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, except for the compensation paid to one former director for early termination of the employment contract in the amount of KZT 22 million, 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 Shareholders. 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 two female Directors and seven 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, ONE OF KAZAKHSTAN'S SOVEREIGN WEALTH FUNDS AND OUR CONTROLLING SHAREHOLDER

Samruk-Kazyna's shareholding

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

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

Background to Samruk-Kazyna

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

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

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

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

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

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

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

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

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

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

(2) Article 4(2)(2) of the Sovereign Wealth Fund Law

(3) Article 4(2)(3) of the Sovereign Wealth Fund Law

(4) Article 4(2)(4) of the Sovereign Wealth Fund Law

(5) Article 4(2)(5) of the Sovereign Wealth Fund Law

(6) Article 4(2)(7) of the Sovereign Wealth Fund Law

The sole shareholder of Samruk-Kazyna is the Government. The relationship between Samruk-Kazyna and the Government is regulated by the JSC Law, the Sovereign Wealth Fund Law and the Agreement on Interaction between the Government and Samruk-Kazyna, dated 14 December 2012 (the "**Agreement on Interaction**"), which establish the basic principles of interaction and the requirements of the Government in respect of Samruk-Kazyna's activities. Samruk-Kazyna's shares are the exclusive property of the Government and are not subject to alienation. The law explicitly provides that the Government governs Samruk-Kazyna exclusively through the exercise of the powers of the sole shareholder provided for by law and/or Samruk-Kazyna's charter (the "**Samruk Charter**"), as well as through the representation of members of the Government on Samruk-Kazyna's board of directors. The Government, as sole shareholder, is empowered to, among other things, approve Samruk-Kazyna's development strategy, appoint members of the board of directors and the chief executive officer and terminate their powers early, approve financial results and determine the dividend policy. Pursuant to the Agreement on Interaction, the Government and Samruk-Kazyna interact on the following principles:

(a) Samruk-Kazyna is managed by the Government solely through the exercise of the powers of the sole shareholder as provided for by the Sovereign Wealth Fund Law and the Samruk Charter, and through the representation of members of the Government on Samruk-Kazyna's board of directors;

(b) non-interference by the Government, its members and government officials in the operational activities of the Samruk-Kazyna group, except as stipulated by law, acts and instructions of the President of Kazakhstan; and

(c) reporting and transparency in respect of the activities of the Samruk-Kazyna group.

Samruk-Kazyna's board of directors comprises the Prime Minister of Kazakhstan (as chairman of the board of directors), Assistant of the President of Kazakhstan on economic affairs, the chairman of the management board of Samruk-Kazyna, four independent directors, and the Samruk-Kazyna Artificial Intelligence (SKAI), which has been appointed by the sole shareholder as an additional member on a pilot basis with a view to enhancing transparency and the quality of decision-making.

Samruk-Kazyna also has a Public Council, a consultative body that considers public opinion, reflects civil society perspectives, informs decision-making and supports accountability and transparency across the Samruk-Kazyna group. Interaction between state bodies and the Samruk-Kazyna group (separate from the activities of Samruk-Kazyna's sole shareholder and the membership of the Prime Minister on Samruk-Kazyna's board of directors) is regulated by the laws of Kazakhstan, acts of the President of Kazakhstan and the Government. Interference by state bodies in the operational activities of Samruk-Kazyna and its portfolio companies is not permitted, except where state bodies are performing their functions as provided for by the laws of Kazakhstan.

The 2023-2032 Development Plan of Samruk-Kazyna, developed in accordance with instructions from the President, is aligned with key national priorities and contributes to the realisation of the Kazakhstan-2050 Strategy. The 2023-2032 Development Plan also takes into consideration other state planning documents including the national security strategy of Kazakhstan, the territorial development plan for Kazakhstan, the low-carbon development plan, and quasi-government sector development strategies. Considering the current socio-economic development of Kazakhstan and the role of Samruk-Kazyna, the primary focus of investment is on the development of the national economy. Accordingly, Samruk-Kazyna's management model is defined as a strategic holding with responsibility for maintaining social and infrastructural development of the country.

Shareholder control over appointments to the Board of Directors

Under the Charter, any appointment of a Director to the Board of Directors is subject to approval by Samruk-Kazyna as a sole shareholder. As of the Latest Practicable Date, all Directors were approved by Samruk-Kazyna, and four of the nine members of the Board were persons nominated by Samruk-Kazyna and who also have an ongoing role in Samruk-Kazyna. Following the **[REDACTED]**, the appointment of members to the Board of Directors will, as provided in the Charter, be subject to approval by all Shareholders and given that Samruk-Kazyna will continue to be the beneficial owner of the majority of the issued shares of the Company after the **[REDACTED]**, Samruk-Kazyna will be able to appoint the majority of the Board of Directors and, depending on the results of the minority voting, will likely generally determine the outcome at Shareholders' meetings in relation to appointment of the members of the Board of Directors. Under the JSC Law, Directors are required to inform the Board of any interests they hold in a transaction being considered by the Board of Directors and must abstain from voting at any meeting of the Board of Directors in relation to such interested party transaction (as defined under the JSC Law), in accordance with the provisions of the JSC Law applicable to all Directors.

Financial Support from the Government and Samruk-Kazyna

During the Track Record Period, the Group received from the Government (i) subsidies for the expenses incurred in the transportation of passengers on socially significant routes; (ii) interest rate subsidies for certain of the Group's financial lease agreements; and (iii) coupon rate subsidies for certain of the Group's bonds. The following table sets forth the types of subsidies received by the Group for the years/periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT millions	*KZT millions*	*KZT millions*	*KZT millions*	*KZT millions*
Passenger transportation subsidies (recognised as revenue and other income)	38,912	41,124	46,142	21,277	24,206
Interest rate subsidies for finance lease agreements (recognised inside the separate line item)[1]	–	–	(2,867)[2]	–	3,121
Interest rate subsidies for finance lease agreements (recognised as finance income)[1]	2,220	5,719	–	4,019	–
Coupon rate subsidies for bonds (recognised as finance income)	–	22,300	–	–	–
Total	**41,132**	**69,143**	**43,275**	**25,296**	**27,327**

Notes:

(1) With effect from the financial year ended 31 December 2025, the Group changed the presentation of interest rate subsidies relating to finance lease agreements. Such subsidies are no longer presented within finance income but are recognised within a separate line item, reflecting the nature of the subsidy and enhancing the presentation of government support received by the Group.

(2) The negative amount primarily resulted from a revision of estimates relating to the timing and pattern of recognition of the subsidy, including the effect of adjustments associated with prior periods. The revised estimate reflects updated information and circumstances available as at 31 December 2025. Accordingly, the resulting adjustment was recognised prospectively in profit or loss during the year ended 31 December 2025.

The passenger transportation subsidies received by the Group are provided under the Rules for Long-Term Subsidisation of a Carrier's Expenses Related to the Carriage of Passengers on Socially Significant Routes (as amended from time to time, the "**Long-Term Subsidisation Rules**"), adopted pursuant to the Law on Railway Transport. Under the Long-Term Subsidisation Rules, a carrier may be subsidised for the expenses it incurs in carrying passengers on socially significant routes, on which tariffs are maintained at levels intended to ensure affordability for the population and are accordingly not cost-reflective, the subsidies being provided under republican budget programme "015" for long-distance inter-regional routes and local budget programme "005" for suburban and regional routes. Only a carrier determined by open tender is eligible for such subsidization. To be eligible for the tender, a carrier must hold passenger rolling stock registered in Kazakhstan and compliant with applicable technical safety requirements. Upon a successful tender, the subsidy is implemented through a long-term subsidy agreement between the Ministry of Transport (in the case of the republican budget) or the relevant local executive body (in the case of local budgets) and the carrier. The amount of the subsidy is subject to the amount provided for in the relevant annual budget, calculated in accordance with the methodology approved by the Ministry of Transport. Subsidies are paid during the term of the subsidy agreement in accordance with its terms, generally on a monthly basis for services actually provided and duly documented. The term for providing passenger transport services on socially significant long-distance inter-regional routes shall be twenty years, except for routes operating for fewer than 90 calendar days per year. For passenger transport services on socially significant interdistrict (intercity, intra-regional) and suburban routes, the term shall be determined by the tender organiser and shall range from five to twenty years. As at the Latest Practicable Date, the Group provided subsidised passenger transportation services on 66 socially significant routes under 28 long-term subsidy agreements. Under the Long-Term Subsidisation Rules, the Group is required to submit, on a monthly basis, certain reporting documents which primarily include (i) a monthly report detailing the performance of passenger transportation on the subsidised routes (including information such as passenger turnover, frequency of running and wagon mileage) and a cumulative performance report from the beginning of the relevant year, (ii) a certificate of work performed, (iii) a document confirming

the fulfilment of the number of wagons by type, wagon turnover for trains, trailer and direct wagons that run on the subsidised routes and (iv) register of subsidised routes, whereupon subsidies are paid against the submission of such reports. The long-term subsidy agreements entered into by the Group generally also entitle the Ministry of Transport, to terminate the relevant agreement before the end of its term in circumstances that principally comprise (i) failure by the Group, for a continuous period specified in the agreement, to operate the subsidised services on the terms agreed, including the required route, frequency, train type and minimum volume of services; (ii) increases in passenger fares above the maximum level permitted by the agreement; and (iii) repeated failures to comply with the national standard for the servicing of passengers on trains. In the event of early termination, the Group would cease to receive subsidies in respect of the relevant routes from the date of termination, and may be required to repay a proportionate part of any advance payment received.

The interest rate subsidies for finance lease agreements received by the Group are provided under the Rules for Subsidising Interest Rates for Lending and Financial Leasing for the Purchase of Wagons and Locomotives (as amended from time to time, the "**Interest Rate Subsidy Rules**"), adopted pursuant to the Law on Railway Transport. Pursuant to the Interest Rate Subsidy Rules, a carrier, a railcar (container) operator, an operator of locomotive traction or an operator of locomotive traction in passenger traffic may be partially subsidised for the interest rate payable to the relevant financial institution under a bank loan or a financial leasing agreement concluded in respect of the acquisition of new wagons or locomotives. Upon successful application, the subsidy is implemented through a subsidy agreement between the Ministry of Transport, the relevant carrier or operator and the relevant financial institution. The amount of the subsidy is subject to the republican budget for the relevant year and is recurring during the term of the relevant agreement. As at the Latest Practicable Date, the Group entered into 13 interest rate subsidy agreements under the Interest Rate Subsidy Rules, with terms of the agreements varying between 15 years and 20 years. Under the Interest Rate Subsidy Rules, the Group is required to submit to the Ministry of Transport, on an annual basis, information on the use of the borrowed funds and the results achieved. The interest rate subsidy agreements entered into by the Group generally also entitle the Ministry of Transport to terminate the relevant agreement before the end of its term in circumstances that principally comprise (i) the application by the Group of the borrowed funds for purposes other than those for which they were advanced; and (ii) the failure by the Group to pay amounts due under the relevant loan or finance lease agreement for a period specified in the agreement. In the event of early termination of a subsidy agreement, the Group would cease to receive subsidies in respect of the relevant financing from the date of such termination, and the relevant financial institution shall return the amounts of unused subsidies to the State.

The coupon rate subsidies for bonds received by the Group are provided under the Rules for Subsidising Coupon Rates on Bonds of a Carrier Issued for the Development of the Main Railway Network and Railway Rolling Stock (as amended from time to time, the "**Coupon Rate Subsidy Rules**"), adopted pursuant to the Law on Railway Transport. Under the Coupon Rate Subsidy Rules, carriers may be partially reimbursed by way of subsidy for the amount of coupon payable by them to the bond holders for bonds issued for the development of the main railway network and railway rolling stock. Upon a successful application, the subsidy is implemented through a subsidy agreement between the Ministry of Transport and the carrier. The amount of the subsidy is subject to the republican budget for the relevant year and is recurring during the term of the relevant agreement, which is entered into for the period during which the relevant bonds are outstanding. As at the Latest Practicable Date, the Group had entered into one coupon rate subsidy agreement under the Coupon Rate Subsidy Rules, with a term of 14 years. Pursuant to Coupon Rate Subsidy Rules, the Group shall (i) notify the Ministry of Transport of any changes to the terms and conditions of the bonds issued within 5 business days with copies of the decision made and an updated coupon payment schedule, whereupon the Ministry of Transport will issue a decision to amend the relevant coupon rate subsidy agreement; (ii) submit to the Ministry of Transport, on an annual basis, information on the use of the allocated subsidies for their intended purposes and (iii) submit to the Ministry of Transport, within the timeframe as specified in the relevant coupon rate subsidy agreement, a report on payment containing information on (x) the number of bonds on the accounts of bond holders as of the register record date and (y) the total amount of coupon payments transferred by the Group to the sub-accounts of the bond holders.

The Group also receives from the Government financial support including shareholder loans and concessional financing for capital expenditures and investment projects. See "Risk Factors – Risks Relating to Its Business and Industry – The Group is dependent on financial support from the Government and Samruk-Kazyna, which is non-obligatory, and may be delayed, suspended, cancelled, reduced or discontinued" for further details.

The following table sets forth the carrying amounts of the Group's outstanding borrowings from Samruk-Kazyna and state-owned banks and securities holders as at the dates indicated:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	(KZT millions)			
Non-current portion				
Long-term bank borrowings	646,557	908,653	1,419,829	1,594,755
State-owned banks	70,229	69,325	64,107	63,059
Non-state-owned banks	576,328	839,328	1,355,722	1,531,696
Loan from shareholders	83,396	111,430	100,413	102,427
Debt securities	390,000	390,000	340,000	816,296
State owned securities holders	376,750	376,750	326,750	326,750
Non-state-owned securities holders	13,250	13,250	13,250	489,546
Debt securities from shareholders	643,479	430,340	837,117	825,596
Subtotal	**1,763,432**	**1,840,423**	**2,697,359**	**3,339,074**
Current portion				
Short-term bank borrowings	89,937	338,257	387,329	262,314
State-owned banks	4,013	5,698	8,004	8,177
Non-state-owned banks	85,924	332,559	379,325	254,137
Loan from shareholders	32,100	3,156	2,214	2,110
Debt securities	222,438	13,903	63,700	13,937
State owned securities holders	145,606	13,903	63,240	9,813
Non-state-owned securities holders	76,832	–	460	4,124
Debt securities from shareholders	9,640	457,649	35,415	283,614
Subtotal	**354,115**	**812,965**	**488,658**	**561,975**
Total	**2,117,547**	**2,653,388**	**3,186,017**	**3,901,049**

Samruk-Kazyna recognises the importance of the Company's continued ability to raise finance to fund its activities. Samruk-Kazyna's support is an important factor in maintaining the Company's credit rating at a level that could reduce the Company's borrowing costs. Further, Samruk-Kazyna has acknowledged that a number of the Company's existing borrowings are reliant on Samruk-Kazyna's position as the major shareholder of the Company. Accordingly, Samruk-Kazyna's unchanged position as the majority shareholder of the Company is of importance to the Company's creditworthiness. In particular, the Group receives financial assistance in the forms of loans from Samruk-Kazyna and bonds issued in favour of Samruk-Kazyna to supplement its funding for its operations and capital expenditures both in respect of the expansion and maintenance of its railway infrastructure and in the further development of its logistics business. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amount of the Group's outstanding loans from Samruk-Kazyna, comprising both current and non-current portions, amounted to KZT115,496 million, KZT114,586 million, KZT102,627 million and KZT104,537 million, and the carrying amount of the Group's outstanding debt securities issued in favour of Samruk-Kazyna, comprising both current and non-current portions, amounted to KZT653,119 million, KZT887,989 million, KZT872,532 million and KZT1,109,210 million. Taken together, carrying amount of the loans from and debt securities issued in favour of Samruk-Kazyna represented approximately 36.3%, 37.8%, 30.6% and 31.1% of the Group's total borrowings as at those dates, reflecting an overall decrease over the Track Record Period. As at 30 June 2026, the Group's borrowings from Samruk-Kazyna were mainly received at rates below market rate, varying from 0.05% to 9.37% per annum, with maturity terms varying from 10 to 50 years.

During the Track Record Period, the Group obtained most of its bank borrowings from non-state-owned banks on arm's length, market-based terms with interest rate from 0.5% to 19.5% per annum and maturity terms varying from 1 to 15 years. As at 31 December 2023, 2024 and 2025 and 30

June 2026, the carrying amount of the Group's bank borrowings from non-state-owned banks, comprising both current and non-current portions, amounted to KZT662,252 million, KZT1,171,887 million, KZT1,735,047 million and KZT1,785,833 million, representing approximately 89.9%, 94.0%, 96.0% and 96.2% of the carrying amount of the Group's total bank borrowings respectively. The Group's borrowings from state-owned banks were mainly received at rates below prevailing market rates, with contractual rates varying from 1.50% to 18% per annum, part of which is subsidised under state support programmes, and maturity terms varying from 14 to 20 years. Such subsidised bank borrowings represented a small and decreasing proportion of the Group's bank borrowings over the Track Record Period. The Group also raises funding through the issue of debt securities. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the carrying amount of the Group's debt securities held by state-owned securities holders (excluding debt securities issued in favour of Samruk-Kazyna), comprising both current and non-current portions, amounted to KZT522,356 million, KZT390,653 million, KZT389,990 million and KZT336,563 million, representing approximately 85.3%, 96.7%, 96.6% and 40.5% of the Group's total debt securities (excluding debt securities issued in favour of Samruk-Kazyna) as at those dates. The principal state-owned securities holder holding the Group's debt securities is a state-owned pension fund, and such debt securities bear a coupon rate of 11.5% per annum with a maturity term of 15 years, which were concluded on better than market terms, with the relatively higher coupon rate reflecting the currency premium for the tenge, whereas the debt securities held by non-state-owned securities holders comprise principally Eurobonds issued on arm's length, market-based terms, and bear coupon rates from 4.88% to 5.25% per annum with maturity terms varying from 5 to 10 years.

Taken as a whole, the proportion of the Group's borrowings from Samruk-Kazyna and state-owned entities decreased over the Track Record Period. In aggregate, current and non-current portions of the borrowings from Samruk-Kazyna, state-owned banks and state-owned securities holders amounted to KZT1,365,213 million, KZT1,468,251 million, KZT1,437,261 million and KZT1,621,546 million, representing approximately 64.5%, 55.3%, 45.1% and 41.6% of the Group's total borrowings as at those dates.

Based on the foregoing, the Directors are of the view that the Group is able to obtain financing independently from the Government and Samruk-Kazyna.

On the basis of the foregoing and due diligence conducted, there is nothing that has come to the Sole Sponsor's attention that would reasonably cast doubt on the Directors' view as stated above.

Samruk-Kazyna's role in the operations of the Company

The Company has commercial freedom to develop its business, including its railway business, within the regulatory framework, and key commercial decisions (including development strategy, business plan, and commercial transactions involving less than 50% of total asset value) are approved by the Board of Directors in accordance with the Charter. Samruk-Kazyna does not, as a general matter, exercise its shareholder rights to intervene in ordinary commercial decisions of the Company that fall within the Board's competence, while reserving its rights under the Charter and applicable law.

THE GOVERNMENT AS POLICY MAKER AND REGULATOR

The operations of railway infrastructure, freight and passenger transportation services carried out by the Group are principally regulated by the Law on Railway Transport. The Company's status as a natural monopoly and the status of its subsidiaries, KTZ-FT and Passenger Transportation, as dominant providers of freight transportation and passenger transportation in Kazakhstan, respectively, subject the relevant Group members to regulation by the Natural Monopoly Committee under the Natural Monopolies Law and the Entrepreneurial Code, which includes limitations on the amounts the relevant Group entities may charge customers for their services. See "Regulatory Overview" in this Document for further details. In addition, the transport and logistics industry in Kazakhstan generally, and the Group specifically, have undergone and continue to undergo reforms and restructuring aimed at improving tariff regulation, operational efficiency and long-term financial sustainability while maintaining the strategic importance of rail transportation within the national economy.

Government policy, in the form of the regulated tariff framework applicable to mainline railway network services and locomotive traction services, also impacts the financial performance of the Group. See "Business Overview – Government Regulation and Tariffs – Natural Monopoly and Tariff Regulation" and "Financial Information – Key Factors Affecting Results of Operations – Tariff Regulation and Government Support" for further details.

The Government and Samruk-Kazyna rely on the Group to support long-term transport policy, including expanding transit traffic, improving service quality, removing network bottlenecks, developing logistics infrastructure and enhancing Kazakhstan's competitiveness as a regional transport and logistics hub. Within the limits of their respective competences, the President, the Government and the relevant sector ministries and regulators may issue decrees, instructions, resolutions, orders and other acts that shape the development plans of the Group. Such directions may include acts of general or specific application to which the Group is subject; however, they do not authorise the Government or state bodies to direct the Group's operational activities. Their effect on the strategic development of the Group is channelled through the sector regulation to which the Group is subject and through Samruk-Kazyna in its capacity as the Company's sole shareholder, and such directions are incorporated by the Group through its established corporate approval process.

Instructions of the President and the Government with respect to the Group have predominantly concerned the implementation of certain strategically significant investment projects. For example, in alignment with the Government's infrastructure development programme, the Group is implementing a multi-year capital investment programme aimed at expanding and modernising Kazakhstan's railway and related transport infrastructure, renewing rolling stock, improving operational safety and increasing throughput on key Kazakh and international corridors, thereby enhancing the development of international and regional trade, as well as access by rural communities to essential public services and work opportunities. Where a project or task is designated as a priority by the President, the Group will engage with the relevant government departments to assess its economic justification, feasibility and availability of finance, and any such project is implemented only following the required regulatory and corporate approvals, including approval by the Board and, where applicable, by Samruk-Kazyna as sole shareholder.

The Group, as the national transport and logistics operator, may be required to engage in activities for public policy reasons that may not be in its best commercial interests. Similarly, in pursuing its objective of supporting and diversifying Kazakhstan's economy, the interests of Samruk-Kazyna may also differ from the interests of the minority shareholders. See "Risk Factors – Risks Relating to Its Business and Industry – The Government, which indirectly controls the Company, may cause the Company to pursue public-policy objectives that conflict with its commercial interests and the interests of the **[REDACTED]**, which includes influencing management appointments and removals, and the sale or acquisition of assets" for further details. This is evident in the provision of socially significant passenger transportation services, which are not in themselves profitable as tariffs are regulated and maintained at a low level intended to ensure affordability. Passenger transportation, however, is accepted as part of the Group's obligations given its natural monopoly in mainline railway infrastructure. Moreover, passenger transportation contributes only a small portion of the Group's revenue, accounting for 4.7% and 4.6% of the Group's revenue and other income for the year ended 31 December 2025 and the six months ended 30 June 2026, respectively. The Group has greater flexibility in its freight transportation business. In particular, freight transit tariffs are not subject to state price regulation in Kazakhstan and are determined on a commercial basis in accordance with the CIS Tariff Agreement.

GOVERNMENT AS CONTRACTING PARTY

The table below sets forth a breakdown of the Group's revenue and other income attributable to (i) Samruk-Kazyna Related Parties, (ii) other state-owned enterprises (excluding Samruk-Kazyna Related Parties) (iii) other private customers (including the Group's joint ventures and associates); and (iv) government grants for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	KZT millions	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*
							(unaudited)			
Revenue and other income										
Samruk-Kazyna Related Parties	22,635	1.2	29,434	1.4	35,936	1.3	15,495	1.2	18,530	1.3
Other state-owned enterprises (excluding Samruk-Kazyna Related Parties)	83,862	4.3	103,418	4.8	127,508	4.6	56,303	4.4	61,006	4.2
Other private customers	1,788,686	92.5	1,989,966	92.0	2,550,364	92.5	1,180,002	92.7	1,358,828	92.7
Government grants	38,912	2.0	41,124	1.9	43,275	1.6	21,277	1.7	27,327	1.9
Total	**1,934,095**	**100.0**	**2,163,942**	**100.0**	**2,757,083**	**100.0**	**1,273,077**	**100.0**	**1,465,691**	**100.0**

The table below sets forth a breakdown of the Group's purchases attributable to (i) Samruk-Kazyna Related Parties, (ii) other state-owned enterprises (excluding Samruk-Kazyna Related Parties) and (iii) other private suppliers (including the Group's joint ventures and associates) for the years/periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2023		2024		2025		2025		2026	
	KZT millions	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*	*KZT millions*	*%*
							(unaudited)			
Purchases										
Samruk-Kazyna Related Parties	124,842	16.9	93,221	12.5	221,052	24.2	89,740	23.2	132,537	29.4
Other state-owned enterprises (excluding Samruk-Kazyna Related Parties)	33,999	4.6	75,278	10.1	119,948	13.1	51,549	13.3	72,772	16.1
Other private suppliers	579,932	78.5	576,356	77.4	573,110	62.7	246,216	63.5	246,147	54.5
Total	**738,773**	**100.0**	**744,855**	**100.0**	**914,110**	**100.0**	**387,505**	**100.0**	**451,456**	**100.0**

During the Track Record Period, the Group entered into various transactions with the Samruk-Kazyna Related Parties and other state-owned enterprises (together with the Samruk-Kazyna Related Parties, the "**State-owned Entities**"). For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group's revenue was derived predominantly from private customers, from which the Group generated revenue of KZT1,788,686 million, KZT1,989,966 million, KZT2,550,364 million, KZT1,180,002 million and KZT1,358,828 million, accounting for 92.5%, 92.0%, 92.5%, 92.7% and 92.7% of the Group's total revenue and other income for the respective years/periods, while the Group's revenue from the State-owned Entities accounted for 5.5%, 6.2%, 5.9%, 5.6% and 5.5% of the Group's total revenue and other income for the respective years/periods.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group's aggregate purchases from the State-owned Entities amounted to KZT158,841 million, KZT168,499 million, KZT341,000 million, KZT141,289 million and KZT205,309 million, representing 21.5%, 22.6%, 37.3%, 36.5% and 45.5% of the Group's total purchases for the respective years/periods. The increase in the proportion of the Group's total purchases attributable to the State-owned Entities over the Track Record Period was primarily driven by increases in the Group's procurement costs (i) from Supplier A, a subsidiary of Samruk-Kazyna, in respect of diesel fuel and gasoline for use in the Group's train operations, which amounted to KZT95,913 million in 2023, KZT80,213 million in 2024, and then increased significantly to KZT200,863 million in 2025 and KZT125,172 million for the six months ended 30 June 2026, reflecting changes in both the price of fuel and the quantity consumed; and (ii) from Supplier F of electricity, which amounted to KZT29,161 million in 2023 and increased to KZT72,032 million in 2024, and further increased to KZT114,409 million in 2025 and KZT69,548 million for the six months ended 30 June 2026, as further detailed in "– Transactions with other State-Owned Enterprises" below.

Transactions with Samruk-Kazyna Related Parties

The Company and its subsidiaries have entered into a range of transactions with Samruk-Kazyna Related Parties, and it is expected that the Group will enter into similar transactions in the future. During the Track Record Period, the transactions with Samruk-Kazyna Related Parties primarily included the following:

- procurement by the Group from Supplier A of diesel fuel and gasoline primarily used as fuels for locomotives;
- procurement by the Group from JSC Kazakhtelecom of telecommunication services which primarily include the lease of communication channels, trunk communication channels and access to data transmission networks used for supporting the Group's railway operations, operational communications and corporate information systems. These services establish connectivity for the Group's regional units and support the Group's enterprise and railway management platforms, as well as operational communications with dispatchers, mobile objects and emergency and repair sites;
- procurement by the Group from subsidiaries of JSC Kazatomprom National Nuclear Company and JSC Samruk-Energo and from JSC KEGOC of utility-related services including power grid infrastructure leasing services used for electricity distribution; and

- procurement by the Group from JSC Kazpost of postal services which primarily include postal communication services, services for forwarding registered post and parcel. In addition, the Group also maintains balances on current accounts and short-term deposits with Kazpost JSC;

In addition, the Group also provides trust management services to Samruk-Kazyna in relation to the operation of Aktau Seaport (see "Business Overview – Freight Transportation – Expansion of Aktau Seaport" for further details) and JSC Transport Services Centre, a company wholly owned by the Government, pursuant to a trust management re-delegation agreement under which Samruk-Kazyna re-delegated to the Company certain management actions, primarily including the preservation and efficient management of the shareholding and procurement of payment of the relevant portion of JSC Transport Services Centre's net income to the republican budget as dividends.

Pursuant to the Sovereign Wealth Fund Law, entities at least 50% of voting shares of which are directly or indirectly owned by Samruk-Kazyna (including the Group and Samruk-Kazyna's subsidiaries) shall conduct their procurement in accordance with the Samruk-Kazyna Procurement Rules (which is generally similar to the state procurement rules established by the State Procurement Law) which provide for mandatory procedures for the procurement of most of the goods, works and services. Under the Samruk-Kazyna Procurement Rules, the Group is required to conduct formal public tenders in order to procure most types of goods, works and services, subject to certain limited exceptions.

The Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with Chapter 14A of the Listing Rules and that Samruk-Kazyna should be treated like a "*PRC Governmental Body*" (as defined under the Listing Rules) and, accordingly, not a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. In addition, the following consequences will also follow:

(a) transactions entered into by the Group with Samruk-Kazyna or any of its associates (which for the purposes of this waiver, refer to persons who are connected persons of the Company solely as a result of such persons' relationship with Samruk-Kazyna, together, the "**SK Relevant Entities**") would not be treated as "connected transactions" for the purposes of Chapter 14A of the Listing Rules;

(b) transactions entered into by the Group with the SK Relevant Entities would not be aggregated under Rule 14.23(1) or Rule 14A.82(1) for the purposes of Chapters 14 and 14A of the Listing Rules solely by virtue of being associates of Samruk-Kazyna (although the aggregation rules may apply to any one member of the SK Relevant Entities on a standalone basis in accordance with the applicable Listing Rules under Chapters 14 and 14A). For the avoidance of doubt, where any associate of Samruk-Kazyna is a connected person of the Company otherwise than solely as a result of its relationship with Samruk-Kazyna, the Stock Exchange will assess the application of the aggregation rules on a case-by-case basis;

(c) for the purposes of the public float requirement, Samruk-Kazyna is the substantial shareholder of the Company and a core connected person under Rule 1.01 and, therefore, Samruk-Kazyna's interest will accordingly not be regarded as held by the public under Rule 8.24. Nevertheless, a person will not be regarded as a core connected person for the purposes of Rule 8.24 solely by virtue of being a close associate (as defined in Rule 1.01) of Samruk-Kazyna;

(d) indebtedness due from the Company to Samruk-Kazyna should not, in itself, need to be settled or repaid before the **[REDACTED]**, on the basis that government support for infrastructure companies of national importance would be normal and understood by **[REDACTED]**; and

(e) in line with Listing Rule 19A.14, Samruk-Kazyna would not be treated as a "controlling shareholder" for the purposes of disclosures of competing interests in accordance with Rule 8.10 of the Listing Rules.

See "Waivers and Exemptions" in this Document for further details.

Transactions with other State-Owned Enterprises

During the Track Record Period, the Group's revenue from other state-owned enterprises was principally attributable to Customer A, from which the Group generated revenue of KZT81,864 million, KZT100,529 million, KZT124,537 million and KZT57,740 million, representing over 90% of the Group's revenue from other state-owned enterprises during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively. Customer A is a diversified natural resources extraction and processing group, and the Group's revenue from Customer A was derived from the provision of rail transportation services.

During the Track Record Period, the Group's purchases from other state-owned enterprises were principally attributable to purchases of electricity from Supplier F, amounts attributable to which were KZT29,161 million, KZT72,032 million, KZT114,409 million and KZT69,548 million, representing over 80% of the Group's purchases from other state-owned enterprises during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, respectively.

In addition, the Group has also entered into land lease contracts with local executive authorities in Kazakhstan for the use of the land underneath railway tracks as such land is property of Kazakhstan and is not subject to privatisation. See "Business Overview – The Rail Network and Rolling Stock – Network Specifications and Land Leases" for further details.

AUTHORISED AND ISSUED SHARE CAPITAL

As of the Latest Practicable Date, the Company had 3,267,734,711 authorised Shares, of which 2,483,478,380 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 placed Shares	Approximate percentage of the total number of placed shares
Placed Shares immediately before the **[REDACTED]**[(1)]	2,483,478,380	**[REDACTED]**%
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Note:

(1) The **[REDACTED]** will make available up to **[REDACTED]** and up to **[REDACTED]**, representing up to **[REDACTED]** existing Shares for the purpose of facilitating **[REDACTED]** activities. Please refer to the section headed "Structure of the **[REDACTED]** – **[REDACTED]**" in this Document.

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 the Company:

The Company

		Shares held as at the Latest Practicable Date[1]		Shares held immediately following completion of the [REDACTED][2]	
Name of Shareholder	**Nature of Interest**	**Number**	**Percentage**	**Number**	**Percentage**
Samruk-Kazyna[3]	Beneficial Owner	[2,483,478,380]	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]** and before the exercise of the **[REDACTED]**.

Samruk-Kazyna, the **[REDACTED]**, will make available up to **[REDACTED]** and up to **[REDACTED]**, representing up to **[REDACTED]** existing Shares for the purpose of facilitating **[REDACTED]** activities. The **[REDACTED]** is expected to grant to the **[REDACTED]** and the **[REDACTED]** (in each case on behalf of the **[REDACTED]**) the **[REDACTED]** under the **[REDACTED]**, exercisable in the period during which **[REDACTED]** transactions may take place. The **[REDACTED]** will have the right to acquire up to an aggregate of **[REDACTED]** and the **[REDACTED]** will have the right to acquire up to an aggregate of **[REDACTED]** to cover, among other things, **[REDACTED]** under the **[REDACTED]**. At the end of the **[REDACTED]** period, the **[REDACTED]** and the **[REDACTED]** shall each be entitled to exercise the **[REDACTED]** granted by the **[REDACTED]** to put to Samruk-Kazyna any **[REDACTED]** or **[REDACTED]** (as the case may be) which have been purchased in the market as a result of **[REDACTED]** activities and/or pay over any remaining **[REDACTED]** which were not used for **[REDACTED]** activities pursuant to the terms of the **[REDACTED]**.

Assuming the **[REDACTED]** is exercised in full, the **[REDACTED]** and/or **[REDACTED]** put to Samruk-Kazyna will be converted back into Shares, and Samruk-Kazyna will hold **[REDACTED]** Shares (being the sum of (i) the number of Shares held by Samruk-Kazyna immediately following completion of the **[REDACTED]** before the exercise of the **[REDACTED]** (being **[REDACTED]**) and (ii) the number of Shares underlying the **[REDACTED]** and **[REDACTED]** being returned by the **[REDACTED]** and **[REDACTED]** respectively (being **[REDACTED]**), representing **[REDACTED]**% of the Shares immediately following completion of the **[REDACTED]**. Please refer to the section headed "Structure of the **[REDACTED]** - **[REDACTED]**" in this Document for details of the **[REDACTED]**.

(3) As of the Latest Practicable Date, Samruk-Kazyna was wholly-owned by the Government.

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 the Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[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]** 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]**, 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,

  i. approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the construction of a smart locomotive and intelligent depot project. The total capital expenditure approved for this project under the relevant Government resolution is KZT 150,000 million (excluding VAT), and the approved implementation period is from 2026 to 2029, with the **[REDACTED]** allocated to this project to be applied towards part of such approved capital expenditure and expected to be fully utilised by 2027. The project is expected to establish a single scalable platform designed so that new functions can be added over time without the need to replace the platform in full, enabling the Group to extend its capabilities as requirements evolve and generating long-term technological and economic value. By bringing the locomotive, depot, station and dispatch centre together into a single digital loop, the project is expected to improve the safety and productivity of the locomotive fleet and reduce operating costs, while laying the groundwork for further automation in the future. In particular, the project is expected to reduce fuel consumption by approximately 5% to 10% and unscheduled repairs and unproductive downtime by approximately 10% to 15%, and to increase locomotive crew productivity by approximately 10% to 20% and locomotive fleet productivity by approximately 10%;

  ii. approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the implementation of a smart station system for monitoring and managing station operations. The total capital expenditure approved for this project under the relevant Government resolution is KZT 110,000 million (excluding VAT), and the approved implementation period is from 2026 to 2029, with the **[REDACTED]** allocated to this project to be applied towards part of such approved capital expenditure and expected to be fully utilised by 2027. The purpose of this investment is to introduce automated monitoring and diagnostic capabilities for railway tracks, rolling stock and other critical assets, replacing the existing manual inspection, data collection and analysis processes. The project is expected to enhance traffic safety, increase station throughput and processing capacity, minimise reliance on manual intervention, enable the transition to paperless workflows, remove personnel from hazardous zones and support predictive analysis of station operations and of the technical readiness of freight wagons. In particular, the project is expected to increase station wagon handling speed by approximately 15% to 20% and reduce station downtime by approximately 20%;

  iii. approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the construction of a modern digital communications network along Kazakhstan's mainline railway network, including the transition from the legacy analogue (VHF/HF) radio and digital narrowband (TETRA) radio systems with limited voice and data transmission capabilities to a modern high-capacity broadband Long Term Evolution for Railways (LTE-R) network capable of high-speed data and voice transmission within a single network. The new communications system will enable real-time data transmission between locomotives, control centres, automation systems and railway infrastructure facilities, supporting a unified digital environment for railway management. The total capital expenditure approved for this project under the relevant Government resolution is KZT 240,000

million (excluding VAT), and the approved implementation period is from 2026 to 2029, with the **[REDACTED]** allocated to this project to be applied towards part of such approved capital expenditure and expected to be fully utilised by 2027. The project is expected to improve the stability and speed of data transmission and to increase control efficiency by approximately 10% to 15%; and

iv. approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the implementation of a centralized train movement headway control system using a Radio Block Centre. Unlike the preceding Automatic Block Signalling system, which divides the track into fixed blocks with each block permits only one train at any given time and therefore results in larger intervals between trains, the Radio Block Centre continuously receives train position data and issues movement authorities to each train, enabling trains to operate safely at closer intervals. The Radio Block Centre relies on the high-capacity, real-time data transmission provided by the LTE-R network and it replaces traditional signals with radio for safer, more efficient and higher-capacity train operations. The total capital expenditure approved for this project under the relevant Government resolution is KZT 130,000 million (excluding VAT), and the approved implementation period is from 2026 to 2035, with the **[REDACTED]** allocated to this project to be applied towards part of such approved capital expenditure and expected to be fully utilised by 2027. The system is expected to reduce headways (intervals) between trains, thereby creating the infrastructure conditions necessary to support the Group's targeted long-term transit growth. In particular, the project is expected to result in an increase in throughput of approximately 13% to 18%, improved schedule accuracy, centralised traffic control.

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, is expected to be used for capacity expansion, specifically for the construction of the Bakhty-Ayagoz railway line, a new 303 km railway line within Kazakhstan's territory and associated infrastructure designed to create an additional railway border crossing with the People's Republic of China. The new railway line is also expected to reduce the rail distance from the People's Republic of China to the northern regions of Kazakhstan and Russia by 320 km. This project 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. Specifically, the new railway line is expected to carry approximately 17.7 million tonnes of cargo per year in both directions combined by 2034, increasing to approximately 25.5 million tonnes per year by 2036, with throughput capacity increasing to 23 train pairs. The capital expenditure to be incurred in relation to the new railway line is expected to be approximately KZT 377,158 million. The **[REDACTED]** from the **[REDACTED]** allocated to the project will fund only a portion of these capital expenditure requirements, with the remaining project costs expected to be funded through future debt financing and cash generated from the Group's operations. The Group expects that approximately **[REDACTED]**% of the **[REDACTED]** allocated to the foregoing purposes will be fully utilised by 2027 and that the remaining approximately **[REDACTED]**% will be fully utilised by 2028. In particular, the **[REDACTED]** allocated to capacity expansion are expected to be applied towards (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]**, will be allocated for repayment of the principal amounts of, and interest accrued on, a portion of the following interest-bearing borrowings of the Group:

Nature of the borrowing	Principal amount outstanding as at 1 September 2026	Interest rate	Maturity date	Security	Repayment amount
Bond issued in favour of Samruk-Kazyna (ISIN KZ2C00009025)	US$882,978,000	3% per annum	28 October 2028	None	Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**

Nature of the borrowing	Principal amount outstanding as at 1 September 2026	Interest rate	Maturity date	Security	Repayment amount
Joint loan from Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC	CHF 484,680,000	6-month SARON plus 1.6% per annum	18 July 2028	Guarantee from Samruk-Kazyna	Approximately**[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**

The Group expects that approximately **[REDACTED]**% of the **[REDACTED]** allocated to the foregoing purposes will be fully utilised by 2027 and that the remaining approximately **[REDACTED]**% will be fully utilised by 2028. Based on the principal amounts outstanding and the interest rates applicable to the relevant borrowings, the Group estimates that the repayment of (i) the bond issued in favour of Samruk-Kazyna will result in interest savings to the Group of approximately US$51.7 million; and (ii) the loan from Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC will result in interest savings to the Group of approximately CHF 14.9 million, in each case representing the aggregate interest savings through to the maturity of the relevant borrowings. In addition to the interest savings described above, the Directors expect the repayment of the relevant borrowings to (i) reduce the Group's debt burden and interest expense, thereby freeing up cash flow that may be applied towards the Group's investment programme, asset renewal and infrastructure development; (ii) increase the headroom available to the Group under the financial covenants contained in its financing arrangements and reduce the risk of a breach of those covenants; and (iii) strengthen the Group's credit profile and enhance the Group's financial flexibility and its capacity to obtain future financing on more favourable terms and at a lower cost.

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, 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$**[REDACTED]** and HK$**[REDACTED]**, 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] Policy

The Company has adopted the **[REDACTED]** Policy, which is summarised below.

Scope

The **[REDACTED]** Policy applies to the Group (comprising the Company and legal persons in which the Company directly or indirectly owns, or holds in trust management, 50 per cent. or more of the voting shares (participation interests)) and persons working for, or on behalf of, Group. It ensures that the **[REDACTED]** received by the Company from the issue of new shares, including in the form of **[REDACTED]**, in the **[REDACTED]** and the **[REDACTED]** of any **[REDACTED]**, issue or sale of **[REDACTED]** or other securities after the **[REDACTED]**, the **[REDACTED]** of which are received by the Company or any other member of Group (a "**[REDACTED]**"), together with any income, gains or other amounts derived from them (the "**[REDACTED]**") are not applied, directly or indirectly, in a manner that would cause any UK person involved in the **[REDACTED]**, any **[REDACTED]** or subsequent

dealings in the **[REDACTED]** to breach, circumvent or be exposed to liability under Sanctions (as defined in the **[REDACTED]**). The **[REDACTED]** Policy supplements the Sanctions Regulation (further details of which are set out below).

Ringfencing and approvals

All **[REDACTED]** will be applied exclusively within the territory of Kazakhstan and in accordance with the restrictions and safeguards set out in the **[REDACTED]** Policy. The **[REDACTED]** Policy requires the Board to designate one or more accounts to receive and hold the **[REDACTED]** separately from the Group's operating and investment accounts (the "**Ringfenced Accounts**"). The Group must maintain controls reasonably designed to prevent funds held in the Ringfenced Accounts from being commingled with funds derived from activities that would be prohibited by Sanctions if undertaken by a UK person. As part of the annual audit required under the **[REDACTED]** Policy, the external auditor is required to verify the absence of any material commingling with funds derived from such activities.

To the extent that the **[REDACTED]** are not immediately applied, the **[REDACTED]** must be deposited only in short-term interest-bearing accounts held in the Company's name with licensed commercial banks or other authorised financial institutions that are not Sanctioned Persons (as defined in the **[REDACTED]** Policy) and are not domiciled, incorporated or located in a country or part of its territory to which Sanctions apply (a "**Sanctioned Country**"). Any such account will be treated as a Ringfenced Account and subject to the same segregation and control requirements.

Each disbursement from the Ringfenced Accounts requires prior approval by the Company's authorised persons, following verification by the Treasury Department that it is for a purpose set out in the Document and a review under the Sanctions Regulation confirming compliance with the **[REDACTED]** Policy.

Prohibited uses

For the purposes of the **[REDACTED]** Policy, a prohibited use is any direct or indirect application of **[REDACTED]** that is prohibited by the **[REDACTED]** Policy, including any application that would constitute, or would reasonably be expected to result in, a breach of, circumvention of, or exposure to liability under Sanctions if undertaken by a person subject to the jurisdiction of the UK. The **[REDACTED]** Policy requires the Group to ensure that no **[REDACTED]** are applied, directly or indirectly:

- for the benefit of any person designated under UK, EU, U.S. or UN Sanctions, or any entity owned or controlled by such a person;
- to fund, finance or otherwise contribute to UTLC ERA, Aktau Sea Northern Terminal LLP and any joint venture or Associate (as defined in the **[REDACTED]** Policy) subsequently treated as an excluded entity under the **[REDACTED]** Policy (each being an "**Excluded Entity**");
- to finance, support, facilitate, guarantee or otherwise participate in any activity or transaction that would be prohibited by Sanctions if undertaken by a UK person; or
- for any project under, or connected with, the memorandum of understanding dated 26 November 2021 among Kazakhstan, Iran and Turkmenistan.

The **[REDACTED]** must not be used to replace, refinance, repay, reimburse or free up other Group funds used, or intended to be used, for a purpose prohibited by the **[REDACTED]** Policy, or through a transaction structured to achieve indirectly a result prohibited directly. Each disbursement must be paid directly to the account of the payee under the relevant contract, and **[REDACTED]** must not be transferred within the Group except to an account designated solely for the relevant purpose and treated as a Ringfenced Account. **[REDACTED]** allocated to working capital or general corporate purposes are subject to additional restrictions concerning specified assets, infrastructure and payments involving Russia, Belarus or Iran.

In relation to the Group's planned railway digital infrastructure improvements and the Bakhty–Ayagoz railway project, the **[REDACTED]** Policy requires the persons involved in any contract or payment funded wholly or partly from the **[REDACTED]** to undergo sanctions screening and prohibits the **[REDACTED]** from being made available, directly or indirectly, to or for the benefit of any Sanctioned Person or for any activity prohibited by Sanctions if undertaken by a UK person.

To the extent that **[REDACTED]** are used to repay the bonds or joint loan described under "**[REDACTED]**", the Group must ensure that neither those **[REDACTED]** nor any amounts made available under the relevant financing arrangements are applied towards any investment or financing activity prohibited for UK persons under Regulation 18B of the Russia (Sanctions) (EU Exit) Regulations 2019.

The Group must not use the **[REDACTED]** to replace, refinance, repay, reimburse or free up other Group funds that have been, or are intended to be, applied for any purpose prohibited by the **[REDACTED]** Policy. Accordingly, financial resources released or otherwise made available as a result of the application of the **[REDACTED]** must not be applied towards activities that would be prohibited by Sanctions if undertaken by a UK person.

These restrictions apply equally to the **[REDACTED]** of any **[REDACTED]**, including any future **[REDACTED]** fundraising. Such **[REDACTED]** may not be used, directly or indirectly, to fund, finance or otherwise contribute to UTLC ERA or Aktau Sea Northern Terminal LLP, including by repaying or refinancing external borrowings used to fund their operations, or to replace, refinance, repay, reimburse or free up other Group funds used, or intended to be used, for any purpose prohibited by the **[REDACTED]** Policy, including any activity involving a person connected with Russia that would be prohibited by Sanctions if undertaken by a UK person.

Investments

The **[REDACTED]** Policy prohibits the **[REDACTED]** from being applied, directly or indirectly, to investment or financing activities prohibited for UK persons under Sanctions. No **[REDACTED]** will be applied, directly or indirectly, for any new investment in a Sanctioned Country.

Joint ventures and Associates

Minority interests that do not fall within the definition of the Group are addressed separately under the **[REDACTED]** where they constitute joint ventures or Associates. The Working Group (as defined below) and responsible structural unit must monitor such joint ventures and Associates through screening, annual confirmations and reporting to the Board. **[REDACTED]** may be made available to a joint venture or Associate only for a purpose set out in the Document, following a satisfactory sanctions review in accordance with the Sanctions Regulation and receipt of a written undertaking that the funds will be used only for that purpose and will not be made available, directly or indirectly, to or for the benefit of any Sanctioned Person or any Person Connected With a Sanctioned Country (as defined in the **[REDACTED]** Policy).

[REDACTED]

Where any part of the Company's development plan described in the Document does not proceed, or proceeds otherwise than as described, the **[REDACTED]** must be **[REDACTED]** only to an alternative purpose that complies with the **[REDACTED]** Policy, has undergone a sanctions review under the Sanctions Regulation and has been approved by the Board.

Dividends

Amounts generated from activities that would be prohibited by Sanctions if undertaken by a UK person must not be applied, directly or indirectly, to fund dividends or other distributions to holders of the Company's shares or **[REDACTED]**. The Working Group must maintain procedures reasonably designed to ensure this.

Screening and contractual protections

The **[REDACTED]** Policy requires screening, in accordance with the Sanctions Regulation, of counterparties and other relevant persons involved in contracts or payments funded wholly or partly from the **[REDACTED]** to determine that they are not a Sanctioned Person or, to the counterparty's knowledge, acting on behalf of, or for the benefit of, a Sanctioned Person. Each such contract must contain the prescribed sanctions clause and provisions ensuring compliance with Sanctions as they apply to UK persons.

Audit, escalation

The **[REDACTED]** requires the Ringfenced Accounts and related controls to be audited annually by an independent external auditor. Based on the auditor's report, the chief financial officer of the Company must certify annually to the Board that the **[REDACTED]** has been effectively implemented and that its controls remain effective and were applied throughout the relevant reporting period.

Any actual, suspected or potential breach must be reported without delay by the Working Group to the chief financial officer of the Company for investigation and appropriate remedial action.

Disclosure

The Company must report annually to shareholders on the use of the **[REDACTED]** and compliance with the **[REDACTED]** Policy.

Amendment, suspension and withdrawal

The **[REDACTED]** Policy may be amended, suspended or withdrawn only by resolution of the Board. Any change that would or could reduce the protections afforded by the **[REDACTED]** Policy is subject to additional safeguards, including approval by a majority of the independent directors, written advice from external sanctions counsel, approval by shareholders excluding the votes of Samruk-Kazyna, and public announcement at least 30 days before taking effect. No such change may permit **[REDACTED]** received before it takes effect to be applied for any purpose prohibited by the **[REDACTED]** at the time of their receipt.

Summary of Sanctions Regulation

The Company has further adopted the Sanctions Regulation.

Scope and governance

The Sanctions Regulation applies to the structural subdivisions of the Company and legal persons in which the Company directly or indirectly owns, or holds in trust management, more than 50 per cent of the voting shares (participation interests). It establishes procedures for sanctions screening, assessing and mitigating sanctions risks and preventing sanctions violations. Sanctions include restrictive measures imposed by the United Nations Security Council, the U.S., the EU, any EU member state, the UK, other international organisations that have established sanctions, or the relevant authorities of any other state.

The Sanctions Regulation requires the Company and its subsidiaries to establish working groups ("**Working Group**") to identify and assess sanctions risks, implement mitigation measures and refer decisions to the relevant sanctions risk holders for implementation.

Sanctions screening

The Sanctions Regulation requires the contract administrator to screen counterparties and contracts, the responsible structural unit to determine whether sanctions restrictions or permissions apply, and the Working Group to analyse sanctions risks and adopt mitigation measures. The screening must confirm, among other matters, that:

- counterparties, their representatives (including agents and commission agents) and the banks and financial institutions involved in payments under contracts are not Sanctioned Persons, and counterparties are not directly or indirectly owned by or affiliated with Sanctioned Persons;
- the goods, works and services supplied under contracts are not included in the lists of goods and services subject to Sanctions; and
- each contract contains the prescribed sanctions clause set out in the Sanctions Regulation, which includes representations and warranties regarding the sanctions status of the counterparty, its affiliates and shareholders, and compliance with applicable Sanctions, together with notification and mitigation requirements in the event of new sanctions, and contractual remedies, including termination, where the relevant representations are inaccurate.

Counterparties must complete a prescribed questionnaire before entering into a new contract, each time the contract is applied and at least annually during its term. Further screening is required following the adoption of new sanctions. The responsible structural unit maintains an electronic database containing counterparty details, contract information and completed questionnaires.

Identified sanctions risks must be recorded in the Group's risk register and, where required, reported to management. Mitigation may include amending a contract, suspending or terminating a counterparty relationship or obtaining a sanctions permission or licence.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Revenue and other income						
Revenue from freight transportation	21	1,682,550	1,875,558	2,463,197	1,130,511	1,322,173
Revenue from passenger transportation	21	101,682	110,523	129,250	60,161	66,814
Government grants	5	38,912	41,124	43,275	21,277	27,327
Other revenue	22	110,951	136,737	121,361	61,128	49,377
Total revenue and other income		1,934,095	2,163,942	2,757,083	1,273,077	1,465,691
Cost of sales	23(a)	(1,498,583)	(1,620,017)	(1,924,051)	(902,522)	(1,036,553)
Gross profit		435,512	543,925	833,032	370,555	429,138
General and administrative expenses	23(b)	(106,494)	(128,390)	(145,837)	(63,776)	(79,680)
Finance income	25	32,221	52,955	88,618	17,755	22,585
Finance costs	25	(208,365)	(184,984)	(245,844)	(119,383)	(164,930)
Foreign exchange (loss)/gain		(14,124)	(69,620)	(19,990)	(77,009)	99,715
Gain on disposal of subsidiary not qualifying as discontinued operations		6,283	–	–	–	–
Share of profits and losses of associates and joint ventures	7	8,144	10,772	1,634	1,094	(2,345)
Reversal of impairment/(Impairment) of financial assets and contract assets	23(d)	2,662	1,601	(3,893)	(3,106)	(638)
Reversal of impairment/(Impairment) of non-financial assets	23(e)	1,149	(7,336)	(11,480)	(6,685)	(3,315)
Other profits and losses	23(c)	4,395	4,606	2,781	3,511	(1,141)
Profit before tax		161,383	223,529	499,021	122,956	299,389
Income tax expenses	17	(24,599)	(62,724)	(155,375)	(36,906)	(108,388)
Profit for the year/period		136,784	160,805	343,646	86,050	191,001

		Year ended 31 December			Six months ended 30 June	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Other comprehensive (loss)/income, net of income tax:						
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement (loss)/gain on defined benefit plans	16	(540)	3,688	276	–	(7,364)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:						
Fair value (loss)/gain on cash flow hedging instruments	13	–	(48,625)	(97,584)	(98,748)	34,969
Reclassification of the loss on cash flow hedging instruments to profit for the year/period	13, 21	–	412	80,781	32,137	4,102
Income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	–	9,643	3,361	13,321	(7,814)
Foreign exchange difference on translation of foreign operations		(4,918)	1,774	4,595	7,193	(1,591)
Other comprehensive (loss)/income for the year/period		(5,458)	(33,108)	(8,571)	(46,097)	22,302
Total comprehensive income for the year/period		131,326	127,697	335,075	39,953	213,303

		Year ended 31 December			Six months ended 30 June	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Profit for the year/period attributable to:						
The Shareholder		133,508	157,818	339,919	83,823	188,849
Non-controlling interests		3,276	2,987	3,727	2,227	2,152
		136,784	160,805	343,646	86,050	191,001
Total comprehensive income attributable to:						
The Shareholder		128,058	124,699	331,350	37,726	211,151
Non-controlling interests		3,268	2,998	3,725	2,227	2,152
		131,326	127,697	335,075	39,953	213,303
Earnings per share, in KZT	24	54	64	137	34	76

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	2024	2025	As at 30 June 2026
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Assets					
Non-current assets					
Goodwill		15,520	15,520	15,520	15,520
Intangible assets		13,824	11,250	11,022	10,682
Property, plant, and equipment	6	3,794,479	4,782,227	5,875,447	6,718,125
Investments in joint ventures	7	1,579	1,396	11,637	12,175
Investments in associates	7	38,989	48,678	56,464	50,806
Derivative financial instruments	30	–	–	–	3,944
Other non-current assets	8	690,159	647,483	1,136,788	1,280,119
Deferred tax assets	17	60	21	312	578
Total non-current assets		4,554,610	5,506,575	7,107,190	8,091,949
Current assets					
Inventories	10	64,362	57,820	86,422	96,285
Other current assets	12	45,988	45,407	95,839	138,762
Corporate income tax prepaid		3,535	7,899	8,219	5,363
Value-added tax ("VAT") recoverable	4	49,618	120,475	48,789	23,326
Contract assets		1,153	336	1,071	1,771
Trade accounts receivable	11	16,326	21,666	18,009	23,786
Cash and cash equivalents	9	204,614	198,578	232,973	367,695
Total current assets		385,596	452,181	491,322	656,988
Total assets		4,940,206	5,958,756	7,598,512	8,748,937
Equity and liabilities					
Equity					
Share capital	13	1,110,634	1,123,907	1,152,698	1,152,698
Hedging reserve	13	–	(38,570)	(52,012)	(20,755)
Foreign currency translation reserve	13	7,220	8,994	13,589	11,998
Retained earnings		623,698	856,709	1,255,462	1,436,947
Equity attributable to the Shareholder		1,741,552	1,951,040	2,369,737	2,580,888
Non-controlling interests		17,504	18,277	18,493	17,462
Total equity		1,759,056	1,969,317	2,388,230	2,598,350

	Notes	As at 31 December 2023	2024	2025	As at 30 June 2026
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Non-current liabilities					
Borrowings	14	1,763,432	1,840,423	2,697,359	3,339,074
Other non-current liabilities	20	69,778	118,770	177,442	204,355
Lease liabilities	15	54,555	139,465	224,936	282,098
Derivative financial instruments	30	35,719	–	–	–
Deferred tax liabilities	17	411,888	468,057	615,181	691,386
Employee benefit obligations	16	37,396	41,105	41,027	53,518
Total non-current liabilities		2,372,768	2,607,820	3,755,945	4,570,431
Current liabilities					
Trade accounts payable	18	200,969	231,351	525,770	491,357
Other taxes payable		13,961	15,694	16,083	26,800
Other current liabilities	20	98,910	112,627	129,821	231,744
Contract liabilities	19	115,868	133,170	149,196	107,559
Borrowings	14	354,115	812,965	488,658	561,975
Lease liabilities	15	16,951	35,517	45,146	52,916
Derivative financial instruments	30	–	32,697	91,496	99,133
Employee benefit obligations	16	7,608	7,598	8,167	8,672
Total current liabilities		808,382	1,381,619	1,454,337	1,580,156
Net current liabilities		(422,786)	(929,438)	(963,015)	(923,168)
Total liabilities		3,181,150	3,989,439	5,210,282	6,150,587
Total equity and liabilities		4,940,206	5,958,756	7,598,512	8,748,937

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

Six months ended 30 June 2025 (unaudited)

	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	–	–	–	83,823	83,823	2,227	86,050
Other comprehensive (loss)/income for the year	–	(53,290)	7,193	–	(46,097)	–	(46,097)
Total comprehensive (loss)/income for the year	–	(53,290)	7,193	83,823	37,726	2,227	39,953
Other contributions	–	–	–	18,142	18,142	–	18,142
Dividends	–	–	–	–	–	(3,509)	(3,509)
As at 30 June 2025	1,123,907	(91,860)	16,187	958,674	2,006,908	16,995	2,023,903

Six months ended 30 June 2026

	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 2026	1,152,698	(52,012)	13,589	1,255,462	2,369,737	18,493	2,388,230
Profit for the year	–	–	–	188,849	188,849	2,152	191,001
Other comprehensive (loss)/income for the year	–	31,257	(1,591)	(7,364)	22,302	–	22,302
Total comprehensive (loss)/income for the year	–	31,257	(1,591)	181,485	211,151	2,152	213,303
Dividends	–	–	–	–	–	(3,183)	(3,183)
As at 30 June 2026	1,152,698	(20,755)	11,998	1,436,947	2,580,888	17,462	2,598,350

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million	Six months ended 30 June 2025 KZT'million (unaudited)	2026 KZT'million
Cash flows from operating activities:						
Profit for the year/period		136,784	160,805	343,646	86,050	191,001
Adjustments for:						
Income tax expenses recognised in profit or loss	17	24,599	62,724	155,375	36,906	108,388
Finance costs	25	208,365	184,984	245,844	119,383	164,930
Depreciation and amortization	23	156,441	170,516	196,219	95,768	112,500
Finance income	25	(32,221)	(52,955)	(88,618)	(17,755)	(22,585)
Accrual of unused vacation reserve and other employee benefits		–	–	10,051	15,258	36,061
Reclassification of the loss on cash flow hedging instruments to profit for the period	13, 21	–	412	80,781	32,137	4,102
Foreign exchange loss/(gain)		14,124	69,620	19,990	77,009	(99,715)
(Reversal of impairment)/impairment of non-financial assets	23(e)	(1,149)	7,336	11,480	6,685	3,315
Post-employment benefits and other long-term employee benefit expenses	23	6,939	14,662	3,281	6,645	5,416
Share of profits and losses of associates and joint ventures	7	(8,144)	(10,772)	(1,634)	(1,094)	2,345
(Reversal of impairment)/impairment of financial assets and contract assets	23(d)	(2,662)	(1,601)	3,893	3,106	638
Gain on disposal of subsidiary not qualifying as discontinued operations		(6,283)	–	–	–	–
Other		10,223	10,051	3,414	(1,840)	(376)
Operating income before changes in working capital and other balances		507,016	615,782	983,722	458,258	506,020
Change in trade accounts receivable		(12,823)	(31,033)	(27,099)	(23,555)	(28,765)
Change in inventories		(16,618)	9,617	(25,134)	(15,468)	(9,002)
Change in other current and non-current assets (including long-term VAT recoverable)		(99,338)	(89,717)	(133,114)	(28,330)	(120,316)
Change in trade accounts payable		73,511	7,213	166,443	43,751	11,278
Change in other taxes payable		(7,500)	1,890	1,167	17,007	10,764
Change in other liabilities and contract liabilities		4,296	15,543	1,478	(12,927)	(30,275)
Change in employee benefit obligations		(6,094)	(7,275)	(8,553)	(5,163)	(3,922)
Cash generated from operations before interest and corporate income tax payments		442,450	522,020	958,910	433,573	335,782

	Notes	Year ended 31 December 2023 KZT'million	2024 KZT'million	2025 KZT'million	Six months ended 30 June 2025 KZT'million (unaudited)	2026 KZT'million
Interest paid		(150,226)	(188,409)	(222,376)	(99,643)	(88,444)
Interest received		20,968	21,001	30,866	12,033	17,919
Corporate income tax paid		(6,874)	(18,015)	(20,603)	(7,997)	(7,574)
Net cash flows from operating activities		306,318	336,597	746,797	337,966	257,683
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)	(358,301)	(700,722)
Acquisition of debt securities measured at fair value through profit or loss	12	–	–	–	–	(59,686)
Share capital contributions in joint ventures without a change in ownership interest	7	(1,111)	(243)	(7,143)	(6,143)	(549)
Investments acquired in associates and joint ventures	7	(5,201)	(1,578)	(6,211)	(3,551)	–
Dividends received from associates		2,719	4,419	4,693	1,500	291
Repayment of loans issued		–	3,731	2,272	1,969	426
Proceeds from sale of other non-current assets		1,354	1,293	1,499	698	619
Net proceeds from disposal of subsidiaries		11,948	–	–	–	–
Acquisition of other non-current assets		–	–	–	(1,945)	–
Other		(581)	12	(2,009)	(237)	(201)
Net cash flows used in investing activities		(802,702)	(734,061)	(932,267)	(366,010)	(759,822)
Cash flows from financing activities:						
Proceeds from borrowings	14	808,731	879,762	908,235	332,905	1,087,801
Repayment of borrowings	14	(367,320)	(480,532)	(648,674)	(245,340)	(495,231)
Repayment of lease liabilities	14	(21,690)	(11,358)	(18,072)	(4,611)	(3,025)
Proceeds from reverse repurchase agreements ("reverse repos")	20	–	–	–	–	37,871
Dividends paid to non-controlling interests in subsidiaries		(1,294)	(2,225)	(3,509)	(3,509)	–
Transfers to restricted cash		–	–	(14,368)	(1,446)	(3,313)
Transfers from restricted cash		–	–	4,427	–	3,586
Share capital contribution		24,310	13,273	–	–	–
Other		(8,466)	(5,553)	–	(7,477)	–
Net cash flows from financing activities		434,271	393,367	228,039	70,522	627,689

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Net (decrease)/increase in cash and cash equivalents		(62,113)	(4,097)	42,569	42,478	125,550
Cash and cash equivalents at the beginning of the year		267,032	204,614	198,578	198,578	232,973
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency		(322)	(1,945)	(8,166)	(3,255)	9,230
Effect of change in the allowance for expected credit losses		17	6	(8)	(3)	(58)
Cash and cash equivalents at the end of the year	9	204,614	198,578	232,973	237,798	367,695
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	73,825	201,454
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

	Notes	As at 31 December 2023	2024	2025	As at 30 June 2026
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Assets					
Non-current assets					
Property, plant, and equipment	6	2,053,645	2,504,560	3,090,677	3,354,108
Intangible assets		11,999	10,196	9,397	9,203
Investments in subsidiaries	28	1,102,214	1,274,476	1,658,624	1,700,016
Investments in joint ventures	7	5	80	223	223
Investments in associates	7	3,262	3,262	3,262	3,262
Loans issued	26	540,977	424,161	193,209	224,031
Derivative financial instruments	30	–	–	–	3,944
Other non-current assets	8	216,828	191,518	440,419	689,872
Total non-current assets		3,928,930	4,408,253	5,395,811	5,984,659
Current assets					
Inventories	10	27,732	26,841	36,407	40,441
Other current assets	12	13,767	11,720	49,413	82,417
VAT recoverable		3,096	12,122	14,565	38
Loans issued	26	104,224	83,244	113,391	125,659
Trade accounts receivable	11	182,643	302,737	346,312	476,783
Cash and cash equivalents	9	139,416	126,139	122,018	239,690
Total current assets		470,878	562,803	682,106	965,028
Total assets		4,399,808	4,971,056	6,077,917	6,949,687
Equity and liabilities					
Equity					
Share capital	13	1,110,634	1,123,907	1,152,698	1,152,698
Foreign currency translation reserve	13	59	(69)	(669)	(1,218)
Retained earnings	13	1,141,228	1,340,623	1,753,643	1,915,009
Total equity		2,251,921	2,464,461	2,905,672	3,066,489

	Notes	As at 31 December 2023	2024	2025	As at 30 June 2026
		KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Non-current liabilities					
Borrowings	14	1,368,470	1,250,512	1,873,712	2,445,271
Lease liabilities	15	2,764	15,985	11,628	10,011
Deferred tax liabilities	17	258,072	289,171	374,212	426,964
Liabilities under financial guarantee contracts		52,306	70,475	–	–
Employee benefit obligations	16	7,805	11,692	16,358	21,568
Derivative financial instruments		35,719	–	–	–
Total non-current liabilities		1,725,136	1,637,835	2,275,910	2,903,814
Current liabilities					
Trade accounts payable	18	64,340	105,344	220,086	142,385
Other taxes payable		5,226	4,681	7,944	17,366
Other current liabilities	20	24,550	31,456	157,135	229,653
Contract liabilities	19	3,113	3,801	2,788	5,279
Borrowings	14	318,255	673,881	404,398	472,053
Lease liabilities	15	5,694	14,600	8,979	9,747
Derivative financial instruments	30	–	32,697	91,496	99,133
Employee benefit obligations	16	1,573	2,300	3,509	3,768
Total current liabilities		422,751	868,760	896,335	979,384
Net current assets/(liabilities)		48,127	(305,957)	(214,229)	(14,356)
Total liabilities		2,147,887	2,506,595	3,172,245	3,883,198
Total equity and liabilities		4,399,808	4,971,056	6,077,917	6,949,687

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. In assessing the appropriateness of this assumption, the Group's management considered cash flow forecasts and compliance with financial covenants for at least twelve months from the reporting date.

As at 30 June 2026, the Group's current liabilities exceeded its current assets by KZT923,168 million. Current liabilities included borrowings amounting to KZT561,975 million that are due for repayment within 12 months after the reporting date. At the same time, the Group reported profit of KZT191,001 million for the six-month period ended 30 June 2026, and generated cash inflows from operating activities of KZT257,683 million.

As at 30 June 2026, the Group was not in compliance with the "Gearing Ratio" financial covenant under its loan agreements with HSBC Continental Europe and Societe Generale. In June 2026, the Group obtained a waiver letter from HSBC Continental Europe and two waiver letters from Societe Generale confirming that such covenant would not be tested as at 30 June 2026 and until 30 November 2026 and 1 December 2026, respectively. Based on management assessment on the Group's working capital forecasts, as at 31 December 2026, such covenant under the loan agreements with HSBC Continental Europe, Societe Generale and Natixis may be close to the required threshold or may not be met, while all other covenants are expected to be complied with. Management believes that the Group will continue as a going concern for the foreseeable future.

Management's assessment is based on the following facts and assumptions:

- For the six months ended 30 June 2026, the Group reported a profit of KZT191,001 million and generated net cash flows from operating activities of KZT257,683 million, demonstrating its ability to generate sufficient cash flows from its operations.

- On 29 June 2026, the Group obtained a waiver letter from HSBC Continental Europe regarding the Gearing Ratio covenant. As a result, the covenant breach was waived as at 30 June 2026 and until 30 November 2026 (Note 14).

- In order to support compliance with its financial covenants, management continues to engage with lenders regarding the potential need for additional covenant waivers, where required, and is implementing measures aimed at improving the Group's capital and financing structure.

- As at 30 June 2026, the Group had available undrawn committed credit facilities with JSC Halyk Bank of Kazakhstan, JSC ForteBank, Citibank Kazakhstan JSC, Citibank and JSC Freedom Bank Kazakhstan amounting to KZT387,610 million, which are available for liquidity management purposes.

- Management is considering raising additional capital through the contemplated **[REDACTED]** and the conversion of certain bonds issued to the Shareholder into perpetual bonds. These actions are expected to strengthen the Group's equity position and improve its financial covenant ratios.

- The Shareholder intends and is able to provide financial and operational support to the Group for the foreseeable future, provided that the Group remains its subsidiary. As at 30 June 2026, the Group's liabilities included loans from the Shareholder amounting to KZT1,213,746 million (Note 27), including a current portion of KZT285,724 million. Based on its previous experience with the Shareholder, management considers it probable that amendments to the repayment terms of these loans would be agreed, if required.

- Management has assessed the Group's cash requirements, including debt repayment obligations and future development plans, taking into account cash flow forecasts, expected financial performance, available credit facilities, plans for refinancing existing borrowings and investment commitments.

After completing the relevant analysis 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
US$	454.56	456.31	525.11	469.44
Euro	502.24	493.33	546.74	507.86
Swiss Francs	541.08	508.16	580.68	533.96
Russian Roubles	5.06	5.40	4.88	5.08

	31 December 2025	Average rate for 2025	30 June 2026	Average rate for six months ended 30 June 2026
US$	505.53	521.59	480.72	486.50
Euro	593.44	590.15	548.07	567.67
Swiss Francs	637.33	630.43	594.44	618.45
Russian Roubles	6.34	6.28	6.14	6.37
Chinese Yuan	73.22	71.94	70.85	70.88

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and amended 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 amended 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 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
Amendments to the Fair Value Option in IAS 28 *Investments in Associates and Joint Ventures*	1 January 2027

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, with the exception of IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 *Presentation of Financial Statements* ("IAS 1") and is required to be applied retrospectively in accordance with IAS 8, subject to the specific transition provisions of IFRS 18.

IFRS 18 *Presentation and Disclosure in Financial Statements*

The Group plans to apply IFRS 18 and the related amendments from 1 January 2027. Accordingly, comparative information for 2026 presented in the Group's consolidated financial statements for 2027 will be restated in accordance with IFRS 18.

The Group has performed a preliminary assessment of the potential impact of IFRS 18 and the related amendments to other IFRS Accounting Standards on its consolidated financial statements. Based on this assessment, the application of IFRS 18 is expected to have a significant impact on the classification and presentation of certain income, expenses and cash flows, as well as on additional disclosures in the Group's consolidated financial statements. However, it is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses.

IFRS 18 introduces a new classification structure for the consolidated statement of profit or loss and other comprehensive income, under which income and expenses are classified into the following categories: operating, investing, financing, income taxes and discontinued operations. The operating category is a residual category and includes income and expenses that are not classified in the other categories. Based on the Group's preliminary assessment, the operating category is expected to include the majority of income and expenses arising from freight transportation, passenger transportation, operation of the mainline railway infrastructure and the Group's other related operating activities.

Subject to the requirements applicable to the Group's specified main business activities, the investing category includes income and expenses from assets that generate returns largely independently of the Group's other resources. The Group's share of profit or loss of associates and joint ventures accounted for using the equity method will be classified in the investing category. The financing category includes income and expenses arising from specified liabilities, including liabilities resulting from transactions undertaken to raise finance.

The Group expects that the most significant changes will relate to the classification of items that are currently presented in these consolidated financial statements within finance income, finance costs and foreign exchange gains or losses. Income and expenses arising from financing transactions, including interest expense on borrowings, issued debt securities and lease liabilities, will be classified within the financing category. Interest income and foreign exchange differences arising on cash and cash equivalents will be classified within the investing category. The Group continues to assess the classification of other financial assets and liabilities, derivative financial instruments, other finance costs related to liabilities and discount unwinding expenses.

Foreign exchange differences, which are presented as a separate line item in these consolidated financial statements in the consolidated statements of profit or loss and other comprehensive income, may generally be classified within the same category as the income and expenses arising from the underlying items to which those foreign exchange differences relate. Consequently, under IFRS 18, foreign exchange differences associated with financing activities may be classified within the financing category, foreign exchange differences associated with cash and cash equivalents and certain investment activities may be classified within the investing category, and foreign exchange differences relating to trade receivables, trade payables and other operating items may be classified within the operating category.

IFRS 18 introduces new mandatory subtotals in the statement of profit or loss and other comprehensive income, such as "operating profit or loss" and "profit or loss before financing and income taxes". These required subtotals may differ from similarly labelled measures currently presented by the Group in these consolidated financial statements or used in its public communications. Although the presentation of certain income and expense items will change, the application of IFRS 18 is not expected, in itself, to affect the Group's profit for the period or total comprehensive income.

IFRS 18 will also affect the presentation of the consolidated statement of cash flows through the related amendments to IAS 7 *Statement of Cash Flows*. In these consolidated financial statements, the Group presents interest paid and interest received within operating activities. Based on the Group's assessment of its main business activities, interest paid is expected to be classified as a financing cash flow, while interest received is expected to be classified as an investing cash flow. Accordingly, only the classification of cash flows between operating, investing and financing activities is expected to change, while total cash flows and the net change in cash and cash equivalents will remain unaffected.

In addition, IFRS 18 introduces enhanced requirements for the aggregation, disaggregation and labelling of information presented in the primary financial statements and the notes thereto. The Group is reviewing its current presentation to determine whether additional disaggregation of certain line items and revisions to descriptions will be required.

IFRS 18 also requires disclosures about management-defined performance measures. Such measures are subtotals of income and expenses used in public communications outside the financial statements to communicate management's view of particular aspects of financial performance and that meet the criteria specified in IFRS 18. The Group is assessing whether the performance measures currently used in its public communications meet the definition of management-defined performance measures and whether they will require the related disclosures and reconciliations.

The application of IFRS 18 is not expected to have material impact on the consolidated statements of financial position but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of cash flows and disclosures in the financial information. The Group continues to assess the impact of applying IFRS 18, including the detailed allocation of income and expenses between the categories prescribed by IFRS 18, the classification of foreign exchange differences and derivative financial instrument results, the identification of management-defined performance measures, the assessment of aggregation and disaggregation requirements, and the impact of the related amendments to other IFRS Accounting Standards.

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. During the six months ended 30 June 2026, the Group classified the acquired debt securities as financial assets at fair value through profit or loss (FVTPL), as this portfolio is managed on a fair value and total investment return basis.

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 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.

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.

Where the fair value of a derivative financial instrument at initial recognition differs from the transaction price and the fair value is determined using a valuation technique that uses only observable market inputs (Level 2 of the fair value hierarchy), the difference between the fair value and the transaction price is recognised in profit or loss on the trade date (Note 30). The above difference does not form part of the hedging relationship, is not included in the assessment of hedge effectiveness, and is not subsequently reversed or recognised upon changes in the fair value of the instrument in subsequent periods.

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) the financial instrument is 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

Ordinary 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.

Consideration received for ordinary 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 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"), the Rules for the payment of compensation to employees of the Company and its subsidiaries ("Rules No. 2") and the Rules for payment of 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 Historical Financial Information 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 Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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 Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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 ended 31 December 2025. As at 30 June 2026, the Group's management did not identify any events that occurred during the six months ended 30 June 2026 that could be considered an indicator of impairment of the "Transportation Operations CGU" and other CGUs except for one CGU. The Group's management determined the recoverable amounts of this CGU and no impairment loss was recognised during the six months ended 30 June 2026.

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. As at 30 June 2026, an impairment indicator was identified for one of the Group's individual CGUs, and 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 more frequently if indicators of impairment are identified of the CGU that includes the assets of its subsidiary Joint Stock Company «Kedentransservice», which forms part of the Freight Transportation operating segment. As at 31 December 2025 and 30 June 2026, the carrying amount of goodwill amounted to KZT15,520 million and was allocated to the CGU of Joint Stock Company «Kedentransservice».

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.

Under the tax legislation of the Republic of Kazakhstan, excess VAT is refundable from the state budget on a quarterly basis under a simplified procedure, in an amount determined in accordance with the tax legislation of the Republic of Kazakhstan. 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.

In March 2026, the Group received a notice from the tax authorities regarding the commencement of a tax audit to verify excess VAT amounts for the period from 1 January 2024 to 31 March 2025 in accordance with the tax legislation of the Republic of Kazakhstan. In May 2026, following the completion of the tax audit, the tax authorities confirmed excess VAT refundable from the state budget for the period from the first quarter of 2024 to the first quarter of 2025 in the amount of KZT46,629 million. As at 30 June 2026, the Group recognised an allowance of KZT1,351 million in respect of the excess VAT amount for the period from the first quarter of 2024 to the first quarter of 2025 that had not been confirmed by the tax authorities.

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 and 30 June 2026, total VAT recoverable amounted to KZT204,656 million, KZT315,184 million, KZT421,676 million and KZT525,280 million, respectively, of which KZT49,618 million, KZT120,475 million, KZT48,789 million and KZT23,326 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% and 22.29% for years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026, 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, 2025 and 30 June 2026. 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 (United Kingdom) regarding 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).

Debt securities at fair value through profit or loss

During the six months ended 30 June 2026, the Group invested temporarily available cash in the portfolio of USD-denominated debt securities (Note 12).

Investments were made to gain from subsequent sale of debt securities before their contractual maturity date due to the change in their market value.

The Group's management concluded that the portfolio is managed and its performance is measured based on the total investment return, including the change in the fair value of debt securities and receipt of interest income. The Group measures this portfolio at fair value through profit or loss based on the Group's business model for managing financial assets and contractual cash flow characteristics of the financial assets, in accordance with IFRS 9 *Financial Instruments*.

The fair value of bonds is measured in accordance with the requirements of IFRS 13 *Fair Value Measurement* based on observable market inputs. As at 30 June 2026, the debt securities are categorised within Level 2 of the fair value hierarchy (Note 30). Although there are available market quotes, the Group's management concluded that the market for these issues is not active due to the limited trading volume and low frequency of transactions made. Therefore, the valuation methods based on observable market inputs, including market return for comparable instruments, credit spreads and currency forward curves, are used for determining the fair value.

Despite the long-term contractual maturities for debt securities, the Group's management expects to sell this portfolio within 12 months after the reporting date to finance the Group's future capital investments; therefore, debt securities were classified within current assets. The actual dates of the bonds sales may differ from the management's current expectations depending on the market conditions, the Group's investment needs and the implementation timeline for the scheduled capital projects.

The Group classified the cash flows related to the purchase and sale of debt securities within investing activities. Although these financial assets are measured at fair value through profit or loss, they are not held for trading and do not form part of the trading portfolio. The investments were made using the temporarily available cash for the purpose of their subsequent sale to finance the Group's future capital investments. In this context, the Group's management believes that the presentation of cash flows related to the purchase and sale of the above bonds within investing activities matches the nature of these transactions and complies with the requirements of IAS 7 *Statement of Cash Flows*.

As at 30 June 2026, the debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank were partly pledged as security under the repurchase (direct repo) transactions.

The Group's management concluded that, in these transactions, the Group retains substantially all material risks and rewards of ownership of debt securities pledged as security. Therefore, the Group continues to account for these debt securities within current financial assets. The restriction on disposal of debt securities is of a temporary nature and is effective exclusively until the date when the liabilities under the direct REPO transactions are discharged. These liabilities are payable during a short period after the reporting date; therefore, the above restriction has no effect on the classification of debt securities as current assets.

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	Eliminations	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
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

	Freight transportation	Passenger transportation	Reportable segments	Others	Eliminations	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
General and administrative expenses	(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
Reversal of impairment of financial assets and contract assets	2,487	11	2,498	28	136	2,662
Reversal of impairment/(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
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 *KZT'million*	Passenger transportation *KZT'million*	Reportable segments *KZT'million*	Others *KZT'million*	Eliminations *KZT'million*	Total *KZT'million*
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
Reversal of impairment/(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
Income tax expenses	(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
Reversal of impairment/ (impairment) of financial assets and contract assets	(6,327)	20	(6,307)	(713)	3,127	(3,893)
Reversal of impairment/ (impairment) 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

Six months ended 30 June 2025 (unaudited)

	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 22)*	1,130,511	60,161	1,190,672	–	–	1,190,672
Government grants	–	21,277	21,277	–	–	21,277
Other revenue from third parties	47,720	2,907	50,627	10,501	–	61,128
Inter-segment transactions	21,620	52,829	74,449	4,585	(79,034)	–
Total revenue and other income	1,199,851	137,174	1,337,025	15,086	(79,034)	1,273,077
Cost of sales	(845,544)	(123,381)	(968,925)	(11,686)	78,089	(902,522)
Gross profit	354,307	13,793	368,100	3,400	(945)	370,555
General and administrative expenses	(56,289)	(6,288)	(62,577)	(1,894)	695	(63,776)
Finance income	21,250	2,893	24,143	271	(6,659)	17,755
Finance costs	(104,752)	(17,210)	(121,962)	(94)	2,673	(119,383)
Foreign exchange (loss)/gain	(69,710)	(9,908)	(79,618)	(18)	2,627	(77,009)
Share of profit of associates and joint ventures	1,094	–	1,094	–	–	1,094
Reversal of impairment/ (impairment) of financial assets and contract assets	(3,074)	(28)	(3,102)	(28)	24	(3,106)
Reversal of impairment/ (impairment) of non-financial assets	(7,261)	564	(6,697)	12	–	(6,685)
Other profit and losses	3,626	34	3,660	(134)	(15)	3,511
Profit/(loss) before tax	139,191	(16,150)	123,041	1,515	(1,600)	122,956
Income tax (expenses)/benefit	(33,674)	(1,712)	(35,386)	122	(1,642)	(36,906)
Profit/(loss) for the year	105,517	(17,862)	87,655	1,637	(3,242)	86,050
Other key segment information						
Capital expenditures on property, plant and equipment	377,434	21,689	399,123	664	–	399,787
Depreciation of property, plant and equipment *(Note 6)*	84,181	11,737	95,918	1,691	(1)	97,608

Six months ended 30 June 2026

	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 22)*	1,322,173	66,814	1,388,987	–	–	1,388,987
Government grants	1,548	25,779	27,327	–	–	27,327
Other revenue from third parties	36,882	2,490	39,372	10,005	–	49,377
Inter-segment transactions	23,752	58,915	82,667	4,826	(87,493)	–
Total revenue and other income	1,384,355	153,998	1,538,353	14,831	(87,493)	1,465,691
Cost of sales	(973,071)	(137,056)	(1,110,127)	(13,204)	86,778	(1,036,553)
Gross profit	411,284	16,942	428,226	1,627	(715)	429,138
General and administrative expenses	(71,290)	(6,766)	(78,056)	(2,301)	677	(79,680)
Finance income	32,586	1,542	34,128	512	(12,055)	22,585
Finance costs	(146,535)	(26,083)	(172,618)	(190)	7,878	(164,930)
Foreign exchange (loss)/gain	89,442	11,237	100,679	56	(1,020)	99,715
Share of loss of associates and joint ventures	(2,345)	–	(2,345)	–	–	(2,345)
Reversal of impairment/ (impairment) of financial assets and contract assets	2,405	15	2,420	56	(3,114)	(638)
Reversal of impairment/ (impairment) of non-financial assets	(3,086)	(388)	(3,474)	132	27	(3,315)
Other profit and losses	(1,049)	61	(988)	(128)	(25)	(1,141)
Profit/(loss) before tax	311,412	(3,440)	307,972	(236)	(8,347)	299,389
Income tax (expenses)/benefit	(116,120)	(709)	(116,829)	(1,076)	9,517	(108,388)
Profit/(loss) for the year	195,292	(4,149)	191,143	(1,312)	1,170	191,001
Other key segment information						
Capital expenditures on property, plant and equipment	689,950	233,524	923,474	33,052	–	956,526
Depreciation of property, plant and equipment *(Note 6)*	98,578	13,656	112,234	1,803	(47)	113,990

Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on country of domicile of the Group's contractual customer for each of the Relevant Periods and the six months ended 30 June 2026:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Kazakhstan	1,707,325	1,782,095	2,318,252	1,055,823	1,235,710
Russia	150,496	182,070	193,545	91,260	109,795
China	33,366	67,187	100,185	43,694	67,556
Germany	17,368	42,871	–	–	–
Others	25,540	89,719	145,101	82,300	52,630
Total	1,934,095	2,163,942	2,757,083	1,273,077	1,465,691

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			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Kazakhstan	4,498,938	5,449,449	7,034,262	8,021,538
Russia	17,881	19,541	38,598	37,495
China	16,828	18,545	15,757	13,374
Others	–	–	–	1,392
Total	4,533,647	5,487,535	7,088,617	8,073,799

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, 2025 and six months ended 30 June 2026.

6. PROPERTY, PLANT AND EQUIPMENT

The Group

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying value as at 1 January 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
Property, plant and equipment that are subject to operating lease (Group as lessor)	–	239	–	88,774	–	–	–	89,013

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
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
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
Property, plant and equipment that are subject to operating lease (Group as lessor)	–	397	–	87,188	–	–	–	87,585

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	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	–	11,892	–	28,792
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
Reversal of impairment/ (impairment)	11	(61)	(244)	(141)	–	(619)	(3,532)	(4,586)
Other movements and transfers	553,793	30,900	172,569	411,400	–	256	(1,172,263)	(3,345)
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

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	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 2026	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Purchases	1	334	7,702	218,882	–	828	646,572	874,319
Lease additions	–	10	10,447	71,750	–	–	–	82,207
Lease modifications	–	618	(32)	2,647	–	–	–	3,233
Disposals	(3)	(1,415)	(12,364)	(4,768)	(2)	(176)	(2,473)	(21,201)
Depreciation charge *(Note 5)*	(32,592)	(4,928)	(18,113)	(57,012)	–	(1,345)	–	(113,990)
Depreciation on disposal	5	846	12,263	4,692	–	175	–	17,981
Reversal of impairment/ (impairment)	(5)	(666)	6	33	–	–	(16)	(648)
Other movements and transfers	22,146	438	13,805	93,379	–	(139)	(128,852)	777
Carrying amount as at 30 June 2026	2,036,944	373,889	445,750	2,960,449	2,805	18,084	880,204	6,718,125
Cost	2,506,750	469,192	806,123	3,824,018	2,805	45,524	892,065	8,546,477
Accumulated depreciation and impairment	(469,806)	(95,303)	(360,373)	(863,569)	–	(27,440)	(11,861)	(1,828,352)
Carrying amount as at 30 June 2026	2,036,944	373,889	445,750	2,960,449	2,805	18,084	880,204	6,718,125
Including:								
Right of use assets:								
Cost	–	3,065	37,909	515,730	–	7,374	–	564,078
Accumulated depreciation and impairment	–	(1,245)	(14,727)	(29,712)	–	(7,374)	–	(53,058)
Carrying amount	–	1,820	23,182	486,018	–	–	–	511,020
Property, plant, and equipment that are subject to operating lease (Group as the lessor)	417	40,985	41	54,387	45	–	–	95,875

The Company

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying value as at 1 January 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
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
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	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying value as at 1 January 2025	1,563,643	184,540	239,169	45,532	874	4,819	465,983	2,504,560
Additions	26	4,962	12,046	8,889	3	261	645,301	671,488
Share capital contribution	8,056	1,275	7,345	224	–	11,891	–	28,791
Lease additions	–	22	–	–	–	–	–	22
Lease modifications	–	2	(306)	–	–	–	–	(304)
Disposals	(2,812)	(1,493)	(3,198)	(451)	(2)	(411)	–	(8,367)
Depreciation charge	(49,198)	(5,113)	(31,500)	(5,064)	–	(1,240)	–	(92,115)
Depreciation on disposal	1,476	654	2,549	365	–	411	–	5,455
Reversal of impairment/ (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

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Carrying value as at 1 January 2026	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Additions	1	362	3,394	1,040	–	455	313,143	318,395
Lease additions	–	10	1,353	–	–	–	–	1,363
Lease modifications	–	157	(31)	–	–	–	–	126
Disposals	(3)	(1,060)	(15,950)	(300)	(2)	(105)	(303)	(17,723)
Depreciation charge	(32,594)	(2,818)	(15,360)	(2,979)	–	(745)	–	(54,496)
Depreciation on disposal	5	722	15,950	300	–	105	–	17,082
Reversal of impairment/ (impairment)	(5)	(16)	16	26	–	–	6	27
Other movements and transfers	(5,382)	26,556	13,531	3,664	–	(171)	(39,541)	(1,343)
Carrying value as at 30 June 2026	2,036,943	217,795	398,318	62,708	873	15,354	622,117	3,354,108
Cost	2,506,749	280,763	718,296	116,713	873	28,229	632,407	4,284,030
Accumulated depreciation and impairment	(469,806)	(62,968)	(319,978)	(54,005)	–	(12,875)	(10,290)	(929,922)
Carrying value as at 30 June 2026	2,036,943	217,795	398,318	62,708	873	15,354	622,117	3,354,108
Including:								
Right-of-use assets:								
Cost	–	477	27,919	–	–	–	–	28,396
Accumulated depreciation and impairment	–	(322)	(13,384)	–	–	–	–	(13,706)
Carrying value	–	155	14,535	–	–	–	–	14,690

As at 31 December 2025 and 30 June 2026, 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 and 30 June 2026, the Group's property, plant and equipment with a carrying amount of KZT10,881 million, KZT95,258 million, KZT82,275 million and KZT81,123 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Company has no property, plant and equipment used as collateral for loans.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group recognised depreciation expenses on right-of-use assets of KZT14,181 million, KZT14,156 million, KZT21,109 million and KZT10,831 million, respectively. For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT9,795 million, KZT7,543 million, KZT7,420 million and KZT2,779 million, respectively.

For the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026, the Group's capitalised borrowing costs amounted to KZT26,591 million, KZT52,177 million, KZT68,453 million and KZT289 million, respectively. The average capitalization rate for the Group was between 3.25% and 19.35%, between 5.29% and 14.5%, 8.8% and 11.59%, respectively. For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Company's capitalised borrowing costs amounted to KZT15,749 million, KZT34,761 million, KZT55,349 million and nil, respectively. The average capitalisation rate for the Company between 5.36% and 14.5%, and 11.61%, respectively.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the cost of the Group's fully depreciated property, plant and equipment in use was KZT372,174 million, KZT375,511 million, KZT396,684 million and KZT421,001 million, respectively. As at 31 December 2023, 2024, 2025 and 30 June 2026, the cost of the Company's fully depreciated property, plant and equipment in use is KZT348,619 million, KZT350,193 million, KZT367,468 million and KZT388,078 million, respectively.

As at 31 December 2023, 2024, 2025 and 30 June 2026, 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 (Xi'an) Trade and Logistics Co., Ltd.	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 (Xi'an) Trade and Logistics Co., Ltd.	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/ Kazakhstan	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	33.33%*
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	42.27%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,457	49%
China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd.	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/Kazakhstan	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	International Transport route	Russia	–	33.3%*
Total investments in joint ventures			11,637	

Name	Primary activity	Main country of operation/ country of registration	30 June 2026 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	19,768	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	9,345	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	9,985	49%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	5,926	49%
China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd.	International multimodal transportation, terminal services, etc.	China	5,544	49%
Others			238	40–49%
Total investments in associates			50,806	
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	11,184	49.9%
Private Company KPMC Ltd.	Organization of container block trains and freight forwarding services for land–sea cargo routes	China/ Kazakhstan	398	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	281	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	193	25%*
CRK-Terminal LLC	International Transport route	Russia	119	33.3%*
Total investments in joint ventures			12,175	

* *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	5	33.33%*
Total investments in joint ventures			5	

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	

Name	Primary activity	Main country of operation/ country of registration	31 December 2024 Carrying amount *KZT'million*	Ownership
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	80	33.33%*
Total investments in joint ventures			80	

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*

Name	Primary activity	Main country of operation/ country of registration	30 June 2026 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 ERAJSC")	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	25%*
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			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Associates				
At beginning of the year/period	28,634	38,989	48,678	56,464
Acquisition	5,196	1,578	6,211	2,418
Foreign currency translation	(4,588)	1,927	5,314	(1,067)
Share of profit/(loss)	8,190	10,962	2,414	(2,294)
Fair value of the retained interest upon loss of control of a subsidiary	–	–	–	197
Reversal of impairment/(impairment)	4,697	(298)	(1,508)	(969)
Dividends receivable	(3,140)	(4,480)	(4,645)	(3,943)
At end of the year/period	38,989	48,678	56,464	50,806
Joint ventures				
At beginning of the year/period	165	1,579	1,396	11,637
Acquisition	5	–	6,576	–
Foreign currency translation	–	(5)	–	40
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	549
Reversal of impairment/(impairment)	343	(231)	–	–
Share of loss	(46)	(190)	(780)	(51)
At end of the year/period	1,579	1,396	11,637	12,175

During 2023, the Group, represented by its subsidiary Joint Stock Company «Kedentransservice», made a cash contribution in the amount of 80,740,632 Chinese Yuan (KZT5,196 million) to the charter capital of China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd., 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 Joint Stock Company «National Company «International Sea Trade Port of Aktau», 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 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 Shanhai (Hong Kong) Investment and Development Co. Ltd. As at 31 December 2025 and 30 June 2026, the share capital of Aktau International Container Hub LLP is not fully formed, the Group's actual contribution remained at 42.26%, while the Group's ownership interest remains unchanged at 49%. The remaining part of the ownership stake of the Group in Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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. During the six months ended 30 June 2026, the Group further made an additional cash contribution of KZT549 million to this joint venture. As at 31 December 2025 and 30 June 2026, 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% and 55.61%, respectively, while the Group's ownership interest remains unchanged at 49.9% and 49.9%, respectively.

In April 2026, the share capital of the joint venture, Private Company Middle Corridor Multimodal Ltd was increased through a contribution of USD454,000 made by a new shareholder, China Railway Container Transport Co., Ltd. Accordingly, the Group's ownership interest decreased from 33.3% as of 31 December 2025 to 25% as of 30 June 2026. The Group retained joint control over Private Company Middle Corridor Multimodal Ltd and continues to account for its interest in the entity as a joint venture.

Summary financial information on material associates as at and for the Relevant Periods:

	31 December 2023				
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *KZT'million*	**Chinese-Kazakhstan International Logistics Company in Lianyungang** *KZT'million*	**Aktau Marine North Terminal LLP** *KZT'million*	**Trans telecom JSC** *KZT'million*	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC** *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
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
(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

	31 December 2024				
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *KZT'million*	**Chinese-Kazakhstan International Logistics Company in Lianyungang** *KZT'million*	**Aktau Marine North Terminal LLP** *KZT'million*	**Trans telecom JSC** *KZT'million*	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC** *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

	31 December 2025					
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *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*	**Trans telecom JSC** *KZT'million*	**United Transportation and Logistics Company – Eurasian Railway Alliance 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

	30 June 2026					
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *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*	**Trans telecom JSC** *KZT'million*	**United Transportation and Logistics Company – Eurasian Railway Alliance JSC** *KZT'million*
Current assets	9,997	11,628	1,210	4,139	208,371	46,409
Non-current assets	4,178	22,468	31,454	18,962	69,927	61,356
Total assets	14,175	34,096	32,664	23,101	278,298	107,765
Current liabilities	2,861	3,510	23,014	2,723	207,202	26,725
Non-current liabilities	–	233	32,904	–	42,609	21,735
Total liabilities	2,861	3,743	55,918	2,723	249,811	48,460
Total net assets/(liabilities)	11,314	30,353	(23,254)	20,378	28,487	59,305
Ownership interest	49%	49%	40%	49%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,544	14,873	(9,302)	9,985	7,122	19,768
Accumulated impairment	–	(8,947)	–	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,544	5,926	(9,302)	9,985	7,122	19,768
Accumulated unrecognised loss	–	–	9,302	–	–	–
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	5,544	5,926	–	9,985	9,345	19,768
Revenue	2,561	1,336	2,037	–	27,360	9,573
Loss/profit and total comprehensive (loss)/income for the year	(1,415)	106	1,248	(207)	(5,676)	(190)
Recognised share of the Group in (loss)/profit	(693)	52	–	(101)	(1,420)	(63)

Summary financial information on material joint venture as at and for the Relevant Periods:

	31 December 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)

	30 June 2026 Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. *KZT'million*
Cash and cash equivalents	100
Other current assets	1,740
Current assets	1,840
Non-current assets	25,809
Total assets	27,649
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	
Current liabilities	2,670
Total liabilities	2,670
Total net assets	24,979
Ownership interest	55.61%
Net assets attributable to the Group	13,890
Net assets attributable to the Group, including impairment	13,890
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)	(8)
Unrealised profit accumulated	(2,698)
Carrying amount of investment	11,184
Revenue	185
Depreciation and amortisation	(16)
Loss and total comprehensive loss for the year	(201)
Recognised share of the Group in loss	(112)

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			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Associates				
Share of the associates' profit/(loss) for the year/period	–	–	59	(69)
Share of the associates' total comprehensive income/(loss)	–	–	59	(69)
Aggregate carrying amount of the Group's investments in the associates	–	1,578	109	238
Joint ventures				
Share of the joint ventures' profit/(loss) for the year/period	(46)	(190)	(649)	61
Share of the joint ventures' total comprehensive income/(loss)	(46)	(190)	(649)	61
Aggregate carrying amount of the Group's investments in the joint ventures	1,579	1,396	890	991

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	463,044	384,165	731,026	749,883
VAT recoverable	167,275	207,246	390,051	520,631
Investment properties *(note i)*	8,379	8,765	8,565	8,501
Withholding corporate income tax	40,121	36,441	3,408	1,026
Other	4,290	6,006	4,350	6,561
Less: allowance for non-recoverable VAT	(12,237)	(12,537)	(17,164)	(18,677)
Less: allowance for withholding corporate income tax	–	(1,028)	(1,167)	(895)
Less: allowance for advances to vendors for property, plant and equipment	(1,616)	(522)	(470)	(467)
Less: allowance for other non-current non-financial assets	–	(72)	(72)	(72)
Total other non-financial assets	669,256	628,464	1,118,527	1,266,491
Restricted cash *(note ii)*	14,175	13,932	14,069	9,667
Loans to employees	3,819	3,163	2,366	2,101
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	1,432	654	676	711
Loans issued	3,938	–	–	–
Long-term trade accounts receivable *(Note 11)*	26	–	–	–
Other	1,144	1,757	1,533	1,445
Less: allowance for loans issued	(3,092)	–	–	–
Less: allowance for other non-current financial assets	(539)	(487)	(383)	(296)
Total other financial assets	20,903	19,019	18,261	13,628
	690,159	647,483	1,136,788	1,280,119

Note i: The fair value of the Group's investment property at 31 December 2023, 2024, 2025 and 30 June 2026, was KZT10,317 million, KZT10,273 million, KZT16,658 million and KZT17,711 million, respectively. 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 years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026, the Group accrued depreciation expense on investment properties in the amount of KZT150 million, KZT145 million, KZT133 million and KZT64 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 KZT35,413 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 and 30 June 2026, the Group reclassified a portion of the withholding corporate income tax to other current assets in the amount of KZT34,388 million and nil (Note 12), respectively.

As at 31 December 2023, 2024, 2025 and 30 June 2026 advances paid for property, plant and equipment included:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Construction of the railway	133,923	128,984	289,072	450,856
Construction of a unified LTE-R digital railway radio communication network	–	–	–	83,517
Passenger carriages supply	163,034	163,047	206,144	462
Electric locomotive supplies	90,447	82,510	113,959	56,374
Railroad switch supplies	9,981	4,991	–	4,977
Diesel locomotive supplies	61,262	2,017	–	–
Construction of automatic train control systems	–	–	68,598	36,758
Modernization of railway station infrastructure	–	–	26,469	79,248
Capital repair of railway tracks	–	–	358	12,067
Construction of rolling stock accounting and control system	–	–	4,334	4,334
Acquisition of rails	–	–	5,341	4,333
Others	4,397	2,616	16,751	16,957
	463,044	384,165	731,026	749,883

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Advances paid for property, plant and equipment	145,499	134,946	407,562	687,112
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	29,286	17,493	27,714	36
Corporate income tax withheld	38,584	35,231	2,048	–
Other	62	623	605	585
Less: allowance for expected credit losses on other non-current non-financial assets	(894)	(406)	(355)	(351)
Total other non-financial assets	212,537	187,887	437,574	687,382
Loans to employees	2,565	2,131	1,842	1,639
Other	1,814	1,604	1,082	936
Less: allowance for expected credit losses on other non-current financial assets	(88)	(104)	(79)	(85)
Total other financial assets	4,291	3,631	2,845	2,490
	216,828	191,518	440,419	689,872

As at 31 December 2023, 2024, 2025 and 30 June 2026, 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, KZT289,072 million and KZT450,856 million, respectively, for acquisition of passenger carriages supply amounted to KZT163,034 million, KZT163,047 million, KZT206,144 million and KZT462 million, respectively, for the construction of automatic train control systems in the amount of nil, nil, KZT68,598 million and KZT36,758 million, respectively, and for the modernisation of railway stations in the amount of nil, nil, KZT26,469 million and KZT79,248 million respectively.

During the years ended 2023, 2024, 2025 and six months ended 30 June 2026, 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, KZT10,221 million and KZT27 million, respectively, which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

As at 31 December 2025 the Company reclassified a portion of the withholding corporate income tax to other current assets in the amount of KZT34,388 million (30 June 2026: Nil) (Note 12).

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Short-term bank deposits in KZT	60,761	61,779	175,890	129,981
Short-term bank deposits in US$	6,365	2,339	4,532	150,166
Short-term bank deposits in other currencies	165	–	34	1,008
Cash in digital accounts in KZT	–	116,635	22,882	22,604
Cash in current accounts in KZT	120,497	7,326	16,462	25,759
Cash in current bank accounts in US$	13,075	4,763	6,806	23,687
Cash in current bank accounts in Russian Rubles	1,245	2,484	3,392	2,277
Cash in current bank accounts in Chinese Yuan	1,731	2,070	2,714	10,630
Cash in current bank accounts in Euros	782	1,182	262	1,649
Cash in current bank accounts in other currencies	–	–	15	3
Cash on hand	9	10	2	7
Subtotal	204,630	198,588	232,991	367,771
Less: allowance for expected credit losses on cash and cash equivalents	(16)	(10)	(18)	(76)
Cash and cash equivalents	204,614	198,578	232,973	367,695

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Short-term bank deposits in US dollars	–	–	–	145,043
Short-term bank deposits in KZT	21,443	6,772	87,131	49,427
Cash on digital accounts in KZT	–	116,635	22,882	22,604
Cash in current accounts in KZT	117,979	2,627	11,896	21,496
Cash in current accounts in US dollars	–	–	–	271
Cash in current bank accounts in other currencies	2	110	120	917
Subtotal	139,424	126,144	122,029	239,758
Less: allowance for expected credit losses on cash and cash equivalents	(8)	(5)	(11)	(68)
Cash and cash equivalents	139,416	126,139	122,018	239,690

As at 31 December 2024 and 2025 and 30 June 2026, 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 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 8.19% in KZT and 0.16% 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. And as at 30 June 2026, the Group's weighted average interest rate on cash in current accounts was 12.15% in KZT and 0.56% in other currencies.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the Company's weighted average interest rate on cash in current accounts in KZT was 0.66%, 8.62%, 7.43% and 13.46%, 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 15.26% in KZT and 3% in US$ and 12% in other currencies. As at 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. And as at 30 June 2026, the Group's weighted average interest rate on short-term bank deposits was 16.46% in KZT, 4.22% in US$, 5.0% in other currencies. As at 31 December 2023, 2024, 2025 and 30 June 2026, the Company's weighted average interest rate on short-term bank deposits was 15.02%, 14.93%, 17.73% and 16.27%, 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 and 30 June 2026, 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 KZT26,187 million; and KZT22,882 million and KZT22,604 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 and 30 June 2026 is low.

As at 31 December 2025 and 30 June 2026, 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 KZT41 million; and KZT22,882 million and KZT22,604 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 and 30 June 2026 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			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Fuel and lubricants (at cost)	20,028	13,553	30,827	37,226
Track structure materials (at cost)	18,786	15,648	26,862	28,883
Raw and other materials (at cost)	13,452	15,454	13,825	14,003
Spare parts (at cost)	8,421	8,743	11,015	11,538
Construction materials (at cost)	1,559	1,453	1,128	1,350
Others (at cost)	4,135	4,409	3,745	4,202
Subtotal	66,381	59,260	87,402	97,202
Less: Provision for inventory	(2,019)	(1,440)	(980)	(917)
Total	64,362	57,820	86,422	96,285

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Track structure materials (at cost)	18,726	15,586	26,793	28,821
Materials and supplies (at cost)	6,201	7,749	5,152	6,594
Fuel and lubricants (at cost)	889	1,211	1,843	1,001
Spare parts (at cost)	427	595	778	1,178
Construction materials (at cost)	445	551	424	715
Others (at cost)	1,044	1,149	1,417	2,132
Total	27,732	26,841	36,407	40,441

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable	20,316	25,173	22,865	27,825
Less: allowance for credit losses	(3,964)	(3,507)	(4,856)	(4,039)
Total	16,352	21,666	18,009	23,786
Current portion of trade accounts receivable	16,326	21,666	18,009	23,786
Long-term portion of trade accounts receivable *(Note 8)*	26	–	–	–
Total	16,352	21,666	18,009	23,786

As at 1 January 2023, trade receivables from contract with customers amounted to KZT14,276 million.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Trade accounts receivable	182,671	302,830	346,646	477,184
Less: allowance for credit losses	(28)	(93)	(334)	(401)
Net carrying amount	182,643	302,737	346,312	476,783

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 manage and 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 receivables 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 receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the trade accounts receivable as at 31 December 2023, 2024, 2025 and 30 June 2026, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within 1 month	9,991	18,683	8,418	17,775
1–3 months	4,078	1,441	6,819	2,104
3–6 months	1,262	1,049	2,288	3,564
6 months to 1 year	952	426	442	272
Over 1 year	69	67	42	71
Total	16,352	21,666	18,009	23,786

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within 1 month	182,420	302,413	345,761	476,621
1–3 months	125	193	494	117
3–6 months	46	93	57	45
6 months to 1 year	52	38	–	–
Total	182,643	302,737	346,312	476,783

The movements in the loss allowance for impairment of trade accounts receivables during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
At beginning of the year/period	7,593	3,964	3,507	4,856
(Reversal of impairment)/impairment during the year/period, net	(1,166)	1,194	2,132	832
Amount written off as uncollectible	(2,463)	(1,651)	(783)	(1,649)
At end of the year/period	3,964	3,507	4,856	4,039

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
At beginning of the year/period	22	28	93	334
Impairment during the year/period, net	11	65	247	68
Amount written off as uncollectible	(5)	–	(6)	(1)
At end of the year/period	28	93	334	401

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.

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	4,854	465	1,594	2,565	20,316
Expected credit losses *(KZT'million)*	(206)	(60)	(240)	(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)

As at 30 June 2026

		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	1.87%	4.88%	13.83%	34.16%	84.27%	99.27%	14.52%
Gross carrying amount *(KZT'million)*	13,713	6,768	3,146	1,408	1,551	1,239	27,825
Expected credit losses *(KZT'million)*	(256)	(330)	(435)	(481)	(1,307)	(1,230)	(4,039)

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%	100.00%	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%	6.54%	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)

As at 30 June 2026

		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%	5.01%	14.13%	51.96%	81.82%	100%	0.08%
Gross carrying amount *(KZT'million)*	476,281	419	92	102	11	279	477,184
Expected credit losses *(KZT'million)*	(26)	(21)	(13)	(53)	(9)	(279)	(401)

12. OTHER CURRENT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	36,392	40,185
Advances paid	25,736	20,183	26,713	26,360
Other taxes prepaid	4,207	6,190	4,089	1,800
Prepaid expenses	2,448	2,690	1,037	8,563
Other	5,494	5,670	5,488	5,380
Less: allowance for withholding corporate income tax	–	(4,229)	–	(29,895)
Less: allowance for the impairment of advances paid	(1,761)	(2,665)	(2,328)	(2,331)
Less: allowance for the impairment of other current non-financial assets	(4,635)	(5,086)	(5,089)	(5,104)
Total other non-financial assets	31,489	22,753	66,302	44,958
Debt securities at fair value through profit or loss	–	–	–	21,563
Debt securities pledged under direct REPO transactions	–	–	–	35,781
Restricted cash	6,789	16,235	25,009	25,954
Dividends receivable from associates	–	–	–	3,636
Government grants	–	–	–	3,360
Claims, interest and fines	3,974	2,409	1,947	2,132
Due from employees	1,665	1,416	1,628	1,895
Others	5,191	5,766	5,160	3,409
Less: allowance for expected credit losses on other current financial assets	(3,120)	(3,172)	(4,207)	(3,926)
Total other financial assets	14,499	22,654	29,537	93,804
	45,988	45,407	95,839	138,762

During the six months ended 30 June 2026, the Group recognised an impairment allowance for withholding corporate income tax in the amount of KZT29,895 million as a result of amendments to the tax legislation of the Republic of Kazakhstan relating to the statute of limitations, which became effective on 1 January 2026 (Note 17).

During May to June 2026, the Group invested temporarily available cash in the portfolio of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan, NC KazMunayGas JSC, NMH Baiterek JSC, and the Eurasian Development Bank, for the total of US$125,016,375 (KZT59,686 million) and maturing in the period from June 2029 to October 2048. In accordance with the Group's business model for managing financial assets and contractual cash flow characteristics, these securities were classified as financial assets at fair value through profit or loss. Despite the long-term contractual maturities, the Group's management expects to sell this portfolio within 12 months after the reporting date to finance the Group's future capital investments. Therefore, the Group classified debt securities within current assets.

For the six months ended 30 June 2026, the Group accrued interest income of US$583,831 (KZT278 million), recognised a fair value loss of US$6,311,746 (KZT3,034 million) and foreign exchange gain of KZT414 million on revaluation.

As at 30 June 2026, the carrying amount of debt securities was US$52,034,861 (KZT25,014 million) for those issued by the Ministry of Finance of the Republic of Kazakhstan, US$36,071,416 (KZT17,340 million) for those issued by NC KazMunayGas JSC, US$23,868,797 (KZT11,474 million) for those issued by the Eurasian Development Bank and US$7,313,386 (KZT3,516 million) for those issued by NMH Baiterek JSC (Note 23).

As at 30 June 2026, a portion of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank that was pledged as security under the repurchase (direct repo) transactions (Note 20) for the total of KZT35,781 million.

Restricted cash mainly represents amounts denominated in US$ that have been pledged as collateral for the current portion of loans obtained from Citibank and Deutsche Bank Luxembourg S.A. The restriction on the use of these funds will be released upon repayment of the respective loans.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Withholding corporate income tax	–	–	35,596	38,732
Advances paid	2,843	4,303	8,108	4,699
Other taxes prepaid	1,639	4,973	501	308
Prepaid expenses	1,431	1,500	289	2,840
Income tax prepaid	266	266	36	36
Others	2,946	3,072	3,080	3,123
Less: impairment allowance for withholding corporate income tax	–	–	–	(29,895)
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,062)	(7,461)	(3,375)	(3,605)
Total other non-financial assets	6,063	6,653	44,235	16,238
Debt securities at fair value through profit or loss	–	–	–	21,563
Debt securities pledged under direct REPO transactions	–	–	–	35,781
Dividends receivable	–	–	–	3,633
Restricted cash	6,037	3,677	3,606	3,363
Claims, interest and fines	520	398	898	1,141
Loans to employees	703	548	627	624
Others	727	665	1,105	1,238
Less: allowance for expected credit losses on other current financial assets	(283)	(221)	(1,058)	(1,164)
Total other financial assets	7,704	5,067	5,178	66,179
	13,767	11,720	49,413	82,417

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 in the coming 12 months (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, 2025 and 30 June 2026 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, 1 January 2026 and 30 June 2026	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 KZT24,310 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.

Please refer to details of the Company's share split completed subsequent to the Relevant Periods in Notes 24 and 34.

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 KZT35,587 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 million 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 and 30 June 2026, the carrying value of these loans amounted to KZT534,250 million and KZT463,163 million, respectively. 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 and 138,438,878 Swiss Francs are repayable in 2026.

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.

During the six months ended 30 June 2026, the effective portion amounting to KZT34,969 million was recognised in the hedging reserve within other comprehensive income as a net gain on cash flow hedging instruments (for the six months ended 30 June 2025: the effective portion amounting to KZT67,671 million was recognised in the hedging reserve within other comprehensive loss as a net loss on cash flow hedging instruments). The related deferred income tax effect amounted to KZT6,994 million (six months ended 30 June 2025: KZT13,534 million) (Note 17).

During the six months ended 30 June 2026, revenue from international (transit) freight transportation, which constituted the hedged item in the cash flow hedge relationship, was recognised. Accordingly, the cumulative loss of KZT4,102 million attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (six months ended 30 June 2025: KZT1,799 million) (Note 22). The related deferred income tax effect amounted to KZT820 million (for the six months ended 30 June 2025: KZT360 million) (Note 17).

Strategy 3 (effective from 18 May 2026)

In May 2026, the Group entered into eight cross-currency swap transactions with J.P. Morgan Securities plc (United Kingdom), Société Générale S.A. (France), Abu Dhabi Commercial Bank PJSC (UAE) and Standard Chartered Bank (United Kingdom) with an aggregate notional amount of USD1,000,000,000 and 788,187,500 Swiss Francs. Under this strategy, the hedging instrument comprises a combination of Eurobonds with a nominal value of USD1,000,000,000 issued in April 2026 and the aforementioned cross-currency swaps, the schedules for receiving fixed amounts in U.S. dollars under which fully correspond to the payment schedules of the Eurobonds. As a result of this combination, the entire U.S. dollar cash outflow has been economically converted into a Swiss franc cash outflow. The aforementioned Eurobonds and cross-currency swaps are separately identifiable and can be measured reliably (Note 30).

The hedged item in this hedging relationship is the highly probable revenue from freight transit transportation services amounting to 788,187,500 Swiss Francs, comprising 394,137,500 Swiss Francs in 2031 and 394,050,000 Swiss Francs in 2036. The timing and amounts of this forecast revenue correspond to the Swiss Franc cash outflows under the cross-currency swap transactions. The hedged risk is the risk of changes in the exchange rate between the Swiss Francs and the KZT to which the Group's highly probable forecast revenue denominated in Swiss Francs is exposed. The hedge ratio is 1:1.

Upon initial recognition, the fair value of the cross-currency swap transactions differed from the transaction price by the amount of the margin of the counterparty banks incorporated into the contractual terms of the transactions. As the fair value was determined using only observable market data, the resulting difference of USD13,823,183 (equivalent to KZT6,490 million) was recognised in profit or loss on the transaction dates (Note 30). This amount does not represent hedge ineffectiveness, is not part of the hedging relationship and is not subject to subsequent reversal. Subsequent changes in the fair value of the transactions are accounted for under the hedge accounting model.

For the period from 18 May 2026 to 30 June 2026, the effective portion, including foreign exchange losses on the bonds of KZT11,005 million and the effective portion of changes in the fair value of derivative financial instruments of KZT10,434 million, was recognised in the cash flow hedge reserve within other comprehensive income, resulting in a net loss on cash flow hedging instruments of KZT571 million. Hedge ineffectiveness of KZT571 million was recognised in finance costs (Note 25). The aggregate deferred income tax effect recognised in other comprehensive income was nil, comprising KZT2,201 million relating to foreign exchange losses on the bonds, offset by KZT2,087 million relating to changes in the fair value of derivative financial instruments, and KZT114 million relating to hedge ineffectiveness.

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 and 1 January 2026	(669)	1,753,643	1,752,974
Profit for the period	–	163,829	163,829
Other comprehensive loss	(549)	(2,463)	(3,012)
Total comprehensive (loss)/income for the period	(549)	161,366	160,817
As at 30 June 2026	(1,218)	1,915,009	1,913,791

Partially owned subsidiary with material non-controlling interest

Below is information about subsidiary with material non-controlling interest:

Name	Country of registration and operation	31 December 2025 Carrying amount *KZT'million*	31 December 2025 Ownership	30 June 2026 Carrying amount *KZT'million*	30 June 2026 Ownership
Limited Liability Partnership «KTZE – Khorgos Gateway»	Kazakhstan	21,301	49%	20,338	49%

Below is the summary financial information regarding Limited Liability Partnership «KTZE – Khorgos Gateway»:

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Statement of financial position		
Non-current assets (property, plant and equipment and other)	25,891	25,323
Current assets (cash and cash equivalents, current trade accounts receivable, inventories and other)	22,367	26,265
Non-current liabilities (employee benefit obligations, deferred tax obligations)	2,024	1,892
Current liabilities (trade and other accounts payable)	2,762	8,190
Total equity	43,472	41,506
Attributable to:		
Shareholder	22,171	21,168
Non-controlling interests	21,301	20,338

	Year ended 31 December	Six months ended 30 June	
	2025	2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Statement of profit or loss and other comprehensive income			
Revenue	14,769	6,629	8,484
Cost of sales	(8,421)	(4,024)	(4,788)
General and administrative expenses	(1,257)	(640)	(592)
Finance income	2,551	1,101	1,769
Finance costs	(554)	–	–
Other income and expenses	1,058	962	(481)
Profit before tax	8,146	4,028	4,392
Income tax benefit	(840)	443	138
Total comprehensive income for the period	7,306	4,471	4,530
Attributable to:			
Shareholder	3,726	2,280	2,310
Non-controlling interests	3,580	2,191	2,220
Dividends to non-controlling interests	3,509	3,509	3,183

	Year ended 31 December	Six months ended 30 June	
	2025	2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Cash flow information			
Operating activities	13,046	5,981	2,470
Investing activities	(1,133)	(1,108)	(579)
Financing activities	(6,460)	(2,808)	–
Net increase in cash and cash equivalents	5,453	2,065	1,891

14. BORROWINGS

The Group

	31 December 2023	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
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
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 Group

	30 June 2026	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– in KZT	226,932	10.79
– in Russian Roubles	83,995	7.98
– in Euros	30,990	7.83
– in Chinese Yuan	709	3.00
Debt securities issued		
– in KZT	799,163	12.23
– in US$	896,861	5.70
– in Chinese Yuan	84,113	4.14
Floating interest rate borrowings		
Loans obtained		
– in Swiss Francs	1,113,411	2.02
– in Euros	371,956	5.22
– in Chinese Yuan	133,613	3.28
Issued debt securities		
– in Chinese Yuan	159,306	4.20
	3,901,049	
Current portion of borrowings	561,975	
Long-term portion of borrowings	3,339,074	
	3,901,049	

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
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 Company

	30 June 2026	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– *in KZT*	215,647	10.16
Debt securities issued		
– *in KZT*	799,163	12.23
– *in US$*	896,861	5.70
– *in Chinese Yuan*	84,113	4.14
Floating interest rate borrowings		
Loans received		
– *in Swiss Francs*	762,234	1.91
Debt securities issued		
– *in Chinese Yuan*	159,306	4.20
	2,917,324	
Current portion of borrowings	472,053	
Non-current portion of borrowings	2,445,271	
	2,917,324	

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within one year	354,115	812,965	488,658	561,975
Within a period of more than one year but not exceeding two years	449,040	214,519	189,515	200,546
Within a period of more than two years but not exceeding five years	303,109	397,039	1,168,059	1,785,454
Within a period of more than five years	1,011,283	1,228,865	1,339,785	1,353,074
	2,117,547	2,653,388	3,186,017	3,901,049

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within one year	318,255	673,881	404,398	472,053
Within a period of more than one year but not exceeding two years	400,946	135,085	84,975	100,739
Within a period of more than two years but not exceeding five years	163,595	176,300	852,106	1,449,212
Within a period of more than five years	803,929	939,127	936,631	895,320
	1,686,725	1,924,393	2,278,110	2,917,324

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 KZT56,989 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 2036.

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» 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.

During the six months ended 30 June 2026, the Group, represented by Limited Liability Partnership «KTZ-Passenger Locomotives», 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 the total amount of 627,110,893 Euros, borrowed 12,190,089 Euros (KZT 6,812 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 1.15%. The principal is repaid semi-annually until full repayment in 2036.

During the six months ended 30 June 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», 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 the total amount of 770,000,000 Euros, borrowed 77,979,948 Euros (KZT44,032 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 0.8%. The 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», 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 JSC 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 Euros 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 (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 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 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).

During the six months ended 30 June 2026, the Group, through the Company, made an early repayment of borrowings in the amount of 88,000,000 Swiss Francs (KZT56,247 million) under a credit facility agreement with Citibank, entered into on 4 April 2024.

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 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.

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.

During the six months ended 30 June 2026, the Group, through the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT70,000 million under a Credit Line Agreement with ForteBank JSC, entered into on 13 June 2022. The borrowings bear interest at a rate from 18.5% to 19.5% per annum and have maturities of up to six months. The Group made a partial repayment of the borrowings in the amount of KZT40,000 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.

The Group has fully repaid the entire outstanding debt amount under the concluded credit agreement.

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 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, the Group 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.

Halyk Bank of Kazakhstan JSC

During the six months ended 30 June 2026, the Group, through the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT70,000 million under a Credit Line Agreement with Halyk Bank of Kazakhstan JSC, entered into on 26 February 2015. The borrowings bear interest at a rate of 19.5% per annum and have maturities of up to one year. The Group repaid the loan ahead of its contractual maturity date.

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 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.

During the six months ended 30 June 2026, the Group, through Limited Liability Partnership «KTZ-Freight Transportation», received borrowings in the total amount of 91,547,609 Swiss Francs (KZT55,665 million) (including the US EXIM Bank premium) under a loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. guaranteed by US EXIM Bank, concluded on 26 November 2025, to finance the acquisition of diesel freight locomotives for a total of US$445,000,000 in Swiss franc equivalent. The loan interest is paid on quarterly basis at SARON O/N + 0.48%. The principal is repaid on quarterly basis until full repayment in 2036.

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.

Asian Infrastructure Investment Bank, International Finance Corporation and Standard Chartered Bank

On 9 January 2026, as part of the implementation of the Almaty Railway Bypass Line Construction Project (the "Project"), the Group, through the Company, entered into a Term Sheet and Loan Agreements with the Asian Infrastructure Investment Bank ("AIIB"), the International Finance Corporation ("IFC"), and Standard Chartered Bank, supported by a guarantee issued by the Multilateral Investment Guarantee Agency ("MIGA"), for a total amount of 243,428,993 Swiss Francs.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 72,501,178 Swiss Francs (KZT46,732 million) under a loan agreement with AIIB, entered into on 9 January 2026, to finance the Project, with a total committed amount of 119,923,249 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 1.3%. The principal is repaid semi-annually until full repayment in 2035.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 24,167,059 Swiss Francs (KZT15,577 million) under a loan agreement with the IFC, entered into on 9 January 2026, to finance the Project, with a total committed amount of 39,974,416 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 1.3%. The principal is repaid semi-annually until full repayment in 2035.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 51,896,370 Swiss Francs (KZT33,335 million) under a loan agreement with Standard Chartered Bank, under the warranty of MIGA, entered into on 9 January 2026, to finance the Project, with a total committed amount of 83,531,328 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 0.55%. The principal is repaid semi-annually until full repayment in 2035.

Standard Chartered Bank

In June 2026, the Group, through the Company, drew down borrowings in the total amount of 155,820,000 Swiss Francs (KZT96,613 million) under a loan agreement with Standard Chartered Bank, supported by a guarantee from the MIGA, entered into on 15 May 2026 to finance investment projects. The total committed amount under the facility was 155,820,000 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 0.6%. The principal is repaid semi-annually, starting from November 2027, until full repayment in 2033.

China Development Bank and The Export-Import Bank of China

During the six months ended 30 June 2026, the Group, through Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the amount of 1,424,018,955 Chinese Yuan (KZT100,439 million) under a loan agreement with The Export-Import Bank of China and China Development Bank, guaranteed by China Export & Credit Insurance Corporation (Sinosure), entered into on 7 February 2025 to finance the acquisition of mainline and shunting locomotives. The total committed amount under the facility was 3,560,188,615 Chinese Yuan. The loan interest is paid semi-annually at LPR5Y - 0.55%. The principal is repaid semi-annually, starting from 2028, until full repayment in 2040.

Citibank Kazakhstan JSC

During the six months ended 30 June 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT14,000 million under a Master Agreement on Short-Term Loans with Citibank Kazakhstan JSC, entered into on 30 November 2009. The borrowings bear interest at a rate of 18.11% per annum and have maturities of up to one year. The Group repaid the loan ahead of its contractual maturity date.

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

	Repayment date	Exchanges	31 December 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% Bonds (12.03%) Bonds (100%) in KZT	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
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	31 December 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%) Bonds (100%) in KZT	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	31 December 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% (16%–17.25%%) 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

	Repayment date	Exchanges	30 June 2026 *KZT'million*
Debt securities, by price*			
3% Eurobonds (100%) in US$ *(note i)*	28 October 2028	KASE	395,131
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
4.875% Eurobonds (99.453%) denominated in U.S. dollars *(note iv)*	29 April 2031	LSE, AIX, KASE	240,637
5.25% Eurobonds (99.043%) denominated in U.S. dollars *(note iv)*	29 April 2036	LSE, AIX, KASE	239,783
LPR1Y+1.20% (4.20%) Eurobonds (100%) in Chinese Yuan *(note iii)*	15 December 2028	AIX	159,306
8.74% Bonds (100%) in KZT	12 June 2043	KASE	137,704
9.25% Bonds (100%) in KZT	24 June 2044	KASE	123,211
7.37% Bonds (100%) in KZT	30 December 2042	KASE	103,241
LPR1Y+1.20% (4.20%) Eurobonds in Chinese yuan	10 April 2029	AIX	84,113
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
9.37% Bonds (100%) in KZT *(note ii)*	11 December 2045	KASE	26,395
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
5.5% Eurobonds (100%) denominated in U.S. dollars	15 December 2028	AIX	21,310
2% Bonds (100%) in KZT	20 August 2034	KASE	20,988
1.8% Bonds (100%) in KZT	10 July 2044	AIX	11,627
Total debt securities issued			1,939,443
Current portion of debt securities issued			297,551
Non-current portion of debt securities issued			1,641,892
			1,939,443

* *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).

Note iii: In February 2026, the Group, through the Company, issued bonds on the AIX in favour of the Shareholder in the amount of 2,220,000,000 Chinese Yuan (KZT159,372 million) to finance the construction of the Bakhty-Ayagoz railway line and the acquisition of six marine vessels. The bonds bear interest at a coupon rate of 1-year Loan Prime Rate (LPR1Y) + 1.2% per annum and mature in 2028. Coupon payments are made semi-annually.

Note iv: In April 2026, the Group, through the Company, issued two Eurobond tranches on the LSE, the KASE and the AIX with an aggregate principal amount of US$1,000,000,000 (KZT461,550 million), comprising two issuances of US$500,000,000 each. The Eurobonds bear coupon rates of 4.875% and 5.25% per annum and mature in 2031 and 2036, respectively. The proceeds were used to finance the modernisation of the Altynkol-Zhetygen railway section, the construction of the Darbaza-Maktaaral railway line, the modernisation of railway stations, and the implementation of microprocessor-based automatic block signalling systems. Coupon payments are made semi-annually. The bonds were issued at 99.453% and 99.043% of their nominal value, respectively. As a result of the Eurobond issuances, the Group received cash proceeds of US$990,675,000 (KZT457,246 million).

The fair value of borrowings and debt securities issued is presented in Note 30.

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 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 recognized 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).

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 US$780,000,000, 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 and KZT806,359 million as at 31 December 2025 and 30 June 2026, respectively, 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.

In accordance with the terms of the loan agreements, certain financial and non-financial ratios (covenants) of the Group, including the Debt to EBITDA ratio, Interest Coverage Ratio, Net Debt to Equity Ratio, the share of concessional debt in net debt, as well as requirements relating to the proportion of total assets and revenue of certain subsidiaries in the Group's total assets and revenue, are tested on a semi-annual or/and annual basis. The Group and the Company complied with all covenants required to be met as at 31 December 2025. The Group and the Company was not in compliance with the Net Debt to Equity Ratio (Gearing Ratio) for certain loan agreements as at 30 June 2026, as set out below.

HSBC Continental Europe

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 semi-annually based on 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 and 30 June 2026, these covenants were met. As at 31 December 2023, 2024, and 2025 and 30 June 2026, the carrying value of this loan is KZT59,611 million, KZT51,253 million, KZT40,909 million and KZT30,990 million, respectively.

As at 30 June 2026, the Gearing Ratio was 1.18 compared to the maximum permitted level of 1.15. Following discussions with the facility agent, HSBC Continental Europe, the Group requested a waiver in relation to the breach of the Gearing Ratio. By correspondence dated 29 June 2026, subsequently confirmed on 20 August 2026, the facility agent confirmed that the relevant finance parties had agreed to waive the consequences of the breach until and including 30 November 2026, subject to payment of a waiver fee. The Company has confirmed that the waiver fee has been paid. The facility agent further confirmed that, during the period for which the waiver remains effective, the relevant finance parties would not exercise acceleration, early repayment or enforcement rights solely as a consequence of the breach of the gearing ratio covenant as at 30 June 2026. The Group has been advised by legal advisor that the waiver is effective under French law and the breach of the Gearing Ratio as at 30 June 2026 does not constitute a continuing event of default under the relevant finance documentation and for as long as the waiver remains effective, up to and including 30 November 2026.

As the waiver expires within 12 months after the reporting date at 30 June 2026, the long-term portion of the loan amounting to KZT21,050 million was classified as a current liability as at 30 June 2026 in accordance with the requirements of IAS 1.

Societe Generale and Natixis

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.

During the six months ended 30 June 2026, management anticipates a risk that the relevant obligation will be breached, with the Gearing Ratio being exceeded as at 30 June 2026 (the "Relevant Default"). Following the discussion with the facility agent, Societe Generale, on 30 June 2026, the Group obtained two waiver letters from the facility agent, and subsequently, on 11 September 2026, the facility agent confirmed (i) the covenant would not be tested as at 30 June 2026 and (ii) the rights under the agreements in respect of the Relevant Default are waived for the period from the effective date (being no later than 29 June 2026) to 1 December 2026 should there is any potential default occur. As at 31 December 2023, 2024, 2025 and 30 June 2026, the carrying value of this loan is KZT139,143 million, KZT217,682 million, KZT371,351 million and KZT371,956 million, respectively.

Eurasian Development Bank ("EDB")

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, 2025 and 30 June 2026, these covenants were met. As at 31 December 2023, 2024, 2025, 30 June 2026, the carrying value of this loan is KZT51,206 million, KZT79,276 million, KZT92,152 million and KZT83,996 million respectively.

Citibank and Santander

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 and 30 June 2026, these requirements were met. As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group's and the Company's carrying value of this loan is KZT256,069 million, KZT274,190 million, KZT264,740 million and KZT230,713 million, respectively.

European Bank for Reconstruction and Development ("EBRD")

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, 2025 and 30 June 2026, this covenant was met and the next testing date for these covenants is 31 December 2026. As at 31 December 2024, 2025 and 30 June 2026, the Group's and the Company's carrying value of this loan is KZT103,881 million, KZT88,641 million and KZT70,861 million, respectively.

Citibank

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 2024 and 2025 and 30 June 2026, these covenants were met and the next testing date for these covenants is 31 December 2026. As at 31 December 2024, 2025 and 30 June 2026, the carrying value of this loan is KZT220,910 million, KZT261,819 million and KZT229,760 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 30 June 2026, the carrying value of this loan is KTZ133,613 million (31 December 2025: KZT32,738 million, 31 December 2024: Nil, 31 December 2023: Nil).

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

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 and 30 June 2026, these requirements were met. As at 31 December 2025 and 30 June 2026, the carrying value of this loan is KZT308,081 million and KZT288,108 million, respectively.

Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States

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 and 30 June 2026, these covenants were met and the next testing date for these covenants is 31 December 2026. As at 31 December 2025 and 30 June 2026, the carrying value of this loan is KZT82,810 million and KZT121,416 million, respectively.

The terms of the loans obtained from the AIIB, the IFC and Standard Chartered Bank under MIGA guarantees require compliance with certain financial covenants, including Net Debt/EBITDA, Adjusted Net Debt/EBITDA, and EBITDA/Interest Expense, calculated on the basis of the Group's quarterly consolidated financial information. In addition, the Group is required to maintain any two out of three corporate credit ratings (S&P, Fitch and Moody's) at a level not lower than BB-. As at 30 June 2026, these requirements were met. The carrying amount of the loans as at 30 June 2026 was KZT85,050 million (31 December 2025: nil).

The terms of the loan obtained from Standard Chartered Bank under a MIGA guarantee require compliance with certain financial covenants, including Net Debt/EBITDA, Adjusted Net Debt/EBITDA, and EBITDA/Interest Expense, as well as a requirement that debt of subsidiaries to third parties does not exceed 35% of total debt, calculated on the basis of the Group's quarterly consolidated financial information. In addition, the Group is required to maintain any two out of three corporate credit ratings (S&P, Fitch and Moody's) at a level not lower than BB-. As at 30 June 2026, these requirements were met. The carrying amount of the loan as at 30 June 2026 was KZT87,502 million (31 December 2025: nil).

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

	31 December 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

	31 December 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

	31 December 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

	30 June 2026		
	Borrowings and debt securities issued *KZT'million*	**Lease liabilities** *(Note 15)* *KZT'million*	**Total** *KZT'million*
As at 1 January	3,186,017	270,082	3,456,099
Changes due to cash flows from financing activities			
Loan principal payments	(495,231)	–	(495,231)
Proceeds from borrowings	1,087,801	–	1,087,801
Lease liability payments	–	(3,025)	(3,025)
Total changes due to cash flows from financing activities	592,570	(3,025)	589,545
Other changes			
Effect of changes in foreign exchange rates	(90,287)	(54)	(90,341)
Cash flows hedging	(23,965)	–	(23,965)
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	201,454	–	201,454
New lease agreements	–	50,980	50,980
Adjustment to the fair value of loans received from the Shareholder at rates lower than market *(Note 13)*	–	–	–
Interest costs and unwinding of discount, including capitalised	113,059	26,014	139,073
Interest paid	(76,269)	(11,951)	(88,220)
Other changes	(1,530)	2,968	1,438
Total other changes related to liabilities	122,462	67,957	190,419
At 30 June	3,901,049	335,014	4,236,063

15. LEASE LIABILITIES

As at 31 December the Group's and the Company's lease liabilities included:

The Group

	31 December 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

	31 December 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

	31 December 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

	30 June 2026	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	56,303	52,916
Within a period of more than one year but not exceeding two years	60,159	46,894
Within a period of more than two years but not exceeding five years	202,903	116,835
Within a period of more than five years	470,242	118,369
Total	789,607	335,014
Less unearned interest	(454,593)	–
Present value of lease liabilities	335,014	335,014
Less amounts due within 12 months		(52,916)
Amounts to be repaid after 12 months		282,098

The Company

	31 December 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

	31 December 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

	31 December 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

	30 June 2026	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	10,630	9,747
Within a period of more than one year but not exceeding two years	9,113	6,800
Within a period of more than two years but not exceeding five years	5,091	3,211
Total	24,834	19,758
Less unearned interest	(5,076)	–
Present cost of lease liabilities	19,758	19,758
Less amounts due within 12 months		(9,747)
Amounts to be repaid after 12 months		10,011

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group's interest calculations are based on effective interest rates of between 2.5% and 21.69%, 2.5% and 21.69%, 1.68% and 26.72%, and 1.68% and 26.72%, respectively. As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Company's interest is calculated based on effective interest rates varying from 15% to 20.4%, 15% to 19%, 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.

During the six months ended 30 June 2026, within the framework of the agreement, the Group received 193 flat carriages and recognised right-of-use assets of KZT5,826 million with a lease term of 32 years, and a lease liability of KZT3,792 million with a lease term of 13 years.

In June 2025, the Group, represented by its subsidiary Joint Stock Company «KTZ Express», entered into a lease agreement for 2,700 flatcars with a total contract value of KZT96,097 million and an interest rate of 16% per annum, of which 8% per annum is subsidised by the government. The loan provides for a three-year grace period on principal repayments. The Group acts as a lessee.

During the six months ended 30 June 2026, within the framework of the agreement, the Group received 380 flat carriages and recognised right-of-use assets of KZT13,525 million with a lease term of 32 years, and a lease liability of KZT8,357 million with a lease term of 14 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 KZT10,832 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 assets of KZT3,911 million and KZT7,848 million, respectively, for 40 years and a lease liability of KZT1,817 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.

During the six months ended 30 June 2026, under this agreement, the Group received 58 passenger railcars and recognised right-of-use assets of KZT52,399 million with a lease term of 40 years, and a lease liability of KZT28,373 million with a lease term of 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.

During the six months ended 30 June 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under an agreement with its associate Transtelecom JSC for the lease

of equipment used in the EnergoDispatcher Traction Automated Control System, recognised right-of-use assets and a corresponding lease liability in the amount of KZT9,094 million with a lease term of 10 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 Service 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 expenses 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			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	37,396	41,105	41,027	53,518
Current portion of employee benefit obligations	7,608	7,598	8,167	8,672
Total liabilities as at the end of the year	45,004	48,703	49,194	62,190

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Non-current portion of employee benefit obligations	7,805	11,692	16,358	21,568
Current portion of employee benefit obligations	1,573	2,300	3,509	3,768
Total liabilities as at the end of the year	9,378	13,992	19,867	25,336

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

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Current service cost	1,888	2,254	2,267	3,642
Past service cost	–	9,694	1,473	–
Interest costs	4,624	5,108	6,039	4,138
Actuarial loss/(gain) on other long-term employee benefits	427	(2,394)	(459)	1,774
Total expenses recognised in profit or loss	6,939	14,662	9,320	9,554
Actuarial revaluation recognised in other comprehensive income:				
– *experience-based adjustments*	(330)	856	8,581	(2,278)
– *change in demographic assumptions*	(922)	(1,850)	1,503	9,642
– *change in financial assumptions*	1,792	(2,694)	(10,360)	–
Total expenses/(income) recognised in other comprehensive income	540	(3,688)	(276)	7,364
Total	7,479	10,974	9,044	16,918

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Current service cost	522	677	1,202	2,184
Past service cost	–	4,986	4,067	–
Interest costs	1,000	1,064	1,735	1,671
Actuarial loss/(gain) on other long-term employee benefits	41	(293)	(274)	812
Total expenses recognised in profit or loss	1,563	6,434	6,730	4,667
Actuarial revaluation recognised in other comprehensive income:				
– *experience-based adjustments*	5	76	5,290	(1,259)
– *change in demographic assumptions*	(1,083)	688	241	3,722
– *change in financial assumptions*	945	(620)	(3,785)	–
Total (income)/expenses recognised in other comprehensive income	(133)	144	1,746	2,463
Total	1,430	6,578	8,476	7,130

Movement in the present value of obligations for each of the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year/period	43,619	45,004	48,703	49,194
Current service cost	1,888	2,254	2,267	3,642
Past service cost	–	9,694	1,473	–
Interest costs	4,624	5,108	6,039	4,138
Actuarial loss/(gain) on other long-term employee benefits	427	(2,394)	(459)	1,774
Actuarial revaluation recognised in other comprehensive income	540	(3,688)	(276)	7,364
Payments made for the year/period	(6,094)	(7,275)	(8,553)	(3,922)
Total liabilities as at the end of the year/period	45,004	48,703	49,194	62,190

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Total liabilities at the beginning of the year/period	9,437	9,378	13,993	19,867
Current service cost	522	677	1,202	2,184
Past service cost	–	4,986	4,067	–
Interest costs	1,000	1,064	1,735	1,671
Actuarial loss/(gain) on other long-term employee benefits	41	(293)	(274)	812
Actuarial revaluation recognised in other comprehensive income	(133)	144	1,746	2,463
Payments made for the year/period	(1,489)	(1,964)	(2,602)	(1,661)
Total liabilities as at the end of the year/period	9,378	13,992	19,867	25,336

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			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Finance costs *(Note 25)*	–	–	6,039	4,138
Cost of sales *(Note 23(a))*	6,611	14,150	3,069	5,086
General and administrative expenses *(Note 23(b))*	328	512	212	330
Total recognised in profit or loss for the year/period	6,939	14,662	9,320	9,554

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Cost of sales	1,406	6,247	4,839	2,827
Finance costs	–	–	1,735	1,671
General and administrative expenses	157	187	156	169
Total recognised in profit or loss for the year/period	1,563	6,434	6,730	4,667

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 and 8.33 years for men and 16.42 years for women for years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2026, respectively.

Other significant actuarial assumptions used by the Group and the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Discount rate	11.9%	12.4%	16.8%	16.8%	13.9%
Expected annual growth in material aid in the future	5.2% (average)	5.3% (average)	6.4% (average)	6.4% (average)	6.4% (average)
Expected annual minimum salary growth in the future	6.6% (average)	6.6% (average)	7.7% (average)	7.7% (average)	7.7% (average)
Expected annual future growth in rail ticket cost	5.9% (average)	7.6% (average)	8.6% (average)	8.6% (average)	8.5% (average)

The expected repayment schedule for defined benefit obligations for the Relevant Periods is presented below:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within the next 12 months	7,608	7,598	8,167	8,672
2 to 5 years	15,376	16,901	16,869	22,005
5 to 10 years	10,568	11,616	11,594	15,124
Beyond 10 years	11,452	12,588	12,564	16,389
Total expected payments	45,004	48,703	49,194	62,190

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within the next 12 months	1,573	2,300	3,509	3,768
2 to 5 years	3,209	4,807	6,726	8,868
5 to 10 years	2,206	3,304	4,623	6,095
Beyond 10 years	2,390	3,581	5,009	6,605
Total expected payments	9,378	13,992	19,867	25,336

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%) and 7.3%/(6.5%) caused by an inflation rate increase/decrease of 1%, and 6.7%/(5.8%), 6.4%/(5.5%) and 6.5%/(5.6%) and 6.2%/(5.5%) caused by a discount rate decrease/increase of 1% for the year ended 2023, 2024 and 2025, and the six months ended 30 June 2026, 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. INCOME TAX EXPENSES

Income tax expenses during the Relevant Periods included:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Current income tax expense	6,013	14,969	19,343	10,001	10,190
Adjustment of income tax for prior years/period	(227)	(217)	477	446	178
Deferred income tax expense	17,450	37,811	123,184	19,144	59,497
Impairment of corporate income tax withheld at source *(Note 12)*	–	–	–	–	29,895
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371	7,315	8,628
	24,599	62,724	155,375	36,906	108,388

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			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Profit before tax	161,383	223,529	499,021	122,956	299,389
Statutory tax rate	20%	20%	20%	20%	20%
Calculated corporate income tax expense at the official rate	32,277	44,706	99,804	24,591	59,878
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	446	178
Non-taxable income	(16,163)	(13,114)	(425)	(45)	(7,951)
Non-deductible expense	7,349	21,188	43,148	4,599	17,760
Impairment of corporate income tax withheld at source *(Note 12)*	–	–	–	–	29,895
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161	12,371	7,315	8,628
Income tax expense recognised in profit or loss	24,599	62,724	155,375	36,906	108,388

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			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Deferred tax assets:				
Tax losses carried forward	125,893	128,414	162,891	88,264
Deferred revenue	–	–	21,675	42,781
Derivative financial instruments	7,036	6,432	18,299	19,827
Accrued employee obligations	7,135	7,912	9,847	11,300
Financial guarantee agreement liabilities	5,707	5,490	4,909	4,561
Lease liabilities	2,640	7,010	4,831	6,449
Difference in receivables	3,959	3,889	3,487	3,628
Other	2,634	2,692	2,272	4,271
	155,004	161,839	228,211	181,081
Less: deferred tax assets offset with deferred tax liabilities	(154,944)	(161,818)	(227,899)	(180.503)
Deferred tax assets	60	21	312	578
Deferred tax liabilities:				
Property, plant and equipment and other non-current assets	(457,336)	(507,804)	(679,716)	(693,250)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(109,488)	(122,066)	(137,268)	(134,052)
Lease liabilities	–	–	(26,011)	(43,794)
Other	(8)	(5)	(85)	(793)
	(566,832)	(629,875)	(843,080)	(871,889)
Less: deferred tax liabilities offset with deferred tax assets	154,944	161,818	227,899	180,503
Deferred tax liabilities	(411,888)	(468,057)	(615,181)	(691,386)
Total net deferred tax liabilities	(411,828)	(468,036)	(614,869)	(690,808)

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Net deferred tax liabilities as at the beginning of the year	(357,428)	(411,828)	(468,036)	(614,869)
Recognised in profit or loss	(18,813)	(47,972)	(135,555)	(68,125)
Recognised in equity *(Note 13)*	(35,587)	(17,879)	(14,639)	–
Recognised in other comprehensive income *(Note 13)*	–	9,643	3,361	(7,814)
Net deferred tax liabilities as at the end of the year	(411,828)	(468,036)	(614,869)	(690,808)

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, 2025 and 30 June 2026, the total tax effect of unrecognised tax losses carried forward amounted to KZT420 million, KZT9,470 million, KZT18,753 million and KZT19,006 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Deferred tax assets:				
Tax losses carried forward	63,448	42,116	67,568	6,904
Fair value adjustment to loans issued	31,053	30,076	39,119	39,008
Liabilities under financial guarantee contracts	11,136	15,514	24,062	24,064
Debt securities at fair value through profit or loss	–	–	–	607
Derivative financial instruments	7,036	6,432	18,299	19,827
Lease liabilities	1,751	6,215	4,122	3,952
Other	4,796	5,248	7,448	9,089
Deferred tax assets	119,220	105,601	160,618	103,451

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Deferred tax liabilities				
Property, plant and equipment and other non-current assets	(277,435)	(281,486)	(405,451)	(402,630)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(99,849)	(113,281)	(129,377)	(126,993)
Other	(8)	(5)	(2)	(792)
Deferred tax liabilities	(377,292)	(394,772)	(534,830)	(530,415)
Total net deferred tax liabilities	(258,072)	(289,171)	(374,212)	(426,964)
Net deferred tax liabilities as at the beginning of the year	(231,832)	(258,072)	(289,171)	(374,212)
Recognised in profit or loss	(21,293)	(18,872)	(92,541)	(54,132)
Recognised in equity *(Note 13)*	(35,586)	(17,879)	(14,639)	–
Recognised in investments in subsidiaries *(Note 13)*	30,639	5,652	22,139	1,380
Net deferred tax liabilities as at the end of the year	(258,072)	(289,171)	(374,212)	(426,964)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within 1 month	157,159	209,240	376,893	423,884
1 to 3 months	30,562	13,669	128,990	35,127
3 to 6 months	5,973	4,546	1,180	16,406
6 months to 1 year	5,759	1,958	15,059	13,048
Over 1 year	1,516	1,938	3,648	2,892
	200,969	231,351	525,770	491,357

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Within 1 month	45,890	98,844	130,932	134,871
1 to 3 months	14,129	2,143	85,693	1,275
3 to 6 months	3,413	2,192	830	4,005
6 months to 1 year	325	1,052	761	288
Over 1 year	583	1,113	1,870	1,946
	64,340	105,344	220,086	142,385

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			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Freight transportation	110,568	125,382	142,565	91,687
Passenger transportation	3,542	4,258	5,083	10,605
Others	1,758	3,530	1,548	5,267
	115,868	133,170	149,196	107,559

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Freight transportation	2,133	2,000	2,153	2,309
Passenger transportation	–	–	–	22
Others	980	1,801	635	2,948
	3,113	3,801	2,788	5,279

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, 2025

and six months ended 30 June 2026 amounted to KZT100,494 million, KZT95,811 million, KZT122,072 million and KZT135,701 million, and KZT2,436 million, KZT3,109 million, KZT3,793 million and KZT2,748 million, respectively.

The Group's and the Company's contract liabilities as at 31 December 2023, 2024, 2025 and 30 June 2026 will be recognised in revenue during 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Other non-financial liabilities				
Unused vacation and other employee benefits	36,225	40,069	49,671	56,997
Salary payables	15,511	18,966	15,188	43,315
Deferred income (government grants)	44,804	99,999	183,321	223,700
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	12,530	14,302	15,816	17,470
Others	16,023	12,779	2,696	9,523
	125,093	186,115	266,692	351,005
Other financial liabilities				
Financial guarantee agreement liabilities	28,536	27,449	24,545	22,806
Payables under repurchase (direct repo) transactions	–	–	–	38,113
Dividends payable	–	–	–	2,547
Others	15,059	17,833	16,026	21,628
	43,595	45,282	40,571	85,094
	168,688	231,397	307,263	436,099
Current portion of other liabilities	98,910	112,627	129,821	231,744
Non-current portion of other liabilities	69,778	118,770	177,442	204,355
	168,688	231,397	307,263	436,099

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Other non-financial liabilities				
Unused vacation and other employee benefits	15,025	17,336	26,248	30,804
Salary payable	33	1	–	–
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	3,559	4,231	7,530	8,574
Others	236	424	404	4,126
	18,853	21,992	34,182	43,504
Other financial liabilities				
Financial guarantee agreement liabilities *(note (ii))*	3,377	7,096	120,314	120,318
Payables under repurchase (direct repo) transactions *(note (i))*	–	–	–	38,113
Others	2,320	2,368	2,639	27,718
	5,697	9,464	122,953	186,149
	24,550	31,456	157,135	229,653
Current portion of other liabilities	24,550	31,456	157,135	229,653

Notes:

(i) During the six months ended 30 June 2026, the Group represented by the Company raised short-term financing under three repurchase (direct repo) transactions for the total of KZT37,871 million (for the year ended 31 December 2025 and the six months ended 30 June 2025: nil). A repurchase (direct repo) transaction is an agreement to sell securities with the simultaneous obligation to repurchase them for the pre-determined amount at the specified date. The Group pledged as security under these transactions a portion of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank, measured at fair value through profit or loss, with the carrying amount of KZT35,781 million as at 30 June 2026 (Note 12).

As at 30 June 2026 and 31 December 2025, the carrying value of liabilities arising from repurchase (direct repo) transactions amounted to KZT38,113 million and nil, respectively. For the six months ended 30 June 2026, the accrued interest expenses under repurchase (direct repo) transactions were KZT242 million (for the year ended 31 December 2025 and the six months ended 30 June 2025: nil).

(ii) 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, 2025 and 30 June 2026, liabilities under financial guarantee agreements amounted to KZT15,315 million, KZT14,897 million, KZT13,521 million and KZT12,647 million for Nursultan Nazarbayev International Airport JSC and KZT13,202 million, KZT12,553 million, KZT11,024 million and KZT10,159 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, 2025 and 30 June 2026, the liability under these financial guarantees was KZT27,148 million, KZT50,121 million, KZT95,768 million and KZT97,512 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 and the six months ended 30 June 2025, revenue from freight transportation included:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Revenue from contracts with customers:					
International (transit) routes	655,888	698,797	827,178	391,290	490,102
Domestic routes	439,857	507,501	687,325	299,676	335,529
International (export) routes	274,069	322,631	489,375	229,794	260,902
International (import) routes	185,758	194,279	276,243	122,842	147,377
Additional charges related to the transportation process	60,675	67,769	65,194	31,853	33,765
Other revenue from freight transportation	66,303	84,581	117,882	55,056	54,498
	1,682,550	1,875,558	2,463,197	1,130,511	1,322,173

During the year ended 31 December 2024 and 2025 and six months ended 30 June 2026, 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, KZT80,781 million and KZT4,102 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			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Revenue from contracts with customers:					
Passenger transportation	89,866	94,003	110,746	51,988	55,041
Other revenue from passenger transportation	11,816	16,520	18,504	8,173	11,773
	101,682	110,523	129,250	60,161	66,814

For the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, revenue from passenger transportation of KZT1,449 million, KZT1,763 million, KZT2,753 million, KZT1,025 million and KZT3,310 million, respectively, attributable to portion of other revenue from passenger transportation, was recognised at a point in time, and KZT100,233 million, KZT108,760 million, KZT126,497 million, KZT59,136 million and KZT63,504 million, respectively, was recognised over time.

22. OTHER REVENUE

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Revenue from the sale of goods and provision of other services	49,615	61,172	69,285	34,637	32,373
Revenue from the lease of carriages	45,953	63,368	39,007	21,894	13,075
Revenue from fines	10,475	6,382	7,940	1,916	1,491
Revenue from the lease of other property, plant and equipment	4,908	5,815	5,129	2,681	2,438
	110,951	136,737	121,361	61,128	49,377

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.

For the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, revenue of KZT21,479 million, KZT18,544 million, KZT21,627 million, KZT9,779 million and KZT5,691 million, respectively, is recognised at a point in time, and of KZT38,611 million, KZT49,010 million, KZT55,598 million, KZT26,774 million and KZT28,173 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			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Employee benefit expense					
Wages, salaries, bonuses and other benefits	616,248	702,500	835,907	417,071	481,541
Pension scheme costs (defined benefit scheme) *(Note 16)*	6,611	14,150	3,069	6,386	5,086
	622,859	716,650	838,976	423,457	486,627
Fuel and lubricants	219,739	195,945	265,916	110,188	143,604
Repairs and maintenance	229,398	234,961	242,842	105,084	100,417
Depreciation of property, plant and equipment	136,620	151,235	171,382	85,013	100,206
Depreciation of right-of-use assets	13,873	13,814	20,867	9,034	10,686
Amortisation of intangible assets	1,100	876	648	346	324
Electrical power	64,980	90,967	139,014	60,664	86,658
Materials and supplies	58,190	62,300	78,083	31,228	26,318
Work and services of a production nature	77,113	71,246	76,540	35,541	36,912
Property tax and other taxes, excluding social tax and social contributions	27,655	29,816	31,979	16,002	19,442
Utilities and building maintenance	5,891	7,730	9,423	4,007	3,714
Communication services	2,631	3,125	3,127	1,489	1,407
Other expenses	38,534	41,352	45,254	20,469	20,238
	1,498,583	1,620,017	1,924,051	902,522	1,036,553

(b) General and administrative expenses

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)					
Wages, salaries, bonuses and other benefits	67,433	78,473	94,523	44,789	50,731
Pension scheme costs (defined benefit scheme) *(Note 16)*	328	512	212	259	330
	67,761	78,985	94,735	45,048	51,061
Property tax and other taxes, excluding social tax and social contributions	7,853	17,942	15,458	4,919	10,536
Other third-party services	4,299	3,809	5,649	1,793	2,154
Consulting and legal services	995	2,304	4,874	1,331	1,358
Auditor's remuneration	566	569	752	285	401
[REDACTED] expenses	–	–	–	–	3,137
Expenses for holding festive and cultural events	2,717	3,273	4,712	892	1,179
Depreciation of property, plant and equipment	2,738	2,583	2,442	928	865
Depreciation of right-of-use assets	313	346	282	155	154
Amortisation of intangible assets	1,647	1,517	465	225	201
Business trips	1,945	2,590	2,502	1,224	1,019
Membership fees	855	1,299	1,641	1,077	1,342
Utilities and building maintenance	752	1,170	1,587	1,100	1,387
Short-term lease expenses	936	1,133	1,548	779	865
Insurance	583	636	745	396	443
Communication services	659	653	698	346	328
Expenses to maintain social sphere facilities	405	431	539	255	321
Banking services	431	442	453	230	268
Repairs and maintenance	1,310	1,216	431	103	157
Charity	–	2,000	–	–	–
Other expenses	9,729	5,492	6,324	2,690	2,504
	106,494	128,390	145,837	63,776	79,680

(c) Other profit and losses

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Loss on disposal of items of property, plant and equipment	(654)	(3,849)	(3,872)	(285)	(157)
Gain on contribution of assets to an associate	–	–	2,709	2,849	–
Depreciation of investment properties	(149)	(145)	(133)	(67)	(64)
Income from investment property	1,504	1,699	1,736	993	1,168
(Accrual)/reversal of provisions	(174)	2,484	35	(1,801)	(3,203)
Others	3,868	4,417	2,306	1,822	1,115
	4,395	4,606	2,781	3,511	(1,141)

(d) Impairment of financial assets and contract assets

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Impairment losses reversed/(recognised) on:					
– loans issued	21	1,729	(497)	1,074	333
– financial assets at amortised cost	964	1,263	(53)	(105)	69
– contract assets	445	448	(100)	80	2
– cash and cash equivalents	17	6	(7)	(3)	(58)
– trade accounts receivable	1,166	(1,194)	(2,132)	(3,559)	(832)
– other receivables	49	(651)	(1,104)	(593)	(152)
	2,662	1,601	(3,893)	(3,106)	(638)

(e) Impairment of non-financial assets

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Impairment losses reversed/(recognised) on:					
– corporate income tax withheld	–	(4,229)	–	–	–
– VAT receivables	(414)	(300)	(4,781)	(4,478)	(1,513)
– property, plant and equipment	(990)	(541)	(4,586)	(2,026)	(648)
– investments in associates	4,697	(298)	(1,508)	–	(969)
– investments in joint venture	343	(231)	–	–	–
– intangible assets (except for goodwill)	(1,322)	(160)	(23)	(23)	–
– other non-current non-financial assets	(560)	(7)	(87)	(45)	(145)
– other current non-financial assets	(605)	(1,570)	(495)	(113)	(40)
	1,149	(7,336)	(11,480)	(6,685)	(3,315)

24. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of ordinary shares in circulation during the Relevant Periods and the six months ended 30 June 2025. The basic earnings per share presented below has taken into account the Company's split of each ordinary share into five ordinary shares which was approved on 25 September 2026 and registered on 29 September 2026 ("Share Split"). The weighted average number of ordinary shares used in the calculation of basic earnings per share for all periods presented has been adjusted retrospectively to reflect the Share Split as if it had occurred at the beginning of the earliest period presented. The Share Split affected only the number of ordinary shares used in the calculation of basis earnings per share and had no impact on profit for the year/period attributable to the Shareholder. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Weighted average quantity of ordinary shares	2,483,463,385	2,483,468,576	2,483,475,337	2,483,473,330	2,483,478,380
Profit for the year/period attributable to the Shareholder, in KZT'million	133,508	157,818	339,919	83,823	188,849
Basic and diluted earnings per ordinary share, in KZT	54	64	137	34	76

25. FINANCE INCOME AND COSTS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Finance income					
Effect of the modification of debt liabilities that does not result in derecognition *(Note 14)*	–	–	43,226	–	–
Income from subsidising the interest rate on financial liabilities	2,220	28,019	–	4,019	–
Interest income on cash and cash equivalents	12,209	11,517	21,770	6,918	13,437
Interest income on derivative financial instruments at fair value through profit or loss	10,491	10,010	10,745	4,515	6,303
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	2,303	2,845
	32,221	52,955	88,618	17,755	22,585

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Finance costs					
Interest costs and unwinding of discount on loans	161,945	152,777	153,443	70,177	112,770
Lease interest expenses	8,995	19,502	36,307	16,044	26,014
Interest expense on employee benefit obligations *(Note 16)*	–	–	6,039	–	4,138
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	35,182	6,363	–	–	14,128
Change in fair value of debt securities recognised at fair value through profit or loss	–	–	–	–	3,034
Other finance costs	2,243	2,733	5,198	2,020	4,275
	208,365	181,375	200,987	88,241	164,359
Loss from the ineffective part of hedging instruments *(Note 13)*	–	3,609	44,857	31,142	571
	208,365	184,984	245,844	119,383	164,930

26. LOANS ISSUED

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Current loans:				
Limited Liability Partnership «KTZ-Freight Transportation»	10,115	17,187	43,478	64,318
Limited Liability Partnership «KTZ-Passenger Locomotives»	3,048	25,078	30,764	16,221
Joint Stock Company «Passenger Transportation»	514	2,292	14,622	11,379
Joint Stock Company «Kaztemirtrans»	1,702	–	–	–
Joint Stock Company «KTZ Express»	–	–	9	–
Joint Stock Company «Temirzholsu»	171	–	–	–
Other	124	124	124	124
Less: allowance for impairment	(132)	(132)	(151)	(153)
Total current loans	15,542	44,549	88,846	91,889
Non-current loans:				
Joint Stock Company «Passenger Transportation»	52,437	53,754	53,417	54,482
Vostokmashzavod JSC	7,669	4,054	1,860	1,527
Less: allowance for impairment	(3,180)	(1,406)	(1,902)	(1,570)
Total non-current loans	56,926	56,402	53,375	54,439
Debt securities Issued by subsidiaries:				
Joint Stock Company «Passenger Transportation»	33,382	29,853	26,652	25,050
Joint Stock Company «Kaztemirtrans»	135,651	99,676	61,459	61,082
Limited Liability Partnership «KTZ-Freight Transportation»	255,526	239,380	–	–
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	–	–	4,227	3,599
Limited Liability Partnership «KTZ-Passenger Locomotives»	33,890	36,363	68,228	101,757
Joint Stock Company «KTZ Express»	115,340	1,565	3,949	12,012
Less: allowance for impairment	(1,056)	(383)	(136)	(138)
Total debt securities	572,733	406,454	164,379	203,362
Total loans issued and debt securities issued by subsidiaries	645,201	507,405	306,600	349,690
Current portion of loans	104,224	83,244	113,391	125,659
Non-current portion of loans	540,977	424,161	193,209	224,031
Total	645,201	507,405	306,600	349,690

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, 2025 and 30 June 2026, 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 KZT176,667 million, KZT191,197 million, KZT43,549 million and KZT37,297 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 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 (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 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, including the deferred tax effect of KZT1,477 million, within finance costs through the consolidated statement of profit or loss 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 Joint Stock Company «Kedentransservice» and Joint Stock Company «KTZ Express» to replace the issuer Joint Stock Company «Kedentransservice» 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 KZT3,501 million 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.

Limited Liability Partnership «KTZ-Freight Transportation»

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 Limited Liability Partnership «KTZ-Freight Transportation» 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 Limited Liability Partnership «KTZ-Freight Transportation» 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 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 (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 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 (Note 6).

Limited Liability Partnership «KTZ-Passenger Locomotives»

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 Limited Liability Partnership «KTZ-Passenger Locomotives» with maturity on 6 November 2033 and a coupon rate of SARON 6m + 3% margin. Coupon payment – twice a year.

In March 2026, 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 2031.

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 «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 KZT. 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.

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.

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 KZT4,681,921 million excluding VAT.

As at 30 June 2026, the Group had capital commitments, including the modernisation of the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic control systems; the modernisation of railway station infrastructure; 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 the total amount of KZT4,530,748 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 KZT23,984 million 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 KZT47,391 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 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 KZT65,796 million. 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 KZT88,125 million. 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, 2025 and 30 June 2026, 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, 2025, and 30 June 2026, 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.

In 2023, the Specialized Interdistrict Economic Court of Astana declared invalid certain property sale and purchase agreements entered into in 2001 between the Group and TEK-Astana LLP, TEK-Batys LLP and TEK-Almaty LLP, and ordered the return of the related property to the Group.

In June 2026, Fuel and Energy Complex - KAZAKHSTAN LLP ("TEK") filed a claim with the Specialized Interdistrict Economic Court of Astana against the Group seeking reimbursement of KZT239 million paid under the aforementioned agreements, as well as compensation of KZT45,413 million for inseparable improvements made to the relevant properties during the period of their use, as alleged by TEK.

The Group's management disputes these claims and believes that, as at 30 June 2026, an outflow of resources embodying economic benefits in connection with this claim is not probable. Accordingly, the Group has not recognised any provision in its interim condensed consolidated financial statements as at 30 June 2026 in respect of this matter.

At the same time, by the decision of the Specialized Interdistrict Economic Court dated 14 September 2026, TEK's claim was denied in its entirety.

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, 2024, 2025, and 30 June 2026. 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 Historical Financial Information.

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 into the first category. In accordance with the Code, the Group's management has classified the Group's assets into the second, 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 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, results of operations or cash flows of the Group and the Company.

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 Aktobe Rail and Section Mill Plant LLP, an associate, 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 30 June 2026, 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 Aktobe Rail and Section Mill Plant LLP, an associate, to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	13,793
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	19,080

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» 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	51,292 (10,137 million Russia Roubles)
Citibank Kazakhstan JSC	Limited Liability Partnership «KTZ-Freight Transportation» to replenish working capital	30 November 2009	until 10 June 2024	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	119,085 (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
	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

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	until 2 August 2038	111,680
	Joint Stock Company «KTZ-Express» under finance lease agreements	5 July 2024	until 29 August 2040	85,594
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	79,350 (16,260 million Russia Roubles)
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 million 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	20 December 2016 – 30 October 2025	20 December 2036 – 10 December 2042	240,649
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 – 2 August 2023	28 August 2032 – 30 November 2035	21,189
	Joint Stock Company «KTZ Express» under finance lease agreements	28 August 2017 – 25 June 2025	28 August 2032 – 4 July 2040	110,167
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	14,498
	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	4 July 2039	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 (14,549 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 2037	160,810 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2037	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 August 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 February 2035	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)

As at 30 June 2026

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	28,186 (51 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	7,591 (14 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	20 December 2016 – 20 May 2026	20 December 2036 – 10 December 2042	584,141
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 – 2 August 2023	28 August 2032 – 2 August 2038	120,646

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
	Joint Stock Company «KTZ Express» under finance lease agreements	28 August 2017 – 6 May 2026	28 August 2032 – 4 July 2040	237,394
Development Bank of Kazakhstan JSC	Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana	28 March 2018	28 March 2033	19,080
	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	13,793
	Wagonservice JSC, a subsidiary of Joint Stock Company «Passenger Transportation» to finance the acquisition of passenger carriages	7 August 2015	5 March 2035	4,555
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	84,074 (13,693 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 2037	138,328 (252 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2037	104,384 (190 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	188,505 (344 million Swiss Francs)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT million*
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 August 2034	50,320 (85 million Swiss Francs)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 February 2035	207,342 (349 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	142,079 (2,005 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	135,906 (229 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	19,182 (35 million Euros)

Note 20 discloses the Group's and the Company's carrying value of these guarantees.

As at 31 December 2023, 2024, 2025 and 30 June 2026, 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, 2025, and 30 June 2026, these covenants were met.

Please refer to Note 14 for the compliance of covenants under certain credit arrangements as of the end of the Relevant Periods.

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	2026	2023	2024	2025	2026	
Joint Stock Company «Kaztemirtrans»	(a),(d)	Kazakhstan; 21 October 2003	70,239	70,239	70,239	70,239	100%	100%	100%	100%	Freight carriage operation
Joint Stock Company «Passenger Transportation»	(a),(d)	Kazakhstan; 21 May 2002	93,849	93,849	93,866	94,042	100%	100%	100%	100%	Passenger Transportation
Limited Liability Partnership «KTZ-Freight Transportation»	(a),(d)	Kazakhstan; 14 October 2003	63,296	78,064	78,064	78,064	100%	100%	100%	100%	Freight transportation and locomotive haulage
Joint Stock Company «KTZ Express»	(a),(e)	Kazakhstan; 24 May 2002	47,914	47,914	47,914	47,914	100%	100%	100%	100%	Multimodal transportation
Joint Stock Company «Kedentransservice»	(b),(d)	Kazakhstan; 11 December 1997	3,401	3,401	3,401	3,401	100%	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	25,480	100%	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	98,469	100%	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	96,891	100%	100%	100%	100%	Locomotive rolling stock services
Limited Liability Partnership «KTZE – Khorgos Gateway»	(d)	Kazakhstan 1 December 2009			36,380	36,380			51%	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. Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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 Ernst & Young LLP, independent audit firms registered in the Republic of Kazakhstan.

(c) 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.

(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 Ernst & Young 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.

The carrying amount of the Company's investments in subsidiaries:

	As at 31 December 2025	As at 30 June 2026
	KZT'million	*KZT'million*
Investments, at cost	1,658,624	1,700,016

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 2023, 2024, 2025 and 30 June 2026 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
– trade in nature	2026	–	202	214	66
– non-trade in nature	2026	–	86,167	4,396	4,386
		–	86,369	4,610	4,452

		Shareholder *KZT'million*	**Associates** *KZT'million*	**Companies making up the Shareholder group** *KZT'million*	**Other related parties*** *KZT'million*
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
		–	15,684	149,510	12,215
– trade in nature	2026	–	5,853	152,230	2,219
– non-trade in nature	2026	–	6,765	1,073	9,343
		–	12,618	153,303	11,562
Cash on current accounts	2023	–	–	112,141	–
	2024	–	–	1	–
	2025	–	–	24,570	–
	2026	–	–	26,187	–
Cash on digital accounts *(Note 30)*	2023	–	–	–	–
	2024	–	–	–	116,631
	2025	–	–	–	22,882
	2026	–	–	–	22,604
Restricted cash	2023	–	–	–	202
	2024	–	–	–	197
	2025	–	–	–	4
	2026	–	–	–	–
Loans payable	2023	768,615	–	–	125,449
	2024	1,002,575	–	–	154,299
	2025	975,160	–	–	164,264
	2026	1,213,746	–	–	155,232
Lease liabilities	2023	–	9,831	–	58,445
	2024	–	31,296	–	140,393
	2025	68	20,601	–	245,863
	2026	–	28,578	–	302,775
Financial guarantee agreement liabilities	2023	–	19	–	15,315
	2024	–	–	–	14,897
	2025	–	–	–	13,521
	2026	–	–	–	12,647
Debt securities at fair value through profit or loss *(Note 12)*	2023	–	–	–	–
	2024	–	–	–	–
	2025	–	–	–	–
	2026	–	–	17,340	40,004

* *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 parties						
– 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
– trade in nature	2026	–	16	30	474,929	2
– non-trade in nature	2026	–	83,815	105	757	1,449
		–	83,831	135	475,686	1,451
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
– trade in nature	2026	–	1,138	686	2,916	821
– non-trade in nature	2026	–	338	3	3	86
		–	1,476	689	2,919	907

		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*
Cash on current accounts	2023	–	–	112,137	–	–
	2024	–	–	–	–	–
	2025	–	–	254	–	–
	2026	–	–	–	–	–
Cash on digital accounts *(Note 30)*	2023	–	–	–	–	–
	2024	–	–	–	–	116,631
	2025	–	–	–	–	22,882
	2026	–	–	–	–	22,604
Loans issued	2023	–	–	–	640,624	–
	2024	–	–	–	505,147	–
	2025	–	–	–	306,600	–
	2026	–	–	–	349,690	–
Including allowance for expected credit losses	2023	–	–	–	(1,152)	–
	2024	–	–	–	(434)	–
	2025	–	–	–	(205)	–
	2026	–	–	–	(210)	–
Borrowings received	2023	768,615	–	–	49,603	–
	2024	1,002,575	–	–	10,781	–
	2025	975,160	–	–	46,885	–
	2026	1,213,746	–	–	60,981	–
Lease liabilities	2023	–	8,396	–	6	–
	2024	–	30,545	–	7	–
	2025	–	20,601	–	4	–
	2026	–	19,686	–	2	–
Financial guarantee agreement liabilities	2023	–	19	–	27,148	15,315
	2024	–	–	–	50,121	14,897
	2025	–	–	–	95,768	13,521
	2026	–	–	–	97,512	12,647
Debt securities	2023	–	–	–	–	–
	2024	–	–	–	–	–
	2025	–	–	–	–	–
	2026	–	–	17,340	–	40,004

* *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
	2026	–	61,305	–	18,530	61,006
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)
	2026	–	66	–	(30)	112
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
	2026	–	9,796	–	132,537	72,772
Proceeds from borrowings	2023	336,309	–	–	–	50,345
	2024	238,169	–	–	–	37,956
	2025	107,806	–	–	–	–
	2026	260,071	–	–	–	–
Repayment of borrowings	2023	1,175	–	–	–	4,629
	2024	1,175	–	–	–	11,160
	2025	31,175	–	–	–	18,032
	2026	31,437	–	–	–	8,627
New lease agreements (Group as lessee)	2023	–	1,121	–	–	23,213
	2024	–	27,261	–	–	80,475
	2025	247	22	–	–	103,993
	2026	–	10,453	–	–	40,523
Lease payments	2023	–	20,944	–	–	3,675
	2024	–	11,188	–	–	16,904
	2025	203	15,126	–	–	27,808
	2026	68	5,034	–	–	9,605
Finance income	2023	–	362	–	–	234
	2024	–	19	–	–	418
	2025	43,226	–	–	–	1,376
	2026	–	–	–	99	1,053
Finance costs	2023	34,564	2,523	–	–	14,482
	2024	36,853	5,755	–	–	26,047
	2025	40,421	4,414	–	–	45,945
	2026	47,824	2,508	–	822	32,281

		Shareholder *KZT'million*	Associates *KZT'million*	Joint ventures *KZT'million*	Companies making up the Shareholder group *KZT'million*	Other related parties* *KZT'million*
Dividends receivable	2023	–	2,891	–	–	–
	2024	–	4,480	–	–	–
	2025	–	4,645	–	–	–
	2026	–	3,943	–	–	–
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	–	–
	2026	–	2,418	549	–	–

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.

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).

During the six months ended 30 June 2026, the Group issued bonds in favour of the Shareholder in the amount of KZT159,372 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, 2025 and 30 June 2026, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and Eurasian Development Bank for a total of KZT125,449 million, KZT154,299 million, KZT164,264 million and KZT155,232 million, respectively.

As at 31 December 2023, 2024, 2025 and 30 June 2026, 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%, from 0.075% to 9.37% 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%, 6.53% to 16.3% and 6.53% to 16.3%, respectively.

In the opinion of the directors, the Group's and the Company's guarantees provided to related parties and the non-trade balances with related parties will not be released or settled prior to the **[REDACTED]** of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Government of the Republic of Kazakhstan is the ultimate Shareholder of the Group through Joint Stock Company «Samruk-Kazyna» Sovereign Wealth Fund» (Note 1).

Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Salaries, allowances and benefits in kind	348	609	729	352	309
Performance related bonus	442	207	307	317	255
Total compensation paid to key management personnel	790	816	1,036	669	564

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 2025.

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			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets				
Amortised cost	51,655	62,707	65,175	73,242
FVTPL	73	632	632	61,920
Financial liabilities				
Amortised cost	2,433,617	3,105,003	4,022,440	4,812,514
FVTPL	35,719	32,697	91,496	99,133

The Company

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*
Financial assets				
Amortised cost	839,839	818,281	660,935	837,798
FVTPL	–	558	–	61,288
Financial liabilities				
Amortised cost	1,817,526	2,140,261	2,641,752	3,241,502
FVTPL	35,719	32,697	91,496	99,133

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	2026	–	–
	2025	–	–
	2024	397/(397)	(3,791)/3,791
	2023	397/(397)	(9,186)/9,186
Key interest rate NBRK	2026	375/(225)	–
	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
EURIBOR	2026	377/(165)	(11,128)/4,870
	2025	27/(27)	(1,005)/1,005
	2024	397/(397)	(6,797)/6,797
	2023	397/(397)	(4,369)/4,369
SARON	2026	75/(150)	(6,215)/11,365
	2025	35/(35)	(3,144)/3,144
	2024	–	–
	2023	–	–
Swiss Francs borrowings	2026	–	–
	2025	–	–
	2024	397/(397)	(19,862)/19,862
	2023	397/(397)	(8,099)/8,099
LRP	2026	50/(50)	(2,093)/3,828
	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	2026	–	–
	2025	–	–
	2024	397/(397)	(2,541)/2,541
	2023	397/(397)	(5,363)/5,363
Swiss Francs borrowings	2026	–	–
	2025	–	–
	2024	397/(397)	(12,868)/12,868
	2023	397/(397)	(8,099)/8,099
Base rate of the NBRK	2026	–	–
	2025	186/(186)	(1,190)/1,190
	2024	–	–
	2023	–	–
SARON	2026	75/(150)	(4,554)/9,109
	2025	35/(35)	(2,180)/ 2,180
	2024	–	–
	2023	–	–
LPR	2026	50/(50)	(964)/964
	2025	–	–
	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 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 three 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.

Under Strategy 3, the Group used debt securities denominated in US$, together with cross currency swaps, that allow economic conversion of US$ debt into debt denominated in Swiss Francs. This allowed aligning the forecast cash inflows from transit revenue with the currency of the liabilities in 2031 and 2036 and hedging the total cash outflows in US$.

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.

In May 2026, the Group entered into eight cross-currency swap transactions with J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), Abu Dhabi Commercial Bank PJSC (UAE) and Standard Chartered Bank (United Kingdom) to hedge the foreign currency risk related to highly probable forecast revenue in Swiss Francs (Strategy 3).

Under the transactions, the Group receives fixed amounts in US$ for the aggregate nominal value of US$1,000,000,000 at the interest rates of 4.875% per annum (five year transactions) and 5.25% per annum (ten year transactions) and pays fixed amounts in Swiss Francs for the aggregate nominal value of 788,187,500 Swiss Francs at the interest rates of 1.398% to 1.507% per annum (five year transactions) and 1.777% to 1.860% per annum (ten year transactions). The transactions mature in April 2031 and April 2036.

Four transactions maturing in April 2031 provide for mandatory early termination on 19 May 2031, with the settlement based on the fair value of the transactions as at the termination date. In accordance with the risk management strategy set out in the hedging documentation, the Group intends to enter into new cross-currency swap transactions for the remaining period until April 2036 by revising the terms and conditions without closing the existing cash positions as at the extension date. Thus, the transactions to be extended are treated as a part of a single economic hedging structure of the relevant ten-year bond issue.

Under Strategy 3, liabilities within a hedging instrument represent payments of the principal amount under USD-denominated Eurobonds for the amount of US$500,000,000 bearing interest at 4.875% per annum and maturing in April 2031 and for the amount of US$500,000,000 bearing interest at 5.25% per annum and maturing in April 2036 (Note 14).

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 CHF 4,512,532 (KZT2,926 million) (2024: US$17,674,778 (KZT8,221 million) and CHF 4,540,916 (KZT2,385 million), 2023: US$17,478,556 (equivalent to approximately KZT8,146 million)).

During the six months ended 30 June 2026, 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$13,245,000 (KZT6,125 million) and 300,840 Swiss Francs (KZT178 million) (during the six months ended 30 June 2025: US$8,782,833 (KZT4,543 million) and 2,256,266 Swiss Francs (KZT1,401 million)).

As of 31 December 2025 and 30 June 2026, 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) and US$206,218,766 (KZT99,133 million), respectively, was recognized as current liabilities.

As of 30 June 2026, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, J.P. Morgan Securities plc (United Kingdom), Abu Dhabi Commercial Bank (United Arab Emirates) and Standard Chartered Bank (United Kingdom), amounting to US$8,204,003 (KZT3,944 million), was recognised within non-current assets (31 December 2025: nil).

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 (United Kingdom), 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 (United Kingdom) 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 2025 and 30 June 2026, the Group assesses the likelihood of significant hedge ineffectiveness 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 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**
	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	1,050,208,399

	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

	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*
30 June 2026					
Nominal value in Swiss francs	39,023,940	68,967,609	30,084,195	703,636,771	841,712,515

The Group applies the following foreign currency borrowings under Strategy 3:

	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*
30 June 2026					
Eurobonds					
Nominal values in US$	–	–	–	1,000,000,000	1,000,000,000
Nominal values in million KZT	–	–	–	480,720	480,720
Average US$/Swiss Francs exchange rate	–	–	–	–	0.7882
Cross-currency SWAP					
Nominal value in Swiss Francs	–	–	–	(788,187,500)	(788,187,500)
Nominal value in million KZT	–	–	–	(468,530)	(468,530)

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)

	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)
30 June 2026				
Bonds in US dollars (Strategy 3)	1,000,000,000	480,720	Borrowings	11,005
Cross-currency swaps in Swiss francs (Strategy 3)	788,187,500	3,944	Derivative financial instruments	(10,434)
Borrowings in Swiss francs (Strategy 2)	841,712,515	463,163	Borrowings	34,970

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*	Cash flow hedge reserve (Strategy 3) *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)

	Cash flow hedge reserve (Strategy 1) *KZT'million*	Cash flow hedge reserve (Strategy 2) *KZT'million*	Cash flow hedge reserve (Strategy 3) *KZT'million*	Total *KZT'million*
31 December 2025 and 1 January 2026	–	52,012	–	52,012
Change in the value of hedging instruments, which was recognised in other comprehensive income	–	(34,969)	571	(34,398)
Ineffective portion reclassified to profit or loss – finance costs		–	(571)	(571)
Amount reclassified to profit or loss – effective portion as a reduction of revenue	–	(4,102)	–	(4,102)
Tax effect	–	7,814	–	7,814
30 June 2026	–	20,755	–	20,755

During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, the Group incurred a foreign exchange loss of KZT19,990 million, KZT77,009 million and a foreign exchange gain of KZT99,715 million, respectively, 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 Roubles, Swiss Francs and other exchange rates, provided all other parameters remain constant.

	As at 31 December 2023		
	Increase/ (decrease) in exchange rate	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 Roubles	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		
	Increase/ (decrease) in exchange rate	**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 Roubles	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		
	Increase/ (decrease) in exchange rate	**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 Roubles	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 30 June 2026		
	Increase/ (decrease) in exchange rate	**Effect on profit** *KZT'million*	**Direct effect on equity** *KZT'million*
The Group			
US dollars	15.62%/ (8.20%)	(37,102)/ 19,485	(59,524)/ 31,260
Euros	19.03%/ (6.27%)	(62,938)/ 20,716	– –
Russian Roubles	29.63%/ (37.11%)	(19,271)/ 24,092	– –
Swiss Francs	23.23%/ (4.96%)	(120,585)/ 25,758	(85,899)/ 18,349
In other currencies	15.00%/ (11.98%)	(51,946)/ 41,500	– –

	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 Roubles	15.22%/ (15.22%)	(423)/ 423

	As at 30 June 2026	
	Increase/ (decrease) in exchange rate	Effect on profit *KZT'million*
The Company		
US dollars	15.62%/ (8.20%)	(87,154)/ 45,771
Swiss Francs	23.23%/ (4.96%)	(137,436)/ 29,357
Euros	19.03%/ (6.27%)	(3,810)/ 1,254
Russian Roubles	29.69%/ (37.11%)	(370)/ 463
Chinese Yuan	15.00%/ (11.98%)	(29,537)/ 23,597

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*
Contract assets	–	–	–	1,153	1,153
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
Financial guarantees	78,889	–	–	–	78,889
Total	318,879	–	–	21,469	340,348

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*
Contract assets	–	–	–	336	336
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
Financial guarantees	72,415	–	–	–	72,415
Total	312,666	–	–	25,509	338,175

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

As at 30 June 2026

	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	–	–	–	1,771	1,771
Trade accounts receivable*	–	–	–	27,825	27,825
Other financial assets					
– Normal**	111,654	–	–	–	111,654
Cash and cash equivalents					
– Not yet past due	367,771	–	–	–	367,771
Financial guarantees	59,299	–	–	–	59,299
Total	538,724	–	–	29,596	568,320

The Company

As at 31 December 2023

	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	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
Financial guarantees	962,890	–	–	–	962,890
Total	1,759,501	–	–	182,671	1,942,172

As at 31 December 2024

	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	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
Financial guarantees	2,760,170	–	–	–	2,760,170
Total	3,402,411	–	–	302,830	3,705,241

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

As at 30 June 2026

	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	351,551	–	–	–	351,551
Trade accounts receivable*	–	–	–	477,184	477,184
Other financial assets – Normal**	69,919	–	–	–	69,919
Cash and cash equivalents – Not yet past due	239,758	–	–	–	239,758
Financial guarantees	2,573,149	–	–	–	2,573,149
Total	**3,234,377**	**–**	**–**	**477,184**	**3,711,561**

* *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 and 30 June 2026, the Group's cash with a carrying amount of KZT24,570 million (10.55% of cash and cash equivalents) and KZT26,187 million (7.12% of cash and cash equivalents), respectively, 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) and KZT22,604 million (6.15% of cash and cash equivalents), respectively, 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% and 39.43%, respectively, of cash and cash equivalents) and in ForteBank JSC with a credit rating of BB (22.72% and 39.43%, respectively, 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 KZT44,549 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 and 30 June 2026, 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 and KZT387,610 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*
31 December 2023							
Non-interest bearing:							
Trade accounts payable	–	190,389	195	10,385	–	–	200,969
Other liabilities	–	–	–	15,059	–	–	15,059
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
	–	238,143	18,603	444,961	1,390,639	2,394,082	4,486,428

	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*
31 December 2024							
Non-interest bearing:							
Trade accounts payable	–	223,237	7,725	389	–	–	231,351
Other liabilities	–	–	–	17,833	–	–	17,833
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
	–	235,875	68,572	976,404	1,310,974	2,868,433	5,460,258

	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*
31 December 2025							
Non-interest bearing:							
Trade accounts payable	–	522,689	343	2,738	–	–	525,770
Other liabilities	–	–	–	15,042	–	–	15,042
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	566,104	65,526	683,466	2,216,008	3,141,787	6,734,430

	On demand *KZT'million*	Up to 1 month *KZT'million*	1–3 months *KZT'million*	3 months–1 year *KZT'million*	1–5 years *KZT'million*	Over 5 years *KZT'million*	Total *KZT'million*
30 June 2026							
Non-interest bearing:							
Trade accounts payable	–	472,396	68	18,893	–	–	491,357
Other liabilities	–	2,547	–	57,729	–	–	60,276
Interest-bearing:							
Borrowings	–	5,917	63,116	360,836	2,655,763	3,121,553	6,207,185
Lease	–	3,524	17,816	34,963	263,062	470,242	789,607
Derivative financial instruments	–	–	–	100,363	–	–	100,363
Financial guarantees	59,299	–	–	–	–	–	59,299
	59,299	484,384	81,000	572,784	2,918,825	3,591,795	7,708,087

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*
31 December 2023							
Non-interest bearing:							
Trade accounts payable	–	54,960	194	9,186	–	–	64,340
Other current liabilities	–	–	4	2,316	–	–	2,320
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
	–	101,850	17,850	406,039	1,386,035	2,392,712	4,304,486

	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*
31 December 2024							
Non-interest bearing:							
Trade accounts payable	–	88,289	7,444	9,611	–	–	105,344
Other current liabilities	–	–	2	2,366	–	–	2,368
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
	–	101,254	161,300	1,076,580	1,976,102	3,331,471	6,646,707

	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*
31 December 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

	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*
30 June 2026							
Non-interest bearing:							
Trade accounts payable	–	137,959	–	4,426	–	–	142,385
Other current liabilities	–	–	38,947	2,770	–	–	41,717
Interest-bearing:							
Borrowings	–	5,917	27,964	223,672	2,053,874	2,520,632	4,832,059
Lease	–	1	3,035	7,595	14,204	–	24,835
Financial guarantees	1,958,476	–	614,673	–	–	–	2,573,149
Derivative financial instruments	–	–	–	100,363	–	–	100,363
	1,958,476	143,877	684,619	338,826	2,068,078	2,520,632	7,714,508

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, 2025 and 30 June 2026, 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 2023, 2024, 2025 and 30 June 2026 is presented as follows:

The Group

	31 December 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

	31 December 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

	31 December 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

	30 June 2026	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Other financial assets	94,220	94,195
Borrowings	1,961,606	1,877,586
Debt securities:	1,939,443	1,771,924

The Company

	31 December 2023	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	645,201	644,881
Other financial assets	6,787	5,963
Borrowings	421,168	380,276
Debt securities:	1,265,557	1,182,596

	31 December 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

	31 December 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

	30 June 2026	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	349,690	330,057
Other financial assets	61,215	61,309
Borrowings	977,880	932,481
Debt securities:	1,939,443	1,771,924

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 difference between instruments.

The table below provides an analysis of financial instruments as at 31 December 2023, 2024, 2025 and 30 June 2026 broken down into the fair value hierarchy levels.

The Group

	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	–	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 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *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 *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

	Fair value as at 30 June 2026			
	Level 1 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *KZT'million*
Financial assets at amortised cost:				
– other financial assets	–	35,571	649	36,220
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	57,344	631	57,975
– derivative financial instruments	–	3,944	–	3,944
Total	–	96,859	1,280	98,139
Financial liabilities carried at amortised cost				
– debt securities	–	742,774	–	742,774
– debt securities from the Shareholder	–	1,029,150	–	1,029,150
– bank loans	–	1,831,944	–	1,831,944
– loans from the Shareholder	–	45,642	–	45,642
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	99,133	–	99,133
Total	–	3,748,643	–	3,748,643

The Company

	Fair value as at 31 December 2023			
	Level 1 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *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 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *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 *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

	Fair value as at 30 June 2026			
	Level 1 *KZT'million*	**Level 2** *KZT'million*	**Level 3** *KZT'million*	**Total** *KZT'million*
Financial assets at amortised cost:				
– loans issued	–	–	330,057	330,057
– other financial assets	–	3,765	200	3,965
Financial assets at fair value through profit or loss:				
– other financial assets	–	57,344	–	57,344
– derivative financial instrument	–	3,944	–	3,944
Total	–	65,053	330,257	395,310
Financial liabilities carried at amortised cost				
– debt securities	–	742,774	–	742,774
– debt securities from the Shareholder	–	1,029,150	–	1,029,150
– bank loans	–	825,858	–	825,858
– loans from the Shareholder	–	106,623	–	106,623
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	99,133	–	99,133
Total	–	2,803,538	–	2,803,538

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 and the six months ended 30 June 2026, 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 *KZT'million*	**Salaries, allowances and benefits in kind** *KZT'million*	**Performance related bonus remuneration** *KZT'million*	**Total remuneration** *KZT'million*
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 *KZT'million*	Salaries, allowances and benefits in kind *KZT'million*	Performance related bonus remuneration *KZT'million*	Total remuneration *KZT'million*
Board of directors				
Independent director				
– John (Ian) McKay	41	–	–	41
– Natalya Godunova *(viii)*	13	–	–	13
– Ulf Wokurka	23	–	–	23
– Alexander Andreas Schierhuber	23	–	–	23
Director				
– Aidar Ryskulov	–	–	–	–
– Yelzhas Otynshiyev *(ix)*	–	–	–	–
– 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) Nazira Nurbaeva resigned as director on 24 August 2023.

(vii) Kuat Irubayev was appointed as director on 19 June 2023.

(viii) Natalya Godunova was appointed as an independent director on 4 April 2024.

(ix) 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 *(vii)*	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
– Mirat Utepov *(vi)*	–	–	–	–
– Nurlan Sauranbayev *(iv)*	–	26	23	49
– Yernat Berdigulov *(v)*	–	–	–	–
Total	161	80	48	289

Six months ended 30 June 2025 (unaudited)

	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	20	–	–	20
– Natalia Godunova *(vii)*	20	–	–	20
– Ulf Wokurka	18	–	–	18
– Alexander Andreas Schierhuber	19	–	–	19
Director				
– Aidar Ryskulov *(i)*	–	–	–	–
– Yelzhas Otynshiyev	–	–	–	–
– Kuat Irubayev	20	–	–	20
– Mirat Utepov *(vi)*	–	–	–	–
– Nurlan Sauranbayev *(iv)*	–	26	23	49
– Yernat Berdigulov *(v)*	–	–	–	–
Total	97	26	23	146

Six months ended 30 June 2026

	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	13	–	–	13
– Natalia Godunova *(vii)*	13	–	–	13
– Ulf Wokurka	12	–	–	12
– Alexander Andreas Schierhuber	13	–	–	13
Director				
– Aidar Ryskulov *(i)*	–	–	–	–
– Talgat Aldybergenov *(ii)*	–	28	–	28
– Yelzhas Otynshiyev	–	–	–	–
– Mirat Utepov *(vi)*	–	–	–	–
– Kuat Irubayev	13	–	–	13
– Rakhmetolla Kudaibergenov *(iii)*	–	–	–	–
Total	64	28	–	92

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 appointed as director on 15 January 2026.

(iv) Nurlan Sauranbayev resigned as chief executive officer and director on 30 June 2025.

(v) Yernat Berdigulov resigned as director on 26 June 2025.

(vi) Mirat Utepov was appointed as director on 26 June 2025 and resigned as director on 15 January 2026.

(vii) Subsequent to the Relevant Periods, Natalia Godunova resigned as Independent non-executive Director on 26 August 2026.

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 Periods and the six months ended 30 June 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026 included nil, nil, 1, 1 and nil director, details of whose remuneration are set out in note 31 above. Details of the remuneration for the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026 of the remaining 5, 5, 4, 4 and 5 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million* (unaudited)	*KZT'million*
Salaries, allowances and benefits in kind	190	226	216	108	120
Performance related bonuses	331	141	140	129	219
Total	521	367	356	237	339

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			Six months ended 30 June	
	2023	**2024**	**2025**	**2025** (unaudited)	**2026**
Nil to HK$1,000,000	–	1	–	4	1
HK$1,000,001 to HK$1,500,000	1	4	3	–	4
HK$1,500,001 to HK$2,000,000	4	–	1	–	–
Total	5	5	4	4	5

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 and the six months ended 30 June 2025.

34. EVENTS AFTER THE REPORTING DATE

Loans received

Shareholder

In September 2026, under the loan agreement with the Shareholder dated 24 August 2026 for financing the acquisition of passenger carriages, the Group received KZT50,000 million. The loan bears interest at 0.05% per annum and is repayable in annual instalments from 2036 to 2056. As the interest rate is below market, the loan was initially recognised at fair value using a market interest rate of 14.58%. The difference between the proceeds received and the fair value of the loan amounted to KZT45,237 million and was recognised as a contribution from the Shareholder, with a related deferred tax effect of KZT9,047 million.

Societe Generale and Natixis

In July and August 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 BPIfrance, an export credit agency, dated 13 December 2024, to finance the acquisition of freight locomotives for the total amount of 770,000,000 Euros, borrowed 54,408,556 Euros (KZT29,141 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 0.8%. The principal is repaid semi-annually until full repayment in 2036.

In July 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 BPIfrance, an export credit agency, dated 23 February 2023, to finance the acquisition of freight and passenger locomotives for the total amount of 627,110,893 Euros, borrowed 3,293,242 Euros (KZT1,768 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 1.15%. The principal is repaid semi-annually until full repayment in 2036.

In September 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit facility agreement with Societe Generale and Natixis, guaranteed by the French export credit agency BPIfrance, entered into on 23 February 2023 for the financing of freight and passenger locomotive acquisitions totaling 627,110,893 Euros, received loan proceeds amounting to 1,904,581 Euros (KZT 969 million), including the BPIfrance premium. Interest on the loan is payable semi-annually at a rate of 6-month Euribor + 1.15%. The principal is repayable in semi-annual installments until full settlement in 2036.

Citibank

In October 2026, the Group, represented by the Company, under the credit facility agreement with Citibank dated 14 July 2025, received borrowings totalling 150,000,000 Swiss Francs (KZT81,883 million). The loan bears interest at SARON + 2% and has a maturity of up to one year.

Deutsche Bank Luxembourg S.A. and Banco Santander S.A.

In September 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit facility agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A., guaranteed by the Export-Import Bank of the United States (US EXIM Bank), entered into on 26 November 2025 for the financing of freight locomotive acquisitions totaling US$445,000,000, denominated in Swiss franc equivalent, received loan proceeds amounting to 26,257,370 Swiss Franc (KZT14,214 million), including the US EXIM Bank premium. Interest on the loan is payable quarterly at a rate of SARON O/N + 0.48%. The principal is repayable in quarterly installments until full settlement in 2036.

In October 2026, under the same loan agreement, the Group received additional borrowings of 26,688,428 Swiss Francs (KZT14,681 million), including the US EXIM Bank premium. Interest is payable quarterly at SARON O/N + 0.48%. The principal is repayable quarterly until final maturity in 2036.

Debt securities issued

In July 2026, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of US$168,000,000 (KZT79,531 million), with a coupon rate of 5.5% per annum and a maturity date in 2028. The coupon payment is made twice a year.

Share split

On 25 September 2026, the Shareholder approved the Share Split whereby each of the Company's 496,695,676 issued and fully paid ordinary shares was split into five ordinary shares (Notes 13 and 24). As a result, the number of issued ordinary shares increased to 2,483,478,380.

Following the Share Split, the total number of authorised ordinary shares amounted to 2,488,823,162, taking into account authorised but previously unissued ordinary shares that were not subject to the Share Split.

The Shareholder also approved an increase in the total number of authorised ordinary shares from 2,488,823,162 to 3,267,734,711. On 28 September 2026, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market registered the amended issue of authorised ordinary shares.

The legal registration of the Share Split and the increase in the authorised ordinary share capital was completed on 29 September 2026.

Derivative Financial Instruments

In October 2026, under the cross-currency swap transactions entered into in 2022, the Group paid 524,395 Swiss Francs (KZT287 million) to Societe Generale SA and Citibank London and received US$13,245,000 (KZT5,939 million) and 300,840 Swiss Francs (KZT164 million) from Societe Generale SA, Citibank London and J.P. Morgan Securities plc.

In September 2026, the Group entered into two cross-currency swap transactions with MUFG Securities EMEA plc to manage the foreign currency risk associated with USD-denominated borrowings of US$44 million and US$168 million, both maturing on 15 December 2028. These derivative financial instruments were not designated as part of hedge accounting relationships.

Others

On 22 July 2026, the Group received dividends for 2024 from its associate Transtelecom JSC, in the amount of KZT3,633 million.

In July 2026, the Group, represented by its subsidiaries Joint Stock Company «KTZ Express» and Joint Stock Company «National Company «International Sea Trade Port of Aktau», made an additional contribution of cash, without changing the ownership interest, in the amount of KZT1,172 million to the share capital of an associate Aktau International Container Hub LLP.

In July 2026, the Group, represented by its Joint Stock Company «Kedentransservice», made an additional contribution of cash, without changing the ownership interest, in the amount of KZT136 million to the share capital of a joint venture Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd.

Tariff Increase

Effective from 21 September 2026, the authorized government body, represented by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the State, approved a 24% increase in tariffs for mainline railway network services related to the transportation of freight by rail.

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 30 June 2026.

The following is the text of a report set out on pages [IA-1] to IA-[●], 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 "Relevant 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 **[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 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 Relevant 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 Relevant 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	54	64

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(IN KZT'MILLION, UNLESS STATED OTHERWISE)

	NOTES	As at 31 December 2023	2024
Assets			
Non-current assets			
Goodwill		15,520	15,520
Intangible assets		13,824	11,250
Property, plant and equipment	6	3,794,479	4,782,227
Investments in joint ventures	7	1,579	1,396
Investments in associates	7	38,989	48,678
Other non-current assets	8	690,159	647,483
Deferred tax assets	17	60	21
Total non-current assets		4,554,610	5,506,575
Current assets			
Inventories	10	64,362	57,820
Other current assets	12	45,988	45,407
Prepaid income tax		3,535	7,899
VAT recoverable	4	49,618	120,475
Contract asset		1,153	336
Trade accounts receivable	11	16,326	21,666
Cash and cash equivalents	9	204,614	198,578
Total current assets		385,596	452,181
Current liabilities			
Trade accounts payable	18	200,969	231,351
Other taxes payable		13,961	15,694
Other current liabilities	20	98,910	112,627
Contract liabilities	19	115,868	133,170
Borrowings	14	354,115	812,965
Lease liabilities	15	16,951	35,517
Derivative financial instruments	34	–	32,697
Employee benefit obligations	16	7,608	7,598
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
Other non-current liabilities	20	69,778	118,770
Lease liabilities	15	54,555	139,465
Deferred tax liabilities	17	411,888	468,057
Employee benefit obligations	16	37,396	41,105
Derivative financial instruments	34	35,719	–
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			
Intangible assets		11,999	10,196
Property, plant and equipment	6	2,053,645	2,504,560
Investments in subsidiaries		1,102,214	1,274,476
Investments in joint ventures	7	5	80
Investments in associates	7	3,262	3,262
Other non-current assets	8	216,828	191,518
Loans issued	21	540,977	424,161
Total non-current assets		3,928,930	4,408,253
Current assets			
Inventories	10	27,732	26,841
Other current assets	12	13,767	11,720
VAT recoverable	4	3,096	12,122
Loans issued	21	104,224	83,244
Trade accounts receivable	11	182,643	302,737
Cash and cash equivalents	9	139,416	126,139
Total current assets		470,878	562,803
Current liabilities			
Trade accounts payable	18	64,340	105,344
Other taxes payable		5,226	4,681
Other current liabilities	20	24,550	31,456
Contract liabilities	19	3,113	3,801
Borrowings	14	318,255	673,881
Lease liabilities	15	5,694	14,600
Derivative financial instruments	34	–	32,697
Employee benefit obligations	16	1,573	2,300
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
Lease liabilities	15	2,764	15,985
Deferred tax liabilities	17	258,072	289,171
Employee benefit obligations	16	7,805	11,692
Derivative financial instruments	34	35,719	–
Liabilities under financial guarantee contracts		52,306	70,475
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	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, Republic of 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 Relevant 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 2026 throughout the Relevant 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[2]
Amendments to IAS 28	Fair value option for Investments in Associates and Joint Ventures[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 19	Amendments to subsidiaries without Public Accountability: Disclosure[2]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosure[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

[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 2027.
[3] Effective for annual periods beginning on or after 1 January 2029.

The management does not expect that the adoption of the above standards will have a material impact on the Group's consolidated financial statements in future periods, except for IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements* and shall be applied retrospectively, in accordance with IAS 8, including specific transitional provisions of IFRS 18.

The Group plans to apply IFRS 18 and the related amendments from 1 January 2027. Therefore, comparative information for 2026 presented in the Group's consolidated financial statements for 2027 will be restated in accordance with IFRS 18.

The Group preliminarily assessed the potential effect of IFRS 18 and the related amendments to other IFRS accounting standards on the consolidated financial statements. Based on this assessment, the application of IFRS 18 is expected to have a material impact on the classification and presentation of certain income, expenses and cash flows, and additional disclosures in the Group's consolidated financial statements; at the same time, it will have no effect on the recognition and measurement of the Group's assets, liabilities, income and expenses.

IFRS 18 introduces a new classification structure in the consolidated statement of profit or loss and other comprehensive income that requires classifying income and expenses into the following categories: operating, investing, financing, income taxes and discontinued operations.

The operating category is determined based on the leftover principle and includes income and expenses that have not been classified into the other categories. Based on the Group's preliminary assessment, the operating category is expected to include a major portion of income and expenses related to freight and passenger transportation, operation of the mainline railway infrastructure and other associated operating activity.

According to the requirements applicable to the Group's specified main business activities, the investment category includes income and expenses from assets that generate income largely independent of other resources of the Group. The Group's share of profit (loss) of associates and joint ventures accounted for using the equity method will be classified within the investing category. The financing category includes income and expenses from specified liabilities, including those arising from transactions that involve raising of finance.

The Group expects that the most critical changes will be related to the classification of items that are presented within finance income, finance costs, foreign exchange gains and losses in these condensed interim consolidated financial statements. Income and expenses from financial transactions, including interest expenses on loans, issued debt securities and lease liabilities, will be classified into the financing category. Interest income and foreign exchange differences arising on cash and cash equivalents will be classified into the investing category. The Group continues to assess the classification of other financial assets and liabilities, derivatives, other finance costs on liabilities and expenses on unwinding of discount.

Foreign exchange differences, which are presented separately in the consolidated statement of profit or loss in these condensed interim consolidated financial statements, as a rule, may be classified into the same category of activities as the income and expenses from the items that gave rise to these foreign exchange differences. Therefore, according to IFRS 18, foreign exchange differences related to raising of finance may be classified into the financing category, foreign exchange differences related to cash and cash equivalents as well as certain investing activities may be classified into the investing category, while foreign exchange differences related to receivables, payables and other operating items may be classified into the operating category.

IFRS 18 introduces new mandatory subtotals in the statement of profit or loss and other comprehensive income, such as "operating profit or loss" and "profit or loss before financing and income taxes."

These mandatory subtotals may differ from indicators with similar labels, which are presented by the Group in these condensed interim consolidated financial statements or used in its public communications. Although the presentation of some items of income and expenses will change, the application of IFRS 18 itself is not expected to have an effect on the Group's profit for the period or total comprehensive income.

In addition, IFRS 18 will have an impact on the presentation of the consolidated statement of cash flows through the relevant amendments to IAS 7 Statement of Cash Flows. Based on the Group's assessment of its main business activities, it is expected that interest paid will be classified into financing activities while interest received will be classified into investing activities.

Therefore, only classification of cash flows among operating, investing and financing activities will be changed, while the total cash flows and the net change in cash and cash equivalents will remain unchanged.

In addition, IFRS 18 introduces enhanced requirements for aggregation, disaggregation and labelling of information presented in the primary financial statements and the notes. The Group analyses the existing presentation to determine the need for additional disaggregation of certain items and revision of labels.

In addition, IFRS 18 provides for disclosure of management-defined performance measures ("MPMs"). Such MPMs are subtotals of income and expenses used in public communications outside financial statements to communicate management's view of individual aspects of the financial performance that satisfy the criteria set out in IFRS 18. The Group assesses whether the performance measures currently used meet the definition of management-defined performance measures and whether their application will require relevant additional disclosure and reconciliation.

The Group anticipates that the application of IFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of profit or loss and providing management-defined performance measures within the consolidated financial statements, even though the IFRS 18 will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

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 has been prepared on a going concern basis. Going concern assumes the sale of assets and settlement of liabilities in the normal course of business covering at least 12 months after the report date. As at 31 December 2024, current liabilities of the Group exceed its current assets by KZT929,438 million.

As at 31 December 2024, current liabilities include borrowings KZT812,965 million that are payable within twelve months after the reporting date. At the same time, profit for the year ended 31 December 2024 amounted to KZT160,805 million, and cash flows from operating activities amounted to KZT336,597 million.

The Group's 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 Ultimate Controlling Party 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 38 for the loans obtained and debt securities issued subsequent to 31 December 2024.

In assessing its going concern status, management of the Group 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. Besides that, the Group received a Letter of Support from the Shareholder regarding its intent and ability to render the Group 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 whereby management of the Group can carry out certain actions to improve the going concern and liquidity position of the Group, the management of the Group concluded that the Group 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 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 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 Dirham	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 an 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 Relevant 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) the financial instrument is 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

Ordinary 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 ordinary 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 Monopolies ("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 Controlling Party 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 specific nature 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 Ultimate Controlling Party, 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 Relevant 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 Controlling Party, 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 (United Kingdom) regarding cross-currency swap transactions to partially manage the exposure to foreign exchange risk of borrowings denominated in US$. The Company pays a fixed amount of Swiss Francs in exchange for a fixed amount of US$. 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 at 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 may 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 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.

	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 country of domicile of the Group's contractual customer for each of the years ended 31 December:

	2023	2024
Customer location		
Kazakhstan	1,707,325	1,782,095
Russia	150,496	182,070
China	33,366	67,187
Germany	17,368	42,871
Others	25,540	89,719
	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
Property, plant and equipment that are subject to operating lease (Group as lessor)	–	239	–	88,774	–	–	–	89,013

	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
Property, plant and equipment that are subject to operating lease (Group as lessor)	–	397	–	87,188	–	–	–	87,585

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 Zhezkazgan-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 Nil 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's 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 (Xi'an) Trade and Logistics Co., Ltd.	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	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	5	33.33%*	80	33.33%*
Total investment in joint ventures			5		80	

* *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 reversal/(impairment)	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 reversal/(impairment)	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 Chinese Yuan (KZT5,196 million) to the charter capital of China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd., 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 US$1,000 (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 (Xi'an) Trade and Logistics Co., Ltd.	**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 (Xi'an) Trade and Logistics Co., Ltd.	**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 KZT35,413 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 Relevant 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 Relevant 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 supplies	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	62	623
Less: allowance for advances given and other non-current non-financial assets	(894)	(406)
Total other non-financial assets	212,537	187,887
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
	216,828	191,518

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 Relevant Period are as follows:

	Year ended 31 December	
	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 Relevant Period are as follows:

	Year ended 31 December	
	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 0.66% 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 minimising 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%	19.51%
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%	13.93%
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%	0.02%
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%	0.03%
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 Relevant 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 Relevant 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 Relevant Period are as follows:

The Group

	Year ended 31 December	
	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 31 December	
	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	77	22
At 31 December	283	221

13. EQUITY

As at 31 December 2023 and 2024, 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.

Please refer to details of the Company's share split completed subsequent to the Relevant Periods in Notes 30 and 38.

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 KZT177,932 million and KZT89,395 million, respectively, net of deferred tax effect of KZT35,587 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 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. 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 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 (equivalent to approximately KZT2,137 million) (including the COFACE premium). Loan interest is paid semi-annually at Euros 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, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, 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.

Eurasian Development Bank ("EDB")

In 2023, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, 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, the Group 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 (equivalent to approximately 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 US$593,952,912 in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (equivalent to approximately 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.

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 (equivalent to approximately KZT264,633 million) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95% margin. 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 (equivalent to approximately 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 US$780,000,000, 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 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 covenants

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 with an 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 Service 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 provide 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/(income) recognised in other comprehensive income	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 (income)/expenses recognised in other comprehensive 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):		
– 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:		
– 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	157	187
Total recognised in profit or loss for the year	1,563	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 to 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	2,300
2 to 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	13,992

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%) caused 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	(16,163)	(13,114)
Non-deductible expenses	7,349	21,188
Change in unrecognised deferred tax assets, including for tax losses carried forward	1,363	10,161
Corporate 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 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
Liabilities under financial guarantee contracts	11,136	15,514
Derivative financial instruments	7,036	6,432
Lease liabilities	1,751	6,215
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 by 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.

[The Group's management concluded that application of Pillar II requirements has no material impact on the Group's consolidated financial statements for the Relevant Period. No additional tax liabilities are provided.]

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-day and 48-day terms, respectively, the Company's trade accounts payable are normally settled on 33-day and 46-day 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

Movements in the Group's and the Company's contract liabilities are as follows:

The Group

	Year ended 31 December	
	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 31 December	
	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 Relevant 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 Relevant 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.

Majority of the 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
Provisions for unused vacation and other employee benefits	36,225	40,069
Salary payable	15,511	18,966
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	125,093	186,115
Financial guarantee contract liabilities	28,536	27,449
Others	15,059	17,833
Total other financial liabilities	43,595	45,282
	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**
Provisions for unused vacation and other employee benefits	15,025	17,336
Salary payable	33	1
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	18,853	21,992
Financial guarantee contract liabilities	3,377	7,096
Others	2,320	2,368
Total other financial liabilities	5,697	9,464
	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 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 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 for 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, 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
Kaztemirtrans 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
Vostokmashzavod 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
Kaztemirtrans 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 denominated 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 Relevant 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 Relevant 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		
Income from subsidising the interest rate of 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 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 reversed (recognised) 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)
– intangible assets (except for goodwill)	(1,322)	(160)
– other non-current non-financial assets	(560)	(7)
– 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 ordinary shares in circulation during the Relevant Period. The basic earnings per share presented below has taken into account the Company's split of each ordinary share into five ordinary shares which was approved on 25 September 2026 and registered on 29 September 2026 ("Share Split"). The weighted average number of ordinary shares used in the calculation of basic earnings per share for all periods presented has been adjusted retrospectively to reflect the Share Split as if it had occurred at the beginning of the earliest period presented. The Share Split affected only the number of ordinary shares used in the calculation of basis earnings per share and had no impact on profit for the year attributable to the Shareholder. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding.

	Year ended 31 December	
	2023	2024
Weighted average number of ordinary shares	2,483,463,385	2,483,468,576
Profit for the year attributable to the Shareholder (in KZT million)	133,508	157,818
Earnings per ordinary share (KZT)	54	64

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 Aktobe Rail and Section Mill Plant LLP, an associate, 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 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)
Industrial Development Fund JSC	Passenger Transportation JSC under finance lease agreements	20 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

			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*
	Kaztemirtrans JSC under finance lease agreements	28 August 2017 and 2 August 2023	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	until 28 August 2032 to 30 November 2035	56,028	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	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
Development Bank of Kazakhstan JSC	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
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	–

			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*
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 10 June 2024	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	119,085 (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 KZT167,030 million and KZT245,677 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 2023	Paid-up issued/ registered Capital 2024	Equity interest attributable to the Company, % 31 December 2023	Equity interest attributable to the Company, % 31 December 2024	At date of this report
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 24 May 2002	47,914	47,914	100	100	100
Kedentransservice JSC	3	Joint stock company	Freight forwarding services, handling rolling stock, terminal services	Kazakhstan 24 August 1997	3,401	3,401	100	100	100
National Company Aktau International Sea Trade Port 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 Trade Port JSC to the Group's trust management. National Company Aktau International Sea Trade 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 with IFRS Accounting Standards and Order No. 404 of the Minister of Finance. This entity were audited by Ernst & 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 with 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 with 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 Relevant 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 1)*
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
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
Financial guarantee					
– trade in nature	2023	–	–	–	–
– non-trade in nature	2023	–	19	–	15,315
		–	19	–	15,315
– trade in nature	2024	–	–	–	–
– non-trade in nature	2024	–	–	–	14,897
		–	–	–	14,897
Cash on current accounts	2023	–	–	112,141	–
(Note 2)	2024	–	–	1	–
Cash on digital accounts	2023	–	–	–	–
(Note 2)	2024	–	–	–	116,631
Restricted cash *(Note 2)*	2023	–	–	–	202
	2024	–	–	–	197
Lease liabilities *(Note 2)*	2023	–	9,831	–	58,445
	2024	–	31,296	–	140,393
Loans received *(Note 3)*	2023	768,615	–	–	125,449
	2024	1,002,575	–	–	154,299

Note 1: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

Note 2: The directors consider the nature of these balances are in the ordinary course of the Group's business.

Note 3: Except for the amount of KZT768,615 million and KZT1,002,675 million, which represents loans from shareholder as at 31 December 2023 and 2024, the directors considered the nature of the remaining balances of loans received are in the ordinary course of the Group's business.

Note 4: In the opinion of the directors, the Group's and the Company's guarantees provided to related parties and the non-trade balances with related parties will not be release or settled prior to the **[REDACTED]** of the Company on the Main Board of the Stock Exchange of Hong Kong Limited.

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties *(note 1)*
Sale of goods, services and non-current assets	2023	–	72,316	–	22,635	83,862
	2024	–	110,476	–	29,434	103,418
Recovered/(accrued) allowances for expected credit losses and impairment of advances paid	2023	–	1,233	–	(4)	(12)
	2024	–	394	–	96	(70)
Purchase of goods, services and non-current assets	2023	–	33,215	–	124,842	33,999
	2024	–	26,623	–	93,221	75,278
Receipt of loans	2023	336,309	–	–	–	50,345
	2024	238,169	–	–	–	37,956
Repayment of loans received	2023	1,175	–	–	–	4,629
	2024	1,175	–	–	–	11,160
New lease agreements (Group as lessee)	2023	–	1,121	–	–	23,213
	2024	–	27,261	–	–	80,475
Lease payments	2023	–	20,944	–	–	3,675
	2024	–	11,188	–	–	16,904
Finance income	2023	–	362	–	–	234
	2024	–	19	–	–	418
Finance costs	2023	34,564	2,523	–	–	14,482
	2024	36,853	5,755	–	–	26,047
Dividends due	2023	–	2,891	–	–	–
	2024	–	4,480	–	–	–
Share capital contribution	2023	24,310	5,196	1,116	–	–
	2024	13,273	1,578	243	–	–

Note 1: 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 1)*
Amounts due from related parties						
– 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
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

Note 1: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

		Shareholder	Associates	Companies making up the Shareholder Group	Subsidiaries of the Company	Other related parties *(note 1)*
Financial guarantee						
– trade in nature	2023	–	–	–	–	–
– non-trade in nature	2023	–	19	–	27,148	15,315
		–	19	–	27,148	15,315
– trade in nature	2024	–	–	–	–	–
– non-trade in nature	2024	–	–	–	50,121	14,897
		–	–	–	50,121	14,897
Cash on current accounts	2023	–	–	112,137	–	–
(Note 2)	2024	–	–	–	–	–
Cash on digital accounts	2023	–	–	–	–	–
(Note 2)	2024	–	–	–	–	116,631
Lease liabilities *(Note 2)*	2023	–	8,396	–	6	–
	2024	–	30,545	–	7	–
Loans issued *(Note 2)*	2023	–	–	–	640,624	–
	2024	–	–	–	505,147	–
Including allowance for	2023	–	–	–	(1,152)	–
expected credit loss *(Note 2)*	2024	–	–	–	(434)	–
Loans received *(Note 3)*	2023	768,615	–	–	49,603	–
	2024	1,002,575	–	–	10,781	–

Note 1: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

Note 2: The directors consider the nature of these balances are in the ordinary course of the Group's business.

Note 3: Except for the amount of KZT768,615 million and KZT1,002,575 million, which represents loans from shareholder as at 31 December 2023 and 2024, the directors considered the nature of the remaining balances of loans received are in the ordinary course of the Group's business.

Note 4: In the opinion of the directors, the Group's and the Company's guarantees provided to related parties and the non-trade balances with related parties will not be release or settled prior to the **[REDACTED]** of the Company on the Main Board of the Stock Exchange of Hong Kong Limited.

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Subsidiaries of the Company	Other related parties *(note 1)*
Sale of goods and services	2023	–	305	–	182	805,758	230
	2024	–	203	–	124	882,334	881
Accrued allowances for expected credit losses and impairment of advances paid	2023	–	(49)	–	(1)	(1)	(9)
	2024	–	49	–	1	–	(73)
Purchase of goods, services and non-current assets	2023	–	18,108	–	6,768	174,770	4,231
	2024	–	9,944	–	3,834	198,647	10,820
Loans issue	2023	–	–	–	–	282,155	–
	2024	–	–	–	–	32,457	–
Loan repayment	2023	–	–	–	–	61,453	–
	2024	–	–	–	–	93,424	–
Proceeds from borrowings	2023	336,309	–	–	–	16,680	–
	2024	238,169	–	–	–	908	–
Repayment of borrowings	2023	1,175	–	–	–	–	–
	2024	1,175	–	–	–	39,730	–
Finance income	2023	–	362	–	–	108,691	234
	2024	–	19	–	–	66,534	418
Finance costs	2023	36,130	2,165	–	–	15	–
	2024	39,590	5,539	–	–	19	–
Dividend income	2023	–	2,981	–	–	15,632	–
	2024	–	4,479	–	–	21,901	–
Investments in subsidiaries	2023	–	–	–	–	27,381	–
	2024	–	–	–	–	59,114	–
Share capital contribution	2023	24,310	–	5	–	–	–
	2024	13,273	–	75	–	–	–
New lease agreements	2023	–	1,121	–	–	–	–
	2024	–	27,261	–	–	1	–
Lease payments	2023	–	19,989	–	–	4	–
	2024	–	10,288	–	–	4	–

Note 1: Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

(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.

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 Relevant 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	2,433,617	3,105,003
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	1,817,526	2,140,261
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 (United Kingdom) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US$. Borrowings represent interest and principal payments on US$ denominated Eurobonds in the amount of US$882,978,000 with a coupon rate of 2% per annum and maturity in October 2025 and the holder is the Shareholder.

The Group and the Company pay a fixed amount of Swiss Francs in exchange for a fixed amount of US$. 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 (United Kingdom), Societe Generale SA (France) and Citibank London in the amount of US$17,674,778 (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 US$17,478,556 (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 (United Kingdom) in the amount of US$62,267,864 (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 (United Kingdom) in the amount of US$78,578,766 (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$. 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 US$	–	–	882,978,000	–	882,978,000
Nominal value in KZT million	–	–	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 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$	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	–
Swiss Francs	17%/ (17%)	(10,420)/ 10,420	–	12%/ (4%)	(65,566)/ 21,429	–
Euros	13%/ (13%)	(971)/ 971	–	9%/ (6%)	(847)/ 560	–
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**
Contract assets	–	–	–	1,153	1,153
Trade accounts receivable*	–	–	–	20,316	20,316
Other financial assets – Normal**	35,376	–	–	–	35,376
Cash and cash equivalents	204,614	–	–	–	204,614
Financial guarantees	78,889	–	–	–	78,889
Total	318,879	–	–	21,469	340,348

As at 31 December 2024

	12-month ECL	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Contract assets	–	–	–	336	336
Trade accounts receivable*	–	–	–	25,173	25,173
Other financial assets – Normal**	41,673	–	–	–	41,673
Cash and cash equivalents	198,578	–	–	–	198,578
Financial guarantees	72,415	–	–	–	72,415
Total	312,666	–	–	25,509	338,175

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
Financial guarantees	962,890	–	–	–	962,890
Total	1,759,501	–	–	182,671	1,942,172

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
Financial guarantees	2,760,170	–	–	–	2,760,170
Total	3,402,411	–	–	302,830	3,705,241

* *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 KZT44,549 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	–	–	15,059	–	–	15,059
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
	238,143	18,603	444,961	1,390,639	2,394,082	4,486,428
2024						
Non-interest bearing:						
Accounts payable	223,237	7,725	389	–	–	231,351
Other liabilities	–	–	17,833	–	–	17,833
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
	235,875	68,572	976,404	1,310,974	2,868,433	5,460,258

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	–	4	2,316	–	–	2,320
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
	101,850	17,850	406,039	1,386,035	2,392,712	4,304,486
2024						
Non-interest bearing:						
Accounts payable	88,289	7,444	9,611	–	–	105,344
Other liabilities	–	2	2,366	–	–	2,368
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
	101,254	161,300	1,076,580	1,976,102	3,331,471	6,646,707

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 based 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	421,168	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 difference between instruments.

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 or 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 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**
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 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 or 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 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
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 or 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 Relevant 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
– Natalya Godunova *(viii)*	13	–	–	13
– Ulf Wokurka	23	–	–	23
– Alexander Andreas Schierhuber	23	–	–	23
Director				
– Aidar Ryskulov	–	–	–	–
– Yelzhas Otynshiyev *(ix)*	–	–	–	–
– 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) Nazira Nurbaeva resigned as director on 24 August 2023.

(vii) Kuat Irubayev was appointed as director on 19 June 2023.

(viii) Natalya Godunova was appointed as an independent director on 4 April 2024.

(ix) 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 Relevant 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 Relevant Period did not include any of the directors or set out in Note 35 above. Details of the remuneration for the Relevant 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 Relevant 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 Relevant Period.

37. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Period, nor has any dividend been proposed since the end of the Relevant 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 US$593,952,912 in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately KZT41,418 million).

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 88,000,000 Swiss Francs (KZT56,247 million).

In October 2026, the Group, represented by the Company, under the credit facility agreement with Citibank dated 14 July 2025, received borrowings totaling 150,000,000 Swiss Francs (equivalent to approximately KZT81,883 million). The loan bears interest at SARON + 2% and has a maturity of up to one year.

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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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.

In July-August 2026, the Group, represented by KTZ-Freight Transportation LLP, under the loan agreement with Societe Generale and Natixis under the guarantee of BPIfrance, an export credit agency, dated 13 December 2024, to finance the acquisition of freight locomotives for the total amount of EUR770,000,000, borrowed EUR54,408,556 (equivalent to approximately KZT29,141 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 0.8%. The principal is repaid semi-annually until full repayment in 2036.

In July 2026, the Group through its subsidiary KTZ-Passenger Locomotives LLP, under the 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 the total amount of 627,110,893 Euros, borrowed EUR3,293,242 (equivalent to approximately KZT1,768 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 1.15%. The principal is repaid semi-annually until full repayment in 2036.

In September 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 funds for a total amount of 1,904,581 Euros (equivalent to approximately KZT969 million) (including BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. The 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.

During the six months ended 30 June 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 19.5% with a repayment term of up to one year. The Group made an early repayment of these loans.

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 (equivalent to approximately 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.

During the six months ended 30 June 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 1,424,018,955 Chinese Yuan (equivalent to approximately KZT100,439 million). Loan interest is paid semi-annually at LPR 5 year – 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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.

In September 2026, under the loan agreement with the Shareholder dated 24 August 2026 for financing the acquisition of passenger carriages, the Group received KZT50,000 million. The loan bears interest at 0.05% per annum and is repayable in annual instalments from 2036 to 2056. As the interest rate is below market, the loan was initially recognised at fair value using a market interest rate of 14.58%. The difference between the proceeds received and the fair value of the loan amounted to KZT45,237 million and was recognised as a contribution from the Shareholder, with a related deferred tax effect of KZT9,047 million.

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 US$445,000,000 in Swiss Francs equivalent, borrowed 146,246,583 Swiss Francs (equivalent to approximately 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 US$445,000,000 in Swiss Francs equivalent, borrowed 38,958,316 Swiss Francs (equivalent to approximately 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 US$445,000,000 in Swiss Francs equivalent, borrowed 15,897,241 Swiss Francs (equivalent to approximately 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 US$445,000,000 in Swiss Francs equivalent, borrowed 36,692,052 Swiss Francs (equivalent to approximately 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.

In September 2026, the Group, represented by its subsidiary KTZ – Freight Transportation LLP, 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 26,257,370 Swiss Francs (equivalent to approximately KZT14,214 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 October 2026, under the same loan agreement, the Group received additional borrowings of 26,688,428 Swiss Francs (equivalent to approximately KZT14,681 million), including the US EXIM Bank premium. Interest is payable quarterly at SARON O/N + 0.48%. The principal is repayable quarterly until final maturity 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 US$600,000,000 in Swiss Francs equivalent, received borrowed funds of 484,680,000 Swiss Francs (equivalent to approximately 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.

During the six months ended 30 June 2026, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with Forte Bank JSC concluded on 13 June 2022, drew down borrowings in the amount of KZT70,000 million with an interest rate of 18.5% to 19.5% and maturity up to six months. The Group has made partial early repayment of loans received in the amount of KZT40,000 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 (equivalent to approximately 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 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 recognized an adjustment to the carrying amount of the bonds issued within finance income in the amount of US$80,296,949 (equivalent to approximately 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 (equivalent to approximately KZT159,372 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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 (equivalent to approximately 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.

In July 2026, for financing IT projects, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of US$168,000,000 (equivalent to approximately KZT 79,531 million), with a coupon rate of 5.5% per annum and a maturity date in 2028. The coupon payment is made twice a year.

Share split

On 25 September 2026, the Shareholder approved the Share Split whereby each of the Company's 496,695,676 issued and fully paid ordinary shares was split into five ordinary shares (Notes 13 and 30). As a result, the number of issued ordinary shares increased to 2,483,478,380.

Following the Share Split, the total number of authorised ordinary shares amounted to 2,488,823,162, taking into account authorised but previously unissued ordinary shares that were not subject to the Share Split.

The Shareholder also approved an increase in the total number of authorised ordinary shares from 2,488,823,162 to 3,267,734,711. On 28 September 2026, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market registered the amended issue of authorised ordinary shares.

The legal registration of the Share Split and the increase in the authorised ordinary share capital was completed on 29 September 2026.

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 (equivalent to approximately 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 (equivalent to approximately KZT6,125 million) and 300,840 Swiss Francs (equivalent to approximately KZT178 million).

In October 2026, under the cross-currency swap transactions entered into in 2022, the Group paid 524,395 Swiss Francs (equivalent to approximately KZT287 million) to Societe Generale SA and Citibank London and received US$13,245,000 (equivalent to approximately KZT5,939 million) and 300,840 Swiss Francs (equivalent to approximately KZT164 million) from Societe Generale SA, Citibank London and J.P. Morgan Securities plc.

In September 2026, the Group entered into two cross-currency swap transactions with MUFG Securities EMEA plc to manage the foreign currency risk associated with USD-denominated borrowings of US$44 million and US$168 million, both maturing on 15 December 2028. These derivative financial instruments were not designated as part of hedge accounting relationships.

Increase in tariffs

Starting from 21 September 2026, the authorised body represented by the Ministry of Transport of the RK approved tariffs increase for main railway network services for the transportation of freight by rail by 24%.

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.

Other

During 2025, the Group, represented by its subsidiary KTZ Express JSC, 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 KTZ Express JSC and National Company Aktau International Sea Trade Port JSC, and Shanhai (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 National Company Aktau International Sea Trade Port 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%.

During six months ended 30 June 2026, the Group, through its subsidiary Kedentransservice JSC, made an additional cash contribution of KZT 549 million to the share capital of the joint venture Kazakh-Chinese Trade and Logistics Company (Almaty) Ltd., without any change in its ownership interest. The share capital of the joint venture is held by the Group and Xi'an Free Trade Port Construction and Operation Co., Ltd. As at 30 June 2026, the share capital of Kazakh-Chinese Trade and Logistics Company (Almaty) Ltd. had not been fully contributed. The Group's actual contribution amounted to 55.61%, while its ownership interest remained unchanged at 49.9%.

On 22 July 2026, the Group received dividends for 2024 from Transtelecom, an associate, in the amount of KZT 3,633 million.

In July 2026, the Group, represented by KTZ Express JSC and National Company Aktau International Sea Trade Port JSC, its subsidiaries, made an additional contribution of cash, without changing the ownership interest, in the amount of KZT1,172 million to the share capital of Aktau International Container Hub LLP, an associate.

In July 2026, the Group, represented by its subsidiary Kedentransservice JSC, made an additional contribution of cash, without changing the ownership interest, in the amount of KZT136 million to the share capital of the Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd., a joint venture.

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 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 the year ended 31 December 2025 and the six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2025 and 30 June 2026 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 30 June 2026 and of the financial performance and cash flows of the Group for the year ended 31 December 2025 and the six months ended 30 June 2026 with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects,

in accordance 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

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page [IB-4] as were considered necessary.

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 and the six months ended 30 June 2026.

[●]
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 and the six months ended 30 June 2026. 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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2025** *KZT'million*	**Six months ended 30 June 2025** *KZT'million* (unaudited)	**2026** *KZT'million*
Revenue and other income				
Revenue from freight transportation	21	2,463,197	1,130,511	1,322,173
Revenue from passenger transportation	21	129,250	60,161	66,814
Government grants	5	43,275	21,277	27,327
Other revenue	22	121,361	61,128	49,377
Total revenue and other income		2,757,083	1,273,077	1,465,691
Cost of sales	23(a)	(1,924,051)	(902,522)	(1,036,553)
Gross profit		833,032	370,555	429,138
General and administrative expenses	23(b)	(145,837)	(63,776)	(79,680)
Finance income	25	88,618	17,755	22,585
Finance costs	25	(245,844)	(119,383)	(164,930)
Foreign exchange (loss)/gain		(19,990)	(77,009)	99,715
Share of profits and losses of associates and joint ventures	7	1,634	1,094	(2,345)
Impairment of financial assets and contract assets	23(d)	(3,893)	(3,106)	(638)
Impairment of non-financial assets	23(e)	(11,480)	(6,685)	(3,315)
Other profits and losses	23(c)	2,781	3,511	(1,141)
Profit before tax		499,021	122,956	299,389
Income tax expenses	17	(155,375)	(36,906)	(108,388)
Profit for the year/period		343,646	86,050	191,001

	Notes	Year ended 31 December 2025 KZT'million	Six months ended 30 June 2025 KZT'million (unaudited)	2026 KZT'million
Other comprehensive income/(loss), net of income tax:				
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain/(loss) on defined benefit plans	16	276	–	(7,364)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Fair value (loss)/gain on cash flow hedging instruments	13	(97,584)	(98,748)	34,969
Reclassification of the loss on cash flow hedging instruments to profit for the year/period	13, 21	80,781	32,137	4,102
Income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	3,361	13,321	(7,814)
Foreign exchange difference on translation of foreign operations		4,595	7,193	(1,591)
Other comprehensive (loss)/income for the year/period		(8,571)	(46,097)	22,302
Total comprehensive income for the year/period		335,075	39,953	213,303
Profit for the year attributable to:				
The Shareholder		339,919	83,823	188,849
Non-controlling interests		3,727	2,227	2,152
		343,646	86,050	191,001

	Notes	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
		KZT'million	*KZT'million* (unaudited)	*KZT'million*
Total comprehensive income attributable to:				
The Shareholder		331,350	37,726	211,151
Non-controlling interests		3,725	2,227	2,152
		335,075	39,953	213,303
		KZT	*KZT*	*KZT*
Earnings per share attributable to the Shareholder				
Basic and diluted	24	137	34	76

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2025 KZT'million	As at 30 June 2026 KZT'million
Assets			
Non-current assets			
Goodwill		15,520	15,520
Intangible assets		11,022	10,682
Property, plant, and equipment	6	5,875,447	6,718,125
Investments in joint ventures	7	11,637	12,175
Investments in associates	7	56,464	50,806
Derivative financial instruments	30	–	3,944
Other non-current assets	8	1,136,788	1,280,119
Deferred tax assets	17	312	578
Total non-current assets		7,107,190	8,091,949
Current assets			
Inventories	10	86,422	96,285
Other current assets	12	95,839	138,762
Corporate income tax prepaid		8,219	5,363
Value-added tax ("VAT") recoverable	4	48,789	23,326
Contract assets		1,071	1,771
Trade accounts receivable	11	18,009	23,786
Cash and cash equivalents	9	232,973	367,695
Total current assets		491,322	656,988
Total assets		7,598,512	8,748,937
Equity and liabilities			
Equity			
Share capital	13	1,152,698	1,152,698
Hedging reserve	13	(52,012)	(20,755)
Foreign currency translation reserve	13	13,589	11,998
Retained earnings		1,255,462	1,436,947
Equity attributable to the Shareholder		2,369,737	2,580,888
Non-controlling interests	13	18,493	17,462
Total equity		2,388,230	2,598,350

	Notes	**As at 31 December 2025** *KZT'million*	**As at 30 June 2026** *KZT'million*
Non-current liabilities			
Borrowings	14	2,697,359	3,339,074
Other non-current liabilities	20	177,442	204,355
Lease liabilities	15	224,936	282,098
Deferred tax liabilities	17	615,181	691,386
Employee benefit obligations	16	41,027	53,518
Total non-current liabilities		3,755,945	4,570,431
Current liabilities			
Trade accounts payable	18	525,770	491,357
Other taxes payable		16,083	26,800
Other current liabilities	20	129,821	231,744
Contract liabilities	19	149,196	107,559
Borrowings	14	488,658	561,975
Lease liabilities	15	45,146	52,916
Derivative financial instruments	30	91,496	99,133
Employee benefit obligations	16	8,167	8,672
Total current liabilities		1,454,337	1,580,156
Net current liabilities		(963,015)	(923,168)
Total liabilities		5,210,282	6,150,587
Total equity and liabilities		7,598,512	8,748,937

CONSOLIDATED STATEMENTS 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

Six months ended 30 June 2025 (unaudited)

	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 period	–	–	–	83,823	83,823	2,227	86,050
Other comprehensive (loss)/income for the period	–	(53,290)	7,193	–	(46,097)	–	(46,097)
Total comprehensive (loss)/income for the period	–	(53,290)	7,193	83,823	37,726	2,227	39,953
Other contributions	–	–	–	18,142	18,142	–	18,142
Dividends	–	–	–	–	–	(3,509)	(3,509)
As at 30 June 2025	1,123,907	(91,860)	16,187	958,674	2,006,908	16,995	2,023,903

Six months ended 30 June 2026

	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 2026	1,152,698	(52,012)	13,589	1,255,462	2,369,737	18,493	2,388,230
Profit for the period	–	–	–	188,849	188,849	2,152	191,001
Other comprehensive income/(loss) for the period	–	31,257	(1,591)	(7,364)	22,302	–	22,302
Total comprehensive income/(loss) for the period	–	31,257	(1,591)	181,485	211,151	2,152	213,303
Dividends	–	–	–	–	–	(3,183)	(3,183)
As at 30 June 2026	1,152,698	(20,755)	11,998	1,436,947	2,580,888	17,462	2,598,350

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2025	Six months ended 30 June 2025	2026
		KZT'million	*KZT'million* (unaudited)	*KZT'million*
Cash flows from operating activities:				
Profit for the year/period		343,646	86,050	191,001
Adjustments for:				
Income tax expenses recognised in profit or loss	17	155,375	36,906	108,388
Finance costs	25	245,844	119,383	164,930
Depreciation and amortisation	23	196,219	95,768	112,500
Finance income	25	(88,618)	(17,755)	(22,585)
Accrual of unused vacation reserve and other employee benefits		10,051	15,258	36,061
Reclassification of the loss on cash flow hedging instruments to profit for the year/period	13, 21	80,781	32,137	4,102
Foreign exchange loss/(gain)		19,990	77,009	(99,715)
Impairment of non-financial assets	23(e)	11,480	6,685	3,315
Post-employment benefits and other long-term employee benefit expenses	23	3,281	6,645	5,416
Share of profits and losses of associates and joint ventures	7	(1,634)	(1,094)	2,345
Impairment of financial assets and contract assets	23(d)	3,893	3,106	638
Other		3,414	(1,840)	(376)
Operating income before changes in working capital and other balances		983,722	458,258	506,020
Change in trade accounts receivable		(27,099)	(23,555)	(28,765)
Change in inventories		(25,134)	(15,468)	(9,002)
Change in other current and non-current assets (including long-term VAT recoverable)		(133,114)	(28,330)	(120,316)
Change in trade accounts payable		166,443	43,751	11,278
Change in other taxes payable		1,167	17,007	10,764
Change in other liabilities and contract liabilities		1,478	(12,927)	(30,275)
Change in employee benefit obligations		(8,553)	(5,163)	(3,922)

	Notes	Year ended 31 December 2025	Six months ended 30 June 2025	2026
		KZT'million	*KZT'million* (unaudited)	*KZT'million*
Cash generated from operations before interest and corporate income tax payments		958,910	433,573	335,782
Interest and commissions paid		(222,376)	(99,643)	(88,444)
Interest received		30,866	12,033	17,919
Corporate income tax paid		(20,603)	(7,997)	(7,574)
Net cash flows from operating activities		746,797	337,966	257,683
Cash flows from investing activities:				
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(925,368)	(358,301)	(700,722)
Acquisition of debt securities measured at fair value through profit or loss	12	–	–	(59,686)
Share capital contributions in joint ventures without a change in ownership interest	7	(7,143)	(6,143)	(549)
Investments acquired in associates and joint ventures	7	(6,211)	(3,551)	–
Dividends received from associates		4,693	1,500	291
Repayment of loans issued		2,272	1,969	426
Proceeds from sale of other non-current assets		1,499	698	619
Acquisition of other non-current assets		–	(1,945)	–
Other		(2,009)	(237)	(201)
Net cash flows used in investing activities		(932,267)	(366,010)	(759,822)
Cash flows from financing activities:				
Proceeds from borrowings	14	908,235	332,905	1,087,801
Repayment of borrowings	14	(648,674)	(245,340)	(495,231)
Repayment of lease liabilities	14	(18,072)	(4,611)	(3,025)
Proceeds from reverse repurchase agreements ("reverse repos")	20	–	–	37,871
Dividends paid to non-controlling interests in subsidiaries		(3,509)	(3,509)	–
Transfers to restricted cash		(14,368)	(1,446)	(3,313)
Transfers from restricted cash		4,427	–	3,586
Other		–	(7,477)	–

	Notes	Year ended 31 December 2025	Six months ended 30 June 2025	2026
		KZT'million	*KZT'million* (unaudited)	*KZT'million*
Net cash flows generated from financing activities		228,039	70,522	627,689
Net increase in cash and cash equivalents		42,569	42,478	125,550
Cash and cash equivalents at the beginning of the year/period		198,578	198,578	232,973
Effect of exchange rate change on balance of cash and cash equivalents denominated in foreign currency		(8,166)	(3,255)	9,230
Effect of change in the allowance for expected credit losses		(8)	(3)	(58)
Cash and cash equivalents at the end of the year/period	9	232,973	237,798	367,695
Non-cash transactions:				
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	14	272,755	73,825	201,454

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2025 KZT'million	As at 30 June 2026 KZT'million
Assets			
Non-current assets			
Intangible assets		9,397	9,203
Property, plant, and equipment	6	3,090,677	3,354,108
Investments in joint ventures	7	223	223
Investments in associates	7	3,262	3,262
Investments in subsidiaries	28	1,658,624	1,700,016
Loans issued	26	193,209	224,031
Derivative financial instruments		–	3,944
Other non-current assets	8	440,419	689,872
Total non-current assets		5,395,811	5,984,659
Current assets			
Inventories	10	36,407	40,441
Other current assets	12	49,413	82,417
VAT recoverable		14,565	38
Loans issued	26	113,391	125,659
Trade accounts receivable	11	346,312	476,783
Cash and cash equivalents	9	122,018	239,690
Total current assets		682,106	965,028
Total assets		6,077,917	6,949,687
Equity and liabilities			
Equity			
Share capital	13	1,152,698	1,152,698
Foreign currency translation reserve	13	(669)	(1,218)
Retained earnings	13	1,753,643	1,915,009
Total equity		2,905,672	3,066,489

	Notes	**As at 31 December 2025** *KZT'million*	**As at 30 June 2026** *KZT'million*
Non-current liabilities			
Borrowings	14	1,873,712	2,445,271
Lease liabilities	15	11,628	10,011
Deferred tax liabilities	17	374,212	426,964
Employee benefit obligations	16	16,358	21,568
Total non-current liabilities		2,275,910	2,903,814
Current liabilities			
Trade accounts payable	18	220,086	142,385
Other taxes payable		7,944	17,366
Other current liabilities	20	157,135	229,653
Contract liabilities	19	2,788	5,279
Borrowings	14	404,398	472,053
Lease liabilities	15	8,979	9,747
Derivative financial instruments	30	91,496	99,133
Employee benefit obligations	16	3,509	3,768
Total current liabilities		896,335	979,384
Net current liabilities		(214,229)	(14,356)
Total liabilities		3,172,245	3,883,198
Total equity and liabilities		6,077,917	6,949,687

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. In assessing the appropriateness of this assumption, the Group's management considered cash flow forecasts and compliance with financial covenants for at least twelve months from the reporting date.

As at 30 June 2026, the Group's current liabilities exceeded its current assets by KZT923,168 million. Current liabilities included borrowings amounting to KZT561,975 million that are due for repayment within 12 months after the reporting date. At the same time, the Group reported profit of KZT191,001 million for the six-month period ended 30 June 2026, and generated cash inflows from operating activities of KZT257,683 million.

As at 30 June 2026, the Group was not in compliance with the "Gearing Ratio" financial covenant under its loan agreements with HSBC Continental Europe and Societe Generale. In June 2026, the Group obtained a waiver from HSBC Continental Europe and two waiver letters from Societe Generale confirming that such covenant would not be tested as at 30 June 2026 and until 30 November 2026 and 1 December 2026, respectively. Based on management assessment on the Group's working capital forecasts, as at 31 December 2026, such covenant under the loan agreements with HSBC Continental Europe, Societe Generale and Natixis may be close to the required threshold or may not be met, while all other covenants are expected to be complied with. Management believes that the Group will continue as a going concern for the foreseeable future.

Management's assessment is based on the following facts and assumptions:

- For the six months ended 30 June 2026, the Group reported a profit of KZT191,001 million and generated net cash flows from operating activities of KZT257,683 million, demonstrating its ability to generate sufficient cash flows from its operations.

- On 29 June 2026, the Group obtained a waiver letter from HSBC Continental Europe regarding the Gearing Ratio covenant. As a result, the covenant breach was waived as at 30 June 2026 and until 30 November 2026 *(Note 14)*.

- In order to support compliance with its financial covenants, management continues to engage with lenders regarding the potential need for additional covenant waivers, where required, and is implementing measures aimed at improving the Group's capital and financing structure.

- As at 30 June 2026, the Group had available undrawn committed credit facilities with JSC Halyk Bank of Kazakhstan, JSC ForteBank, Citibank Kazakhstan JSC, Citibank and JSC Freedom Bank Kazakhstan amounting to KZT387,610 million, which are available for liquidity management purposes.

- Management is considering raising additional capital through the contemplated **[REDACTED]** and the conversion of certain bonds issued to the Shareholder into perpetual bonds. These actions are expected to strengthen the Group's equity position and improve its financial covenant ratios.

- The Shareholder intends and is able to provide financial and operational support to the Group for the foreseeable future, provided that the Group remains its subsidiary. As at 30 June 2026, the Group's liabilities included loans from the Shareholder amounting to KZT1,213,746 million *(Note 27)*, including a current portion of KZT285,724 million. Based on its previous experience with the Shareholder, management considers it highly probable that amendments to the repayment terms of these loans would be agreed, if required.

- Management has assessed the Group's cash requirements, including debt repayment obligations and future development plans, taking into account cash flow forecasts, expected financial performance, available credit facilities, plans for refinancing existing borrowings and investment commitments.

After completing the relevant analysis 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/period, 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:

			Average rate for year ended	Average rate for six months ended 30 June	
	31 December 2025	30 June 2026	31 December 2025	2026	2025
US$	505.53	480.72	521.59	486.50	512.03
Euros	593.44	548.07	590.15	567.67	559.49
Swiss Francs	637.33	594.44	630.43	618.45	594.87
Russian Roubles	6.34	6.14	6.28	6.37	5.92
Chinese Yuan	73.22	70.85	71.94	70.88	70.58

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and amended 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 amended 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 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
Amendments to the Fair Value Option in IAS 28 *Investments in Associates and Joint Ventures*	1 January 2027

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, with the exception of IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 *Presentation of Financial Statements* ("IAS 1") and is required to be applied retrospectively in accordance with IAS 8, subject to the specific transition provisions of IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements

The Group plans to apply IFRS 18 and the related amendments from 1 January 2027. Accordingly, comparative information for 2026 presented in the Group's consolidated financial statements for 2027 will be restated in accordance with IFRS 18.

The Group has performed a preliminary assessment of the potential impact of IFRS 18 and the related amendments to other IFRS Accounting Standards on its consolidated financial statements. Based on this assessment, the application of IFRS 18 is expected to have a significant impact on the classification and presentation of certain income, expenses and cash flows, as well as on additional disclosures in the Group's consolidated financial statements. However, it is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses.

IFRS 18 introduces a new classification structure for the consolidated statement of profit or loss and other comprehensive income, under which income and expenses are classified into the following categories: operating, investing, financing, income taxes and discontinued operations. The operating category is a residual category and includes income and expenses that are not classified in the other categories. Based on the Group's preliminary assessment, the operating category is expected to include the majority of income and expenses arising from freight transportation, passenger transportation, operation of the mainline railway infrastructure and the Group's other related operating activities.

Subject to the requirements applicable to the Group's specified main business activities, the investing category includes income and expenses from assets that generate returns largely independently of the Group's other resources. The Group's share of profit or loss of associates and joint ventures accounted for using the equity method will be classified in the investing category. The financing category includes income and expenses arising from specified liabilities, including liabilities resulting from transactions undertaken to raise finance.

The Group expects that the most significant changes will relate to the classification of items that are currently presented in these consolidated financial statements within finance income, finance costs and foreign exchange gains or losses. Income and expenses arising from financing transactions, including interest expense on borrowings, issued debt securities and lease liabilities, will be classified within the financing category. Interest income and foreign exchange differences arising on cash and cash equivalents will be classified within the investing category. The Group continues to assess the classification of other financial assets and liabilities, derivative financial instruments, other finance costs related to liabilities and discount unwinding expenses.

Foreign exchange differences, which are presented as a separate line item in these consolidated financial statements in the consolidated statements of profit or loss and other comprehensive income, may generally be classified within the same category as the income and expenses arising from the underlying items to which those foreign exchange differences relate. Consequently, under IFRS 18, foreign exchange differences associated with financing activities may be classified within the financing category, foreign exchange differences associated with cash and cash equivalents and certain investment activities may be classified within the investing category, and foreign exchange differences relating to trade receivables, trade payables and other operating items may be classified within the operating category.

IFRS 18 introduces new mandatory subtotals in the statement of profit or loss and other comprehensive income, such as "operating profit or loss" and "profit or loss before financing and income taxes". These required subtotals may differ from similarly labelled measures currently presented by the Group in these consolidated financial statements or used in its public communications. Although the presentation of certain income and expense items will change, the application of IFRS 18 is not expected, in itself, to affect the Group's profit for the period or total comprehensive income.

IFRS 18 will also affect the presentation of the consolidated statement of cash flows through the related amendments to IAS 7 *Statement of Cash Flows*. In these consolidated financial statements, the Group presents interest paid and interest received within operating activities. Based on the Group's assessment of its main business activities, interest paid is expected to be classified as a financing cash flow, while interest received is expected to be classified as an investing cash flow. Accordingly, only the classification of cash flows between operating, investing and financing activities is expected to change, while total cash flows and the net change in cash and cash equivalents will remain unaffected.

In addition, IFRS 18 introduces enhanced requirements for the aggregation, disaggregation and labelling of information presented in the primary financial statements and the notes thereto. The Group is reviewing its current presentation to determine whether additional disaggregation of certain line items and revisions to descriptions will be required.

IFRS 18 also requires disclosures about management-defined performance measures. Such measures are subtotals of income and expenses used in public communications outside the financial statements to communicate management's view of particular aspects of financial performance and that meet the criteria specified in IFRS 18. The Group is assessing whether the performance measures currently used in its public communications meet the definition of management-defined performance measures and whether they will require the related disclosures and reconciliations.

The application of IFRS 18 is not expected to have material impact on the consolidated statements of financial position but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and the consolidated statements of cash flows and disclosures in the financial information. The Group continues to assess the impact of applying IFRS 18, including the detailed allocation of income and expenses between the categories prescribed by IFRS 18, the classification of foreign exchange differences and derivative financial instrument results, the identification of management-defined performance measures, the assessment of aggregation and disaggregation requirements, and the impact of the related amendments to other IFRS Accounting Standards.

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. During the six months ended 30 June 2026, the Group designated investments in debt instruments that meet the criteria for measurement at amortised cost or at FVOCI as 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 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.

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.

Where the fair value of a derivative financial instrument at initial recognition differs from the transaction price and the fair value is determined using a valuation technique that uses only observable market inputs (Level 2 of the fair value hierarchy), the difference between the fair value and the transaction price is recognised in profit or loss on the trade date (Note 30). The above difference does not form part of the hedging relationship, is not included in the assessment of hedge effectiveness, and is not subsequently reversed or recognised upon changes in the fair value of the instrument in subsequent periods.

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

Ordinary 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 and 30 June 2026, 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 Historical Financial Information 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 Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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 Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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 and 30 June 2026, 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 ended 31 December 2025. As at 30 June 2026, the Group's management did not identify any events that occurred during the six months ended 30 June 2026 that could be considered an indicator of impairment of the "Transportation Operations CGU" and other CGUs except for one CGU. The Group's management determined the recoverable amounts of this CGU and no impairment loss was recognised during the six months ended 30 June 2026.

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. As at 30 June 2026, an impairment indicator was identified for one of the Group's individual CGUs, and 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 more frequently if indicators of impairment are identified of the CGU that includes the assets of its subsidiary Joint Stock Company «Kedentransservice», which forms part of the Freight Transportation operating segment. As at 31 December 2025 and 30 June 2026, the carrying amount of goodwill amounted to KZT15,520 million and was allocated to the CGU of Joint Stock Company «Kedentransservice».

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. During the year ended 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.

In March 2026, the Group received a notice from the tax authorities regarding the commencement of a tax audit to verify excess VAT amounts for the period from 1 January 2024 to 31 March 2025 in accordance with the tax legislation of the Republic of Kazakhstan. In May 2026, following the completion of the tax audit, the tax authorities confirmed excess VAT refundable from the state budget for the period from the first quarter of 2024 to the first quarter of 2025 in the amount of KZT 46,629 million. During the six months ended 30 June 2026, the Group recognised an allowance of KZT 1,351 million in respect of the excess VAT amount for the period from the first quarter of 2024 to the first quarter of 2025 that had not been confirmed by the tax authorities.

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 and 30 June 2026, total VAT recoverable amounted to KZT421,676 million and KZT525,280 million, of which KZT48,789 million and KZT23,326 million were classified as current assets, respectively. The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable within 12 months after the reporting period 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% and 22.29% per annum of additional accruals or overdue taxes for the year ended 31 December 2025 and the six months ended 30 June 2026. 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 and 30 June 2026. Any difference between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

Debt securities at fair value through profit or loss

During the six months ended 30 June 2026, the Group invested temporarily available cash in the portfolio of USD-denominated debt securities *(Note 12)*.

Investments were made to gain from subsequent sale of debt securities before their contractual maturity date due to the change in their market value.

The Group's management concluded that the portfolio is managed and its performance is measured based on the total investment return, including the change in the fair value of debt securities and receipt of interest income. The Group measures this portfolio at fair value through profit or loss based on the Group's business model for managing financial assets and contractual cash flow characteristics of the financial assets, in accordance with IFRS 9 *Financial Instruments*.

The fair value of bonds is measured in accordance with the requirements of IFRS 13 *Fair Value Measurement* based on observable market inputs. As at 30 June 2026, the debt securities are categorised within Level 2 of the fair value hierarchy *(Note 30)*. Although there are available market quotes, the Group's management concluded that the market for these issues is not active due to the limited trading volume and low frequency of transactions made. Therefore, the valuation methods based on observable market inputs, including market return for comparable instruments, credit spreads and currency forward curves, are used for determining the fair value.

Despite the long-term contractual maturities for debt securities, the Group's management expects to sell this portfolio within 12 months after the reporting date to finance the Group's future capital investments; therefore, debt securities were classified within current assets. The actual dates of the bonds sales may differ from the management's current expectations depending on the market conditions, the Group's investment needs and the implementation timeline for the scheduled capital projects.

The Group classified the cash flows related to the purchase and sale of debt securities within investing activities. Although these financial assets are measured at fair value through profit or loss, they are not held for trading and do not form part of the trading portfolio. The investments were made using the temporarily available cash for the purpose of their subsequent sale to finance the Group's future capital investments. In this context, the Group's management believes that the presentation of cash flows related to the purchase and sale of the above bonds within investing activities matches the nature of these transactions and complies with the requirements of IAS 7 *Statement of Cash Flows*.

As at 30 June 2026, the debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank were partly pledged as security under the repurchase (direct repo) transactions.

The Group's management concluded that, in these transactions, the Group retains substantially all material risks and rewards of ownership of debt securities pledged as security. Therefore, the Group continues to account for these debt securities within current financial assets. The restriction on disposal of debt securities is of a temporary nature and is effective exclusively until the date when the liabilities under the direct repo transactions are discharged. These liabilities are payable during a short period after the reporting date; therefore, the above restriction has no effect on the classification of debt securities as current assets.

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
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
Reversal of impairment/(impairment) of financial assets and contract assets	(6,327)	20	(6,307)	(713)	3,127	(3,893)
Reversal of impairment/(impairment) 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

Six months ended 30 June 2025 (unaudited)

	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 22)*	1,130,511	60,161	1,190,672	–	–	1,190,672
Government grants	–	21,277	21,277	–	–	21,277
Other revenue from third parties	47,720	2,907	50,627	10,501	–	61,128
Inter-segment transactions	21,620	52,829	74,449	4,585	(79,034)	–
Total revenue and other income	1,199,851	137,174	1,337,025	15,086	(79,034)	1,273,077
Cost of sales	(845,544)	(123,381)	(968,925)	(11,686)	78,089	(902,522)
Including:						
Staff costs, including taxes, contributions and unused vacation reserve	(377,469)	(33,063)	(410,532)	(6,539)	–	(417,071)
Fuel and lubricants	(95,332)	(14,247)	(109,579)	(609)	–	(110,188)
Repairs and maintenance	(83,777)	(21,538)	(105,315)	(104)	335	(105,084)
Electrical power	(55,001)	(5,401)	(60,402)	(262)	–	(60,664)
Work and services of a production nature	(75,310)	(12,089)	(87,399)	(963)	52,821	(35,541)
Materials and supplies	(26,846)	(3,872)	(30,718)	(510)	–	(31,228)
Gross profit	354,307	13,793	368,100	3,400	(945)	370,555
General and administrative expenses	(56,289)	(6,288)	(62,577)	(1,894)	695	(63,776)
Including:						
Staff costs, including taxes, contributions and unused vacation reserve	(39,864)	(3,570)	(43,434)	(1,355)	–	(44,789)
Finance income	21,250	2,893	24,143	271	(6,659)	17,755
Finance costs	(104,752)	(17,210)	(121,962)	(94)	2,673	(119,383)
Foreign exchange (loss)/gain	(69,710)	(9,908)	(79,618)	(18)	2,627	(77,009)
Share of profit of associates and joint ventures	1,094	–	1,094	–	–	1,094
Reversal of impairment/(impairment) of financial assets and contract assets	(3,074)	(28)	(3,102)	(28)	24	(3,106)
Reversal of impairment/(impairment) of non-financial assets	(7,261)	564	(6,697)	12	–	(6,685)
Other gains and losses	3,626	34	3,660	(134)	(15)	3,511
Profit/(loss) before taxes	139,191	(16,150)	123,041	1,515	(1,600)	122,956
Income tax (expenses)/credit	(33,674)	(1,712)	(35,386)	122	(1,642)	(36,906)
Profit/(loss) for the period	105,517	(17,862)	87,655	1,637	(3,242)	86,050
Other key segment information						
Capital expenditures on property, plant and equipment	377,434	21,689	399,123	664	–	399,787
Depreciation of property, plant and equipment *(Note 6)*	84,181	11,737	95,918	1,691	(1)	97,608

Six months ended 30 June 2026

	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 22)*	1,322,173	66,814	1,388,987	–	–	1,388,987
Government grants	1,548	25,779	27,327	–	–	27,327
Other revenue from third parties	36,882	2,490	39,372	10,005	–	49,377
Inter-segment transactions	23,752	58,915	82,667	4,826	(87,493)	–
Total revenue and other income	1,384,355	153,998	1,538,353	14,831	(87,493)	1,465,691
Cost of sales	(973,071)	(137,056)	(1,110,127)	(13,204)	86,778	(1,036,553)
Including:						
Staff costs, including taxes, contributions and unused vacation reserve	(438,948)	(35,111)	(474,059)	(7,483)	1	(481,541)
Fuel and lubricants	(127,091)	(15,913)	(143,004)	(600)	–	(143,604)
Repairs and maintenance	(76,981)	(24,139)	(101,120)	(108)	811	(100,417)
Electrical power	(79,054)	(7,322)	(86,376)	(282)	–	(86,658)
Work and services of a production nature	(81,801)	(12,687)	(94,488)	(975)	58,551	(36,912)
Materials and supplies	(21,555)	(4,353)	(25,908)	(413)	3	(26,318)
Gross profit	411,284	16,942	428,226	1,627	(715)	429,138
General and administrative expenses	(71,290)	(6,766)	(78,056)	(2,301)	677	(79,680)
Including:						
Staff costs, including taxes, contributions and unused vacation reserve	(44,937)	(4,192)	(49,129)	(1,602)	–	(50,731)
Finance income	32,586	1,542	34,128	512	(12,055)	22,585
Finance costs	(146,535)	(26,083)	(172,618)	(190)	7,878	(164,930)
Foreign exchange gain/(loss)	89,442	11,237	100,679	56	(1,020)	99,715
Share of loss of associates and joint ventures	(2,345)	–	(2,345)	–	–	(2,345)
Reversal of impairment/(impairment) of financial assets and contract assets	2,405	15	2,420	56	(3,114)	(638)
Reversal of impairment/(impairment) of non-financial assets	(3,086)	(388)	(3,474)	132	27	(3,315)
Other gains and losses	(1,049)	61	(988)	(128)	(25)	(1,141)
Profit/(loss) before taxes	311,412	(3,440)	307,972	(236)	(8,347)	299,389
Income tax (expenses)/credit	(116,120)	(709)	(116,829)	(1,076)	9,517	(108,388)
Profit/(loss) for the period	195,292	(4,149)	191,143	(1,312)	1,170	191,001
Other key segment information						
Capital expenditures on property, plant and equipment	689,950	233,524	923,474	33,052	–	956,526
Depreciation of property, plant and equipment *(Note 6)*	98,578	13,656	112,234	1,803	(47)	113,990

Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on country of domicile of the Group's contractual customer for the each of the Relevant Periods and the six months ended 30 June 2025.

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Kazakhstan	2,318,252	1,055,823	1,235,710
Russia	193,545	91,260	109,795
China	100,185	43,694	67,556
Others	145,101	82,300	52,630
Total	2,757,083	1,273,077	1,465,691

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	As at 30 June 2026
	KZT'million	*KZT'million*
Kazakhstan	7,034,262	8,021,538
Russia	38,598	37,495
China	15,757	13,374
Others	–	1,392
Total	7,088,617	8,073,799

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for the Relevant Periods and the six months ended 30 June 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	–	11,892	–	28,792
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
Reversal of impairment/ (impairment)	11	(61)	(244)	(141)	–	(619)	(3,532)	(4,586)
Other movements and transfers	553,793	30,900	172,569	411,400	–	256	(1,172,263)	(3,345)
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

	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 2026	2,047,392	378,652	432,036	2,630,846	2,807	18,741	364,973	5,875,447
Purchases	1	334	7,702	218,882	–	828	646,572	874,319
Lease additions	–	10	10,447	71,750	–	–	–	82,207
Lease modifications	–	618	(32)	2,647	–	–	–	3,233
Disposals	(3)	(1,415)	(12,364)	(4,768)	(2)	(176)	(2,473)	(21,201)
Depreciation charge *(Note 5)*	(32,592)	(4,928)	(18,113)	(57,012)	–	(1,345)	–	(113,990)
Depreciation on disposal	5	846	12,263	4,692	–	175	–	17,981
Reversal of impairment/ (impairment)	(5)	(666)	6	33	–	–	(16)	(648)
Other movements and transfers	22,146	438	13,805	93,379	–	(139)	(128,852)	777
Carrying amount as at 30 June 2026	2,036,944	373,889	445,750	2,960,449	2,805	18,084	880,204	6,718,125
Cost	2,506,750	469,192	806,123	3,824,018	2,805	45,524	892,065	8,546,477
Accumulated depreciation and impairment	(469,806)	(95,303)	(360,373)	(863,569)	–	(27,440)	(11,861)	(1,828,352)
Carrying amount as at 30 June 2026	2,036,944	373,889	445,750	2,960,449	2,805	18,084	880,204	6,718,125
Including:								
Right-of-use assets:								
Cost	–	3,065	37,909	515,730	–	7,374	–	564,078
Accumulated depreciation and impairment	–	(1,245)	(14,727)	(29,712)	–	(7,374)	–	(53,058)
Carrying amount	–	1,820	23,182	486,018	–	–	–	511,020
Property, plant, and equipment that are subject to operating leases (Group as a lessor)	417	40,985	41	54,387	45	–	–	95,875

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
Reversal of impairment/ (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

	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 2026	2,074,921	193,882	395,415	60,957	875	15,815	348,812	3,090,677
Additions	1	362	3,394	1,040	–	455	313,143	318,395
Lease additions	–	10	1,353	–	–	–	–	1,363
Lease modifications	–	157	(31)	–	–	–	–	126
Disposals	(3)	(1,060)	(15,950)	(300)	(2)	(105)	(303)	(17,723)
Depreciation charge	(32,594)	(2,818)	(15,360)	(2,979)	–	(745)	–	(54,496)
Depreciation on disposal	5	722	15,950	300	–	105	–	17,082
Reversal of impairment/ (impairment)	(5)	(16)	16	26	–	–	6	27
Other movements and transfers	(5,382)	26,556	13,531	3,664	–	(171)	(39,541)	(1,343)
Carrying value as at 30 June 2026	2,036,943	217,795	398,318	62,708	873	15,354	622,117	3,354,108
Cost	2,506,749	280,763	718,296	116,713	873	28,229	632,407	4,284,030
Accumulated depreciation and impairment	(469,806)	(62,968)	(319,978)	(54,005)	–	(12,875)	(10,290)	(929,922)
Carrying value as at 30 June 2026	2,036,943	217,795	398,318	62,708	873	15,354	622,117	3,354,108
Including:								
Right of use assets:								
Cost	–	477	27,919	–	–	–	–	28,396
Accumulated depreciation and impairment	–	(322)	(13,384)	–	–	–	–	(13,706)
Carrying value	–	155	14,535	–	–	–	–	14,690

As at 31 December 2025 and 30 June 2026, 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 and 30 June 2026, the Group's property, plant and equipment with a carrying amount of KZT82,275 million and KZT81,123 million, respectively, was pledged as collateral for specific borrowings. As at 31 December 2025 and 30 June 2026, collateral is mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank. As at 31 December 2025 and 30 June 2026, the Company has no property, plant and equipment used as collateral for loans.

For the year ended 31 December 2025 and the six months ended 30 June 2026, the Group recognised depreciation expenses on right-of-use assets of KZT21,109 million and KZT10,831 million, respectively, related to vehicles; and the Company recognised depreciation expenses on right-of-use assets under lease agreements in the amount of KZT7,420 million and KZT2,779 million, respectively, 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 year ended 31 December 2025 and the six months ended 30 June 2026, the Group's capitalised borrowing costs amounted to KZT68,453 million and KZT289 million, respectively with the average capitalisation rate for the Group was 8.8% and 11.59%. For the year ended 31 December 2025 and the six months ended 30 June 2026, the Company's capitalised borrowing costs amounted to KZT55,349 million and nil, respectively, with the average capitalisation rate for the Company was 11.61%.

As at 31 December 2025 and 30 June 2026, the cost of the Group's fully depreciated property, plant and equipment in use was KZT396,684 million and KZT421,001 million, respectively. The cost of the Company's fully depreciated property, plant and equipment in use is KZT367,468 million and KZT388,078 million, respectively.

As at 31 December 2025 and 30 June 2026, all undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with tenants are due within one year.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group

Name	Primary activity	Main country of operation/ country of registration	31 December 2025 Carrying amount *KZT'million*	31 December 2025 Ownership	30 June 2026 Carrying amount *KZT'million*	30 June 2026 Ownership
Associates						
UTLC Eurasian Railway Alliance JSC ("UTLC ERA JSC")	Domestic and international rail transportation and freight forwarding	Russia	20,475	33.33%	19,768	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	14,398	25%	9,345	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%	9,985	49%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	7,457	49%	5,926	49%
China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd.	International multimodal transportation, terminal services, etc.	China	6,357	49%	5,544	49%
Others			109	40–49%	238	40–49%
Total investments in associates			56,464		50,806	
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%	11,184	49.9%
Private Company KPMC Ltd.	Organisation of container block trains and freight forwarding services for land–sea cargo routes	China/ Kazakhstan	464	49%	398	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	300	50%	281	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%*	193	25%*
CRK-Terminal LLC	International Transport route	Russia	–	33.3%*	119	33.3%*
Total investments in joint ventures			11,637		12,175	

* *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		30 June 2026	
			Carrying amount *KZT'million*	Ownership	Carrying amount *KZT'million*	Ownership
Associates						
Dosjan Temir Zholy JSC	Construction and exploitation of railway line Shar-Ust- Kamenogorsk	Kazakhstan	5,458	46.02%	5,458	46.02%
Transtelecom JSC	Telecommunication services	Kazakhstan	3,106	25%	3,106	25%
UTLC ERA JSC	Domestic and international rail transportation and freight forwarding	Russia	156	33.33%	156	33.33%
			8,720		8,720	
Allowance for impairment of investments			(5,458)		(5,458)	
Total investments 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	223	33.33%*	223	25%*
Total investments in joint ventures			223		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:

	31 December 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)
Contribution to the share capital	7,143
Share of loss	(780)
As at 31 December	11,637

	30 June 2026 *KZT'million*
Associates	
As at 1 January	56,464
Contributions to share capital	2,418
Foreign currency translation	(1,067)
Share of loss	(2,294)
Fair value of the retained interest upon loss of control of a subsidiary	197
Impairment	(969)
Dividends receivable	(3,943)
As at 30 June	50,806
Joint ventures	
As at 1 January	11,637
Contributions to share capital	549
Foreign currency translation	40
Share of loss	(51)
As at 30 June	12,175

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 Shanhai (Hong Kong) Investment and Development Co. Ltd. As at 31 December 2025 and 30 June 2026, the share capital of Aktau International Container Hub LLP is not fully formed, the Group's actual contribution remained at 42.26%, while the Group's ownership interest remains unchanged at 49%. The remaining part of the ownership stake of the Group in Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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. During the six months ended 30 June 2026, the Group further made an additional cash contribution of KZT549 million to this joint venture. As at 31 December 2025 and 30 June 2026, 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% and 55.61%, respectively, while the Group's ownership interest remains unchanged at 49.9% and 49.9%, respectively.

In April 2026, the share capital of the joint venture, Private Company Middle Corridor Multimodal Ltd was increased through a contribution of USD454,000 made by a new shareholder, China Railway Container Transport Co., Ltd. Accordingly, the Group's ownership interest decreased from 33.3% as of 31 December 2025 to 25% as of 30 June 2026. The Group retained joint control over Private Company Middle Corridor Multimodal Ltd and continues to account for its interest in the entity as a joint venture.

Summary financial information on material associates as at and for the Relevant Periods:

	31 December 2025					
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *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*	**Trans telecom 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

	30 June 2026					
	China-Kazakhstan (Xi'an) Trade and Logistics Co., Ltd. *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*	**Trans telecom JSC** *KZT'million*	**UTLC ERA JSC** *KZT'million*
Current assets	9,997	11,628	1,210	4,139	208,371	46,409
Non-current assets	4,178	22,468	31,454	18,962	69,927	61,356
Total assets	14,175	34,096	32,664	23,101	278,298	107,765
Current liabilities	2,861	3,510	23,014	2,723	207,202	26,725
Non-current liabilities	–	233	32,904	–	42,609	21,735
Total liabilities	2,861	3,743	55,918	2,723	249,811	48,460
Total net assets/(liabilities)	11,314	30,353	(23,254)	20,378	28,487	59,305
Ownership interest	49%	49%	40%	49%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,544	14,873	(9,302)	9,985	7,122	19,768
Accumulated impairment	–	(8,947)	–	–	–	–
Net assets/(liabilities) attributable to the Group, including impairment	5,544	5,926	(9,302)	9,985	7,122	19,768
Accumulated unrecognised loss	–	–	9,302	–	–	–
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	5,544	5,926	–	9,985	9,345	19,768
Revenue	2,561	1,336	2,037	–	27,360	9,573
(Loss)/profit and total comprehensive (loss)/income for the period	(1,415)	106	1,248	(207)	(5,676)	(190)
Recognised share of the Group in (loss)/profit	(693)	52	–	(101)	(1,420)	(63)

Summary financial information on material joint venture as at and for the Relevant Periods:

	31 December 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)

	30 June 2026 Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. *KZT'million*
Cash and cash equivalents	100
Other current assets	1,740
Current assets	1,840
Non-current assets	25,809
Total assets	27,649
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	
Current liabilities	2,670
Total liabilities	2,670
Total net assets	24,979
Ownership interest	55.61%
Net assets attributable to the Group	13,890
Net assets attributable to the Group, including impairment	13,890
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)	(8)
Unrealised profit accumulated	(2,698)
Carrying amount of investment	11,184
Revenue	185
Depreciation and amortisation	(16)
Loss and total comprehensive loss for the year	(201)
Recognised share of the Group in loss	(112)

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 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Associates		
Share of the associates' profit/(loss) for the year/period	59	(69)
Share of the associates' total comprehensive income/(loss)	59	(69)
Aggregate carrying amount of the Group's investments in the associates	109	238
Joint ventures		
Share of the joint ventures' profit/(loss) for the year/period	(649)	61
Share of the joint ventures' total comprehensive income/(loss)	(649)	61
Aggregate carrying amount of the Group's investments in the joint ventures	890	991

8. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Advances paid for property, plant and equipment	731,026	749,883
VAT recoverable	390,051	520,631
Investment properties *(note i)*	8,565	8,501
Withholding corporate income tax	3,408	1,026
Other	4,350	6,561
Less: allowance for non-recoverable VAT	(17,164)	(18,677)
Less: allowance for withholding corporate income tax	(1,167)	(895)
Less: allowance for advances to vendors for property, plant and equipment	(470)	(467)
Less: allowance for other non-current non-financial assets	(72)	(72)
Total other non-financial assets	1,118,527	1,266,491
Restricted cash *(note ii)*	14,069	9,667
Loans to employees	2,366	2,101
Bonds of Kazakhstan commercial banks and other credit institutions, and other debt securities	676	711
Other	1,533	1,445
Less: allowance for other non-current financial assets	(383)	(296)
Total other financial assets	18,261	13,628
	1,136,788	1,280,119

Note i: The fair value of the Group's investment properties at 31 December 2025 and 30 June 2026 was KZT16,658 million and KZT17,711 million, respectively. 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 and the six months ended 30 June 2026, the Group accrued depreciation expense on investment property in the amount of KZT133 million and KZT64 million, respectively.

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 (30 June 2026: Nil) (Note 12).

As at 31 December 2025 and 30 June 2026, advances paid for property, plant and equipment included:

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Construction of the railway	289,072	450,856
Construction of a unified LTE-R digital railway radio communication network	–	83,517
Passenger carriages supply	206,144	462
Electric locomotive supplies	113,959	56,374
Construction of automatic train control systems	68,598	36,758
Modernization of railway station infrastructure	26,469	79,248
Capital repair of railway tracks	358	12,067
Acquisition of railway switch components	–	4,977
Construction of rolling stock accounting and control system	4,334	4,334
Acquisition of rails	5,341	4,333
Others	16,751	16,957
	731,026	749,883

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Advances paid for property, plant and equipment	407,562	687,112
Non-current assets intended for subsequent contribution to the share capital of subsidiaries	27,714	36
Corporate income tax withheld	2,048	–
Other	605	585
Less: allowance for expected credit losses on other non-current non-financial assets	(355)	(351)
Total other non-financial assets	437,574	687,382
Loans to employees	1,842	1,639
Other	1,082	936
Less: allowance for expected credit losses on other non-current financial assets	(79)	(85)
Total other financial assets	2,845	2,490
	440,419	689,872

As at 31 December 2025 and 30 June 2026, the Company's advances paid for property, plant and equipment mostly included advances paid for the construction of railway lines in the amount of KZT289,072 million and KZT450,856 million, for the construction of automatic train control systems in the amount of KZT68,598 million and KZT36,758 million and for the modernisation of railway stations in the amount of KZT26,469 million and KZT79,248 million, respectively.

During the year ended 2025 and the six months ended 30 June 2026, the Company transferred to non-current assets construction projects of the ferry complex at the Kuryk port in the amount of KZT10,221 million and KZT27 million, respectively which are intended for subsequent transfer to the charter capital of subsidiaries (Note 6).

As at 31 December 2025, the Company reclassified a portion of the withholding corporate income tax to other current assets in the amount of KZT34,388 million (30 June 2026: Nil) (Note 12).

9. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Short-term bank deposits in KZT	175,890	129,981
Short-term bank deposits in US$	4,532	150,166
Short-term bank deposits in other currencies	34	1,008
Cash in digital accounts in KZT	22,882	22,604
Cash in current bank accounts in KZT	16,462	25,759
Cash in current bank accounts in US$	6,806	23,687
Cash in current bank accounts in Russian Roubles	3,392	2,277
Cash in current bank accounts in Chinese Yuan	2,714	10,630
Cash in current bank accounts in other currencies	277	1,652
Cash on hand	2	7
Subtotal	232,991	367,771
Less: allowance for expected credit losses on cash and cash equivalents	(18)	(76)
Cash and cash equivalents	232,973	367,695

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Short-term bank deposits in KZT	87,131	49,427
Short-term bank deposits in US$	–	145,043
Cash on digital accounts in KZT	22,882	22,604
Cash in current bank accounts in KZT	11,896	21,496
Cash in current bank accounts in US$	–	271
Cash in current bank accounts in other currencies	120	917
Subtotal	122,029	239,758
Less: allowance for expected credit losses on cash and cash equivalents	(11)	(68)
Cash and cash equivalents	122,018	239,690

As at 31 December 2025 and 30 June 2026, 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 and 30 June 2026, the Group's weighted average interest rate on cash in current accounts was 5.63% and 12.15%, respectively, in KZT and 0.32% and 0.56%, respectively in other currencies. The Company's weighted average interest rate on cash in current accounts in KZT was 7.43% and 13.46%, respectively, in KZT and other currencies 0.01% as at 30 June 2026.

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 and 30 June 2026, the Group's weighted average interest rate on short-term bank deposits was 17.68% and 16.46%, respectively, in KZT, 2.36% and 4.22%, respectively, in US$, 11.75% and 5.0%, respectively, 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 and 30 June 2026, the Company's weighted average interest rate on short-term bank deposits was 17.73% and 16.27%, respectively.

As at 31 December 2025 and 30 June 2026, 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 KZT26,187 million; and KZT22,882 million and KZT22,604 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 and 30 June 2026 is low.

As at 31 December 2025 and 30 June 2026, 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 KZT41 million; and KZT22,882 million and KZT22,604 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 and 30 June 2026 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*	As at 30 June 2026 *KZT'million*
Fuel and lubricants (at cost)	30,827	37,226
Track structure materials (at cost)	26,862	28,883
Raw and other materials (at cost)	13,825	14,003
Spare parts (at cost)	11,015	11,538
Construction materials (at cost)	1,128	1,350
Others (at cost)	3,745	4,202
Subtotal	87,402	97,202
Less: Provision for inventory	(980)	(917)
Total	86,422	96,285

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Track structure materials (at cost)	26,793	28,821
Materials and supplies (at cost)	5,152	6,594
Fuel and lubricants (at cost)	1,843	1,001
Spare parts (at cost)	778	1,178
Construction materials (at cost)	424	715
Others (at cost)	1,417	2,132
Total	36,407	40,441

11. TRADE ACCOUNTS RECEIVABLE

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Trade accounts receivable	22,865	27,825
Less: allowance for credit losses	(4,856)	(4,039)
Total	18,009	23,786

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Trade accounts receivable	346,646	477,184
Less: allowance for credit losses	(334)	(401)
Net carrying amount	346,312	476,783

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 manage and 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 receivables 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 receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the trade accounts receivable as at 31 December 2025 and 30 June 2026, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within 1 month	8,418	17,775
1 to 3 months	6,819	2,104
3 to 6 months	2,288	3,564
6 months to 1 year	442	272
Over 1 year	42	71
Total	18,009	23,786

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within 1 month	345,761	476,621
1 to 3 months	494	117
3 to 6 months	57	45
Total	346,312	476,783

The movements in the loss allowance for impairments of trade accounts receivable are as follows:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
At beginning of the year/period	3,507	4,856
Impairment losses, net	2,132	832
Amount written off as uncollectible	(783)	(1,649)
At end of the year/period	4,856	4,039

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
At beginning of the year/period	93	334
Impairment losses, net	247	68
Amount written off as uncollectible	(6)	(1)
At end of the year/period	334	401

For trade accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, which estimated the financial quality of debtors and historical credit loss experience based on the ageing of the trade accounts receivable, used to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

The Group

As at 31 December 2025

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	2.51%	2.69%	16.02%	19.13%	74.69%	99.89%	21.24%
Gross carrying amount *(KZT'million)*	8,641	1,225	6,781	2,833	1,600	1,785	22,865
Expected credit losses *(KZT'million)*	(217)	(33)	(1,086)	(542)	(1,195)	(1,783)	(4,856)

As at 30 June 2026

		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	1.87%	4.88%	13.83%	34.16%	84.27%	99.27%	14.52%
Gross carrying amount *(KZT'million)*	13,713	6,768	3,146	1,408	1,551	1,239	27,825
Expected credit losses *(KZT'million)*	(256)	(330)	(435)	(481)	(1,307)	(1,230)	(4,039)

The Company

As at 31 December 2025

		Past due					
	Current	Within 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.01%	2.52%	9.30%	42.86%	83.25%	100%	0.10%
Gross carrying amount *(KZT'million)*	345,679	515	129	21	197	105	346,646
Expected credit losses *(KZT'million)*	(31)	(13)	(12)	(9)	(164)	(105)	(334)

As at 30 June 2026

		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%	5.01%	14.13%	51.96%	81.82%	100%	0.08%
Gross carrying amount *(KZT'million)*	476,281	419	92	102	11	279	477,184
Expected credit losses *(KZT'million)*	(26)	(21)	(13)	(53)	(9)	(279)	(401)

12. OTHER CURRENT ASSETS

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Withholding corporate income tax	36,392	40,185
Advances paid	26,713	26,360
Other taxes prepaid	4,089	1,800
Prepaid expenses	1,037	8,563
Other	5,488	5,380
Less: allowance for withholding corporate income tax	–	(29,895)
Less: allowance for the impairment of advances paid	(2,328)	(2,331)
Less: allowance for the impairment of other current non-financial assets	(5,089)	(5,104)
Total other non-financial assets	66,302	44,958
Debt securities at fair value through profit or loss	–	21,563
Debt securities pledged under direct REPO transactions	–	35,781
Restricted cash	25,009	25,954
Dividends receivable from associates	–	3,636
Government grants	–	3,360
Claims, interest and fines	1,947	2,132
Due from employees	1,628	1,895
Others	5,160	3,409
Less: allowance for expected credit losses on other current financial assets	(4,207)	(3,926)
Total other financial assets	29,537	93,804
	95,839	138,762

During the six months ended 30 June 2026, the Group recognised an impairment allowance for withholding corporate income tax in the amount of KZT29,895 million as a result of amendments to the tax legislation of the Republic of Kazakhstan relating to the statute of limitations, which became effective on 1 January 2026 *(Note 17)*.

During May to June 2026, the Group invested temporarily available cash in the portfolio of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan, NC KazMunayGas JSC, NMH Baiterek JSC, and the Eurasian Development Bank, for the total of US$125,016,375 (KZT59,686 million) and maturing in the period from June 2029 to October 2048. In accordance with the Group's business model for managing financial assets and contractual cash flow characteristics, these securities were classified as financial assets at fair value through profit or loss. Despite the long-term contractual maturities, the Group's management expects to sell this portfolio within 12 months after the reporting date to finance the Group's future capital investments. Therefore, the Group classified debt securities within current assets.

For the six months ended 30 June 2026, the Group accrued interest income of US$583,831 (KZT278 million), recognised a fair value loss of US$6,311,746 (KZT3,034 million) and foreign exchange gain of KZT414 million on revaluation.

As at 30 June 2026, the carrying amount of debt securities was US$52,034,861 (KZT25,014 million) for those issued by the Ministry of Finance of the Republic of Kazakhstan, US$36,071,416 (KZT17,340 million) for those issued by NC KazMunayGas JSC, US$23,868,797 (KZT11,474 million) for those issued by the Eurasian Development Bank and US$7,313,386 (KZT3,516 million) for those issued by NMH Baiterek JSC *(Note 23)*.

As at 30 June 2026, a portion of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank that was pledged as security under the repurchase (direct repo) transactions *(Note 20)* for the total of KZT35,781 million.

Restricted cash mainly represents amounts denominated in US$ that have been pledged as collateral for the current portion of loans obtained from Citibank and Deutsche Bank Luxembourg S.A. The restriction on the use of these funds will be released upon repayment of the respective loans.

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Withholding corporate income tax	35,596	38,732
Advances paid	8,108	4,699
Other taxes prepaid	501	308
Prepaid expenses	289	2,840
Income tax prepaid	36	36
Others	3,080	3,123
Less: impairment allowance for withholding corporate income tax	–	(29,895)
Less: allowance for the impairment of advances paid and other current non-financial assets	(3,375)	(3,605)
Total other non-financial assets	44,235	16,238
Debt securities at fair value through profit or loss	–	21,563
Debt securities pledged under direct REPO transactions	–	35,781
Dividends receivable	–	3,633
Restricted cash	3,606	3,363
Claims, interest and fines	898	1,141
Loans to employees	627	624
Others	1,105	1,238
Less: allowance for expected credit losses on other current financial assets	(1,058)	(1,164)
Total other financial assets	5,178	66,179
	49,413	82,417

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 in the coming 12 months (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 and 30 June 2026, 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, 1 January 2026 and 30 June 2026	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.

Please refer to details of the Company's share split completed subsequent to the Relevant Periods in Notes 24 and 34.

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 and 30 June 2026, the carrying value of these loans amounted to KZT534,250 million and KZT463,163 million, respectively. 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 and 138,438,878 Swiss Francs are repayable in 2026.

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)*.

During the six months ended 30 June 2026, the effective portion amounting to KZT34,969 million was recognised in the hedging reserve within other comprehensive income as a net gain on cash flow hedging instruments (for the six months ended 30 June 2025: the effective portion amounting to KZT67,671 million was recognised in the hedging reserve within other comprehensive loss as a net loss on cash flow hedging instruments). The related deferred income tax effect amounted to KZT6,994 million (six months ended 30 June 2025: KZT13,534 million) *(Note 17)*.

During the six months ended 30 June 2026, revenue from international (transit) freight transportation, which constituted the hedged item in the cash flow hedge relationship, was recognised. Accordingly, the cumulative loss of KZT4,102 million attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (six months ended 30 June 2025: KZT1,799 million) (Note 22). The related deferred income tax effect amounted to KZT820 million (for the six months ended 30 June 2025: KZT360 million) *(Note 17)*.

Strategy 3 (effective from 18 May 2026)

In May 2026, the Group entered into eight cross-currency swap transactions with J.P. Morgan Securities plc (United Kingdom), Société Générale S.A. (France), Abu Dhabi Commercial Bank PJSC (UAE) and Standard Chartered Bank (United Kingdom) with an aggregate notional amount of USD1,000,000,000 and 788,187,500 Swiss Francs. Under this strategy, the hedging instrument comprises a combination of Eurobonds with a nominal value of USD1,000,000,000 issued in April 2026 and the aforementioned cross-currency swaps, the schedules for receiving fixed amounts in U.S. dollars under which fully correspond to the payment schedules of the Eurobonds. As a result of this combination, the entire U.S. dollar cash outflow has been economically converted into a Swiss franc cash outflow. The aforementioned Eurobonds and cross-currency swaps are separately identifiable and can be measured reliably *(Note 30)*.

The hedged item in this hedging relationship is the highly probable revenue from freight transit transportation services amounting to 788,187,500 Swiss Francs, comprising 394,137,500 Swiss Francs in 2031 and 394,050,000 Swiss Francs in 2036. The timing and amounts of this forecast revenue correspond to the Swiss Franc cash outflows under the cross-currency swap transactions. The hedged risk is the risk of changes in the exchange rate between the Swiss Francs and the KZT to which the Group's highly probable forecast revenue denominated in Swiss Francs is exposed. The hedge ratio is 1:1.

Upon initial recognition, the fair value of the cross-currency swap transactions differed from the transaction price by the amount of the margin of the counterparty banks incorporated into the contractual terms of the transactions. As the fair value was determined using only observable market data, the resulting difference of USD13,823,183 (equivalent to KZT 6,490 million) was recognised in profit or loss on the transaction dates *(Note 30)*. This amount does not represent hedge ineffectiveness, is not part of the hedging relationship and is not subject to subsequent reversal. Subsequent changes in the fair value of the transactions are accounted for under the hedge accounting model.

For the period from 18 May 2026 to 30 June 2026, the effective portion, including foreign exchange losses on the bonds of KZT11,005 million and the effective portion of changes in the fair value of derivative financial instruments of KZT10,434 million, was recognised in the cash flow hedge reserve within other comprehensive income, resulting in a net loss on cash flow hedging instruments of KZT571 million. Hedge ineffectiveness of KZT571 million was recognised in finance costs (*Note 25*). The aggregate deferred income tax effect recognised in other comprehensive income was nil, comprising KZT2,201 million relating to foreign exchange losses on the bonds, offset by KZT2,087 million relating to changes in the fair value of derivative financial instruments, and KZT114 million relating to hedge ineffectiveness.

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 and 1 January 2026	(669)	1,753,643	1,752,974
Profit for the period	–	163,829	163,829
Other comprehensive loss	(549)	(2,463)	(3,012)
Total comprehensive (loss)/income for the period	(549)	161,366	160,817
As at 30 June 2026	(1,218)	1,915,009	1,913,791

Partially owned subsidiary with material non-controlling interest

Below is information about subsidiary with material non-controlling interest:

		31 December 2025		30 June 2026	
Name	**Country of registration and operation**	**Carrying amount** *KZT'million*	**Ownership**	**Carrying amount** *KZT'million*	**Ownership**
Limited Liability Partnership «KTZE – Khorgos Gateway»	Kazakhstan	21,301	49%	20,338	49%

Below is the summary financial information regarding Limited Liability Partnership «KTZE – Khorgos Gateway»:

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Statement of financial position		
Non-current assets (property, plant and equipment and other)	25,891	25,323
Current assets (cash and cash equivalents, current trade accounts receivable, inventories and other)	22,367	26,265
Non-current liabilities (employee benefit obligations, deferred tax obligations)	2,024	1,892
Current liabilities (trade and other accounts payable)	2,762	8,190
Total equity	43,472	41,506
Attributable to:		
Shareholder	22,171	21,168
Non-controlling interests	21,301	20,338

	Year ended 31 December 2025 *KZT'million*	Six months ended 30 June 2025 *KZT'million* (unaudited)	2026 *KZT'million*
Statement of profit or loss and other comprehensive income			
Revenue	14,769	6,629	8,484
Cost of sales	(8,421)	(4,024)	(4,788)
General and administrative expenses	(1,257)	(640)	(592)
Finance income	2,551	1,101	1,769
Finance costs	(554)	–	–
Other income and expenses	1,058	962	(481)
Profit before tax	8,146	4,028	4,392
Income tax benefit	(840)	443	138
Total comprehensive income for the period	7,306	4,471	4,530
Attributable to:			
Shareholder	3,726	2,280	2,310
Non-controlling interests	3,580	2,191	2,220
Dividends to non-controlling interests	3,509	3,509	3,183

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Cash flow information			
Operating activities	13,046	5,981	2,470
Investing activities	(1,133)	(1,108)	(579)
Financing activities	(6,460)	(2,808)	–
Net increase in cash and cash equivalents	5,453	2,065	1,891

14. BORROWINGS

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
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 Group

	30 June 2026	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Borrowings with a fixed interest rate		
Loans obtained		
– *in KZT*	226,932	10.79
– *in Russian Roubles*	83,995	7.98
– *in Euros*	30,990	7.83
– *in Chinese Yuan*	709	3.00
Debt securities issued		
– *in KZT*	799,163	12.23
– *in US$*	896,861	5.70
– *in Chinese Yuan*	84,113	4.14
Floating interest rate borrowings		
Loans obtained		
– *in Swiss Francs*	1,113,411	2.02
– *in Euros*	371,956	5.22
– *in Chinese Yuan*	133,613	3.28
Debt securities issued		
– *in Chinese Yuan*	159,306	4.20
	3,901,049	
Current portion of borrowings	561,975	
Long-term portion of borrowings	3,339,074	
	3,901,049	

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
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 Company

	30 June 2026	
	Amount	**Weighted average effective interest rate**
	KZT'million	*%*
Fixed interest rate borrowings		
Loans received		
– *in KZT*	215,647	10.16
Debt securities issued		
– *in KZT*	799,163	12.23
– *in US$*	896,861	5.70
– *in Chinese Yuan*	84,113	4.14
Floating interest rate borrowings		
Loans received		
– *in Swiss Francs*	762,234	1.91
Debt securities issued		
– *in Chinese Yuan*	159,306	4.20
	2,917,324	
Current portion of borrowings	472,053	
Non-current portion of borrowings	2,445,271	
	2,917,324	

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

The Group

	As at 31 December 2025	**As at 30 June 2026**
	KZT'million	*KZT'million*
Within one year	488,658	561,975
Within a period of more than one year but not exceeding two years	189,515	200,546
Within a period of more than two years but not exceeding five years	1,168,059	1,785,454
Within a period of more than five years	1,339,785	1,353,074
	3,186,017	3,901,049

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within one year	404,398	472,053
Within a period of more than one year but not exceeding two years	84,975	100,739
Within a period of more than two years but not exceeding five years	852,106	1,449,212
Within a period of more than five years	936,631	895,320
	2,278,110	2,917,324

Loans received

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 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.

During the six months ended 30 June 2026, the Group, represented by Limited Liability Partnership «KTZ-Passenger Locomotives», 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 the total amount of 627,110,893 Euros, borrowed 12,190,089 Euros (KZT 6,812 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 1.15%. The principal is repaid semi-annually until full repayment in 2036.

During the six months ended 30 June 2026, the Group, represented by Limited Liability Partnership «KTZ-Freight Transportation», 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 the total amount of 770,000,000 Euros, borrowed 7,979,948 Euros (KZT44,032 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 0.8%. The principal is repaid semi-annually until full repayment in 2036.

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).

During the six months ended 30 June 2026, the Group, through the Company, made an early repayment of borrowings in the amount of 88,000,000 Swiss Francs (KZT56,247 million) under a credit facility agreement with Citibank, entered into on 4 April 2024.

Halyk Bank of Kazakhstan JSC

During the six months ended 30 June 2026, the Group, through the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT70,000 million under a Credit Line Agreement with Halyk Bank of Kazakhstan JSC, entered into on 26 February 2015. The borrowings bear interest at a rate of 19.5% per annum and have maturities of up to one year. The Group repaid the loan ahead of its contractual maturity date.

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 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.

During the six months ended 30 June 2026, the Group, through Limited Liability Partnership «KTZ-Freight Transportation», received borrowings in the total amount of 91,547,609 Swiss Francs (KZT55,665 million) (including the US EXIM Bank premium) under a loan agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A. guaranteed by US EXIM Bank, concluded on 26 November 2025, to finance the acquisition of diesel freight locomotives for a total of US$445,000,000 in Swiss Franc equivalent. The loan interest is paid on quarterly basis at SARON O/N + 0.48%. The principal is repaid on quarterly basis until full repayment in 2036.

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 JSC 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.

During the six months ended 30 June 2026, the Group, through the Company and its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT70,000 million under a Credit Line Agreement with ForteBank JSC, entered into on 13 June 2022. The borrowings bear interest at a rate from 18.5% to 19.5% per annum and have maturities of up to six months. The Group made a partial repayment of the borrowings in the amount of KZT40,000 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.

Asian Infrastructure Investment Bank, International Finance Corporation and Standard Chartered Bank

On 9 January 2026, as part of the implementation of the Almaty Railway Bypass Line Construction Project (the "Project"), the Group, through the Company, entered into a Term Sheet and Loan Agreements with the Asian Infrastructure Investment Bank ("AIIB"), the International Finance Corporation ("IFC"), and Standard Chartered Bank, supported by a guarantee issued by the Multilateral Investment Guarantee Agency ("MIGA"), for a total amount of 243,428,993 Swiss Francs.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 72,501,178 Swiss Francs (KZT46,732 million) under a loan agreement with AIIB, entered into on 9 January 2026, to finance the Project, with a total committed amount of 119,923,249 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 1.3%. The principal is repaid semi-annually until full repayment in 2035.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 24,167,059 Swiss Francs (KZT15,577 million) under a loan agreement with the IFC, entered into on 9 January 2026, to finance the Project, with a total committed amount of 39,974,416 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 1.3%. The principal is repaid semi-annually until full repayment in 2035.

During the six months ended 30 June 2026, the Group, through the Company, drew down borrowings in the total amount of 51,896,370 Swiss Francs (KZT33,335 million) under a loan agreement with Standard Chartered Bank, under the warranty of MIGA, entered into on 9 January 2026, to finance the Project, with a total committed amount of 83,531,328 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 0.55%. The principal is repaid semi-annually until full repayment in 2035.

Standard Chartered Bank

In June 2026, the Group, through the Company, drew down borrowings in the total amount of 155,820,000 Swiss Francs (KZT96,613 million) under a loan agreement with Standard Chartered Bank, supported by a guarantee from the MIGA, entered into on 15 May 2026 to finance investment projects. The total committed amount under the facility was 155,820,000 Swiss Francs. The loan interest is paid semi-annually at SARON 6m + 0.6%. The principal is repaid semi-annually, starting from November 2027, until full repayment in 2033.

China Development Bank and The Export-Import Bank of China

During the six months ended 30 June 2026, the Group, through Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the amount of 1,424,018,955 Chinese Yuan (KZT100,439 million) under a loan agreement with The Export-Import Bank of China and China Development Bank, guaranteed by China Export & Credit Insurance Corporation (Sinosure), entered into on 7 February 2025 to finance the acquisition of mainline and shunting locomotives. The total committed amount under the facility was 3,560,188,615 Chinese Yuan. The loan interest is paid semi-annually at LPR5Y - 0.55%. The principal is repaid semi-annually, starting from 2028, until full repayment in 2040.

Citibank Kazakhstan JSC

During the six months ended 30 June 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», drew down borrowings in the aggregate amount of KZT14,000 million under a Master Agreement on Short-Term Loans with Citibank Kazakhstan JSC, entered into on 30 November 2009. The borrowings bear interest at a rate of 18.11% per annum and have maturities of up to one year. The Group repaid the loan ahead of its contractual maturity date.

Issued debt securities

As at 31 December, debt securities issued included:

The Group and the Company

	Repayment date	Exchanges	31 December 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% (16%–17.25%) 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

The Group and the Company

	Repayment date	Exchanges	30 June 2026 *KZT'million*
Debt securities, by price*			
3% Eurobonds (100%) in US$ *(note i)*	28 October 2028	KASE	395,131
11.5% Bonds (100%) in KZT	3 October 2034	KASE	308,433
4.875% Eurobonds (99.453%) denominated in U.S. dollars *(note iv)*	29 April 2031	LSE, AIX, KASE	240,637
5.25% Eurobonds (99.043%) denominated in U.S. dollars *(note iv)*	29 April 2036	LSE, AIX, KASE	239,783
LPR1Y+1.20% (4.20%) Eurobonds (100%) in Chinese yuan *(note iii)*	15 December 2028	AIX	159,306
8.74% Bonds (100%) in KZT	12 June 2043	KASE	137,704
9.25% Bonds (100%) in KZT	24 June 2044	KASE	123,211
7.37% Bonds (100%) in KZT	30 December 2042	KASE	103,241
LPR1Y+1.20% (4.20%) Eurobonds in Chinese yuan	10 April 2029	AIX	84,113
11.5% Bonds (100%) in KZT	12 September 2034	KASE	41,380
9.37% Bonds (100%) in KZT *(note ii)*	11 December 2045	KASE	26,395
11% Bonds (100%) in KZT	23 July 2027	KASE	26,184
5.5% Eurobonds (100%) denominated in U.S. dollars	15 December 2028	AIX	21,310
2% Bonds (100%) in KZT	20 August 2034	KASE	20,988
1.8% Bonds (100%) in KZT	10 July 2044	AIX	11,627
Total debt securities issued			1,939,443
Current portion of debt securities issued			297,551
Non-current portion of debt securities issued			1,641,892
			1,939,443

* *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).

Note iii: In February 2026, the Group, through the Company, issued bonds on the AIX in favour of the Shareholder in the amount of 2,220,000,000 Chinese Yuan (KZT159,372 million) to finance the construction of the Bakhty-Ayagoz railway line and the acquisition of six marine vessels. The bonds bear interest at a coupon rate of 1-year Loan Prime Rate (LPR1Y) + 1.2% per annum and mature in 2028. Coupon payments are made semi-annually.

Note iv: In April 2026, the Group, through the Company, issued two Eurobond tranches on the LSE, the KASE and the AIX with an aggregate principal amount of US$1,000,000,000 (KZT461,550 million), comprising two issuances of US$500,000,000 each. The Eurobonds bear coupon rates of 4.875% and 5.25% per annum and mature in 2031 and 2036, respectively. The proceeds were used to finance the modernisation of the Altynkol-Zhetygen railway section, the construction of the Darbaza-Maktaaral railway line, the modernisation of railway stations, and the implementation of microprocessor-based automatic block signalling systems. Coupon payments are made semi-annually. The bonds were issued at 99.453% and 99.043% of their nominal value, respectively. As a result of the Eurobond issuances, the Group received cash proceeds of US$990,675,000 (KZT457,246 million).

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 and KZT806,359 million as at 31 December 2025 and 30 June 2026, respectively, 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.

In accordance with the terms of the loan agreements, certain financial and non-financial ratios (covenants) of the Group, including the Debt to EBITDA ratio, Interest Coverage Ratio, Net Debt to Equity Ratio, the share of concessional debt in net debt, as well as requirements relating to the proportion of total assets and revenue of certain subsidiaries in the Group's total assets and revenue, are tested on semi-annual or/and annual basis. The Group and the Company complied with all covenants required to be met as at 31 December 2025. The Group and the Company was not in compliance with the Net Debt to Equity Ratio (Gearing Ratio) for certain loan agreements as at 30 June 2026, as set out below.

HSBC Continental Europe

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 semi-annually based on 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.

The Concessional Debt to Net Debt ratio complied with the requirements of the loan agreement and did not exceed the maximum permitted level of 50%.

In addition, the Group is required to maintain any two out of three corporate credit ratings (S&P, Fitch and Moody's) at a level not lower than BB. As at 30 June 2026, this requirement was met. As at 30 June 2026, the Gearing Ratio was 1.18 compared to the maximum permitted level of 1.15. Following discussions with the facility agent, HSBC Continental Europe, the Group requested a waiver in relation to the breach of the Gearing Ratio. By correspondence dated 29 June 2026, subsequently confirmed on 20 August 2026, the facility agent confirmed that the relevant finance parties had agreed to waive the consequences of the breach until and including 30 November 2026, subject to payment of a waiver fee. The Company has confirmed that the waiver fee has been paid. The facility agent further confirmed that, during the period for which the waiver remains effective, the relevant finance parties would not exercise acceleration, early repayment or enforcement rights solely as a consequence of the breach of the gearing ratio covenant as at 30 June 2026. The Group has been advised by legal advisor that the waiver is effective under French law and the breach of the Gearing Ratio as at 30 June 2026 does not constitute a continuing event of default under the relevant finance documentation and for as long as the waiver remains effective, up to and including 30 November 2026.

As the waiver expires within 12 months after the reporting date at 30 June 2026, the long-term portion of the loan amounting to KZT21,050 million was classified as a current liability as at 30 June 2026 in accordance with the requirements of IAS 1. As at 31 December 2025 and 30 June 2026, the carrying value of this loan was KZT40,909 million and KZT30,990 million, respectively.

Societe Generale and Natixis

Loan agreements with Societe Generale and Natixis include financial covenant of Gearing Ratio (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, the covenant was met.

During the six months ended 30 June 2026, management anticipates a risk that the relevant obligation will be breached, with the Gearing Ratio being exceeded as at 30 June 2026 (the "Relevant Default"). Following the discussion with the facility agent, Societe Generale, on 30 June 2026, the Group obtained two waiver letters from the facility agent, and subsequently, on 11 September 2026, the facility agent confirmed (i) the covenant would not be tested as at 30 June 2026 and (ii) the rights under the agreements in respect of the Relevant Default are waived for the period from the effective date (being no later than 29 June 2026) to 1 December 2026 should there is any potential default occur. As at 31 December 2025 and 30 June 2026, the carrying value of this loan was KZT371,351 million and KZT371,956 million, respectively.

Eurasian Development Bank ("EDB")

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 and 30 June 2026, these requirements were met. The carrying value of the loan as at 31 December 2025 and 30 June 2026 was KZT92,152 million and KZT83,996 million, respectively.

Citibank and Santander

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 semi-annually based on the consolidated results of the Group. As at 31 December 2025 and 30 June 2026, these requirements were met. The carrying value of the loan as at 31 December 2025 and 30 June 2026 was KZT264,740 million and KZT230,713 million, respectively.

European Bank for Reconstruction and Development ("EBRD")

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 and the next testing date for these covenants is 31 December 2026. As at 31 December 2025 and 30 June 2026, the carrying value of this loan is KZT88,641 million and KZT70,861 million, respectively.

Citibank

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 and the next testing date for these covenants is 31 December 2026. As at 31 December 2025 and 30 June 2026, the carrying value of this loan is KZT261,819 million and KZT229,760 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 and 30 June 2026, the carrying value of this loan is KZT32,738 million and KTZ133,613 million, respectively.

Deutsche Bank AG and Abu Dhabi Commercial Bank PJSC

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 and 30 June 2026, these requirements were met. The carrying value of the loan as at 31 December 2025 and 30 June 2026 was KZT308,081 million and KZT288,108 million, respectively.

Deutsche Bank Luxembourg S.A., Banco Santander S.A. and Export-Import Bank of the United States

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 and the next testing date for these covenants is 31 December 2026. As at 31 December 2025 and 30 June 2026, the carrying value of this loan is KZT82,810 million and KZT121,416 million, respectively.

AIIB, IFC and Standard Chartered Bank

The terms of the loans obtained from the AIIB, the IFC and Standard Chartered Bank under MIGA guarantees require compliance with certain financial covenants, including Net Debt/EBITDA, Adjusted Net Debt/EBITDA, and EBITDA/Interest Expense, calculated on the basis of the Group's quarterly consolidated financial information. In addition, the Group is required to maintain any two out of three corporate credit ratings (S&P, Fitch and Moody's) at a level not lower than BB-. As at 30 June 2026, these requirements were met. As at 31 December 2025 and 30 June 2026, the carrying value of the loans was nil and KZT85,050 million, respectively.

Standard Chartered Bank

The terms of the loan obtained from Standard Chartered Bank under a MIGA guarantee require compliance with certain financial covenants, including Net Debt/EBITDA, Adjusted Net Debt/EBITDA, and EBITDA/Interest Expense, as well as a requirement that debt of subsidiaries to third parties does not exceed 35% of total debt, calculated on the basis of the Group's quarterly consolidated financial information. In addition, the Group is required to maintain any two out of three corporate credit ratings (S&P, Fitch and Moody's) at a level not lower than BB-. As at 30 June 2026, these requirements were met. As at 31 December 2025 and 30 June 2026, the carrying value of the loan was nil and KZT87,502 million, respectively.

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

	31 December 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

The Group

	30 June 2026		
	Borrowings and debt securities issued *KZT'million*	**Lease liabilities** *(Note 15)* *KZT'million*	**Total** *KZT'million*
As at 1 January	3,186,017	270,082	3,456,099
Changes due to cash flows from financing activities			
Loan principal payments	(495,231)	–	(495,231)
Proceeds from borrowings	1,087,801	–	1,087,801
Lease liability payments	–	(3,025)	(3,025)
Total changes due to cash flows from financing activities	592,570	(3,025)	589,545
Other changes			
Effect of changes in foreign exchange rates	(90,287)	(54)	(90,341)
Cash flows hedging	(23,965)	–	(23,965)
Purchase of property, plant and equipment using borrowed funds directly transferred by bank to supplier	201,454	–	201,454
New lease agreements	–	50,980	50,980
Interest costs and unwinding of discount, including capitalised	113,059	26,014	139,073
Interest and commissions paid	(76,269)	(11,951)	(88,220)
Other changes	(1,530)	2,968	1,438
Total other changes related to liabilities	122,462	67,957	190,419
At 30 June	3,901,049	335,014	4,236,063

15. LEASE LIABILITIES

As at 31 December and 30 June the Group's and the Company's lease liabilities included:

The Group

	31 December 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

	30 June 2026	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	56,303	52,916
Within a period of more than one year but not exceeding two years	60,159	46,894
Within a period of more than two years but not exceeding five years	202,903	116,835
Within a period of more than five years	470,242	118,369
Total	789,607	335,014
Less unearned interest	(454,593)	–
Present value of lease liabilities	335,014	335,014
Less amounts due within 12 months		(52,916)
Amounts to be repaid after 12 months		282,098

The Company

	31 December 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

	30 June 2026	
	Lease payments *KZT'million*	**Present value of lease payments** *KZT'million*
Within one year	10,630	9,747
Within a period of more than one year but not exceeding two years	9,113	6,800
Within a period of more than two years but not exceeding five years	5,091	3,211
Total	24,834	19,758
Less unearned interest	(5,076)	–
Present cost of lease liabilities	19,758	19,758
Less amounts due within 12 months		(9,747)
Amounts to be repaid after 12 months		10,011

As at 31 December 2025 and 30 June 2026, the Group's interest calculations are based on effective interest rates of between 1.68% and 26.72%. As at 31 December 2025 and 30 June 2026, the Company's interest is calculated based on effective interest rates varying from 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 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, under this 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.

During the six months ended 30 June 2026, within the framework of the agreement, the Group received 193 flat carriages and recognised right-of-use assets of KZT5,826 million with a lease term of 32 years, and a lease liability of KZT3,792 million with a lease term of 13 years.

In June 2025, the Group, represented by its subsidiary Joint Stock Company «KTZ Express», entered into a lease agreement for 2,700 flatcars with a total contract value of KZT96,097 million and an interest rate of 16% per annum, of which 8% per annum is subsidised by the government. The loan provides for a three-year grace period on principal repayments. The Group acts as a lessee.

During the six months ended 30 June 2026, within the framework of the agreement, the Group received 380 flat carriages and recognised right-of-use assets of KZT13,525 million with a lease term of 32 years, and a lease liability of KZT8,357 million with a lease term of 14 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 assets 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.

During the six months ended 30 June 2026, under this agreement, the Group received 58 passenger railcars and recognised right-of-use assets of KZT52,399 million with a lease term of 40 years, and a lease liability of KZT28,373 million with a lease term of 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.

Lease agreements with Transtelecom JSC

During the six months ended 30 June 2026, the Group, represented by its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under an agreement with its associate Transtelecom JSC for the lease of equipment used in the EnergoDispatcher Traction Automated Control System, recognised right-of-use assets and a corresponding lease liability in the amount of KZT9,094 million with a lease term of 10 years.

The terms and conditions of lease agreements

The terms and conditions of lease agreements of the Group, represented by its 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 Service 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 expenses 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 30 June 2026 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	**As at 30 June 2026**
	KZT'million	*KZT'million*
Non-current portion of employee benefit obligations	41,027	53,518
Current portion of employee benefit obligations	8,167	8,672
Total liabilities as at the end of the year/period	49,194	62,190

The Company

	As at 31 December 2025	**As at 30 June 2026**
	KZT'million	*KZT'million*
Non-current portion of employee benefit obligations	16,358	21,568
Current portion of employee benefit obligations	3,509	3,768
Total liabilities as at the end of the year/period	19,867	25,336

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

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Current service cost	2,267	3,642
Past service cost	1,473	–
Interest costs	6,039	4,138
Actuarial (gain)/loss on other long-term employee benefits	(459)	1,774
Total expenses recognised in profit or loss	9,320	9,554
Actuarial revaluation recognised in other comprehensive income:		
– *experience-based adjustments*	8,581	(2,278)
– *change in demographic assumptions*	1,503	9,642
– *change in financial assumptions*	(10,360)	–
Total (income)/expense recognised in other comprehensive income	(276)	7,364
Total	9,044	16,918

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Current service cost	1,202	2,184
Past service cost	4,067	–
Interest costs	1,735	1,671
Actuarial (gain)/loss on other long-term employee benefits	(274)	812
Total expenses recognised in profit or loss	6,730	4,667
Actuarial revaluation recognised in other comprehensive income:		
– *experience-based adjustments*	5,290	(1,259)
– *change in demographic assumptions*	241	3,722
– *change in financial assumptions*	(3,785)	–
Total expenses recognised in other comprehensive income	1,746	2,463
Total	8,476	7,130

Movement in the present value of obligations for the year ended 31 December 2025 and the six months ended 30 June 2026 are as follows:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Total liabilities at the beginning of the year	48,703	49,194
Current service cost	2,267	3,642
Past service cost	1,473	–
Interest costs	6,039	4,138
Actuarial (gain)/loss on other long-term employee benefits	(459)	1,774
Actuarial revaluation recognised in other comprehensive income	(276)	7,364
Payments made for the year	(8,553)	(3,922)
Total liabilities as at the end of the year/period	49,194	62,190

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Total liabilities at the beginning of the year	13,993	19,867
Current service cost	1,202	2,184
Past service cost	4,067	–
Interest costs	1,735	1,671
Actuarial (gain)/loss on other long-term employee benefits	(274)	812
Actuarial revaluation recognised in other comprehensive income	1,746	2,463
Payments made for the year	(2,602)	(1,661)
Total liabilities as at the end of the year/period	19,867	25,336

The total post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the year ended 31 December 2025 and the six months ended 30 June 2026 are as follows:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Finance costs *(Note 25)*	6,039	4,138
Cost of sales *(Note 23(a))*	3,069	5,086
General and administrative expenses *(Note 23(b))*	212	330
Total recognised in profit or loss for the year/period	9,320	9,554

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Cost of sales	4,839	2,827
Finance costs	1,735	1,671
General and administrative expenses	156	169
Total recognised in profit or loss for the year/period	6,730	4,667

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	Six months ended 30 June 2025 (unaudited)	2026
Discount rate	16.8%	16.8%	13.9%
Expected annual growth in material aid in the future	6.4% (average)	6.4% (average)	6.4% (average)
Expected annual minimum salary growth in the future	7.7% (average)	7.7% (average)	7.7% (average)
Expected annual future growth in rail ticket cost	8.6% (average)	8.6% (average)	8.5% (average)

The expected repayment schedule for defined benefit obligations for the year ended 31 December 2025 and the six months ended 30 June 2026 is presented below:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within the next 12 months	8,167	8,672
2 to 5 years	16,869	22,005
5 to 10 years	11,594	15,124
Beyond 10 years	12,564	16,389
Total expected payments	49,194	62,190

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within the next 12 months	3,509	3,768
2 to 5 years	6,726	8,868
5 to 10 years	4,623	6,095
Beyond 10 years	5,009	6,605
Total expected payments	19,867	25,336

According to an actuarial sensitivity analysis, the Group's maximum increase/decrease in employee benefit obligations is 8.7%/(7.6%) and 7.6%/(6.8%), respectively caused by an inflation rate increase/decrease of 1%, and 8.1%/(7.1%) and 6.6%/(5.9%) caused by a discount rate decrease/increase of 1% for the year ended 2025 and the six months ended 30 June 2026, respectively. The Company's maximum increase/decrease in employee benefit obligations is 6.9%/(6.1%) and 7.3%/(6.5%) caused by an inflation rate increase/decrease of 1%, and 6.5%/(5.6%) and 6.2%/(5.5%) caused by a discount rate decrease/increase of 1% for the year ended 2025 and the six months ended 30 June 2026, 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 and the six months ended 30 June 2025 included:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Current income tax expense	19,343	10,001	10,190
Adjustment of income tax for prior years	477	446	178
Deferred income tax expense	123,184	19,144	59,497
Impairment of corporate income tax withheld at source *(Note 12)*	–	–	29,895
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371	7,315	8,628
	155,375	36,906	108,388

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 and the six months ended 30 June 2025:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Profit before tax	499,021	122,956	299,389
Statutory tax rate	20%	20%	20%
Calculated corporate income tax expense at the official rate	99,804	24,591	59,878
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:			
Adjustment of income tax for prior years	477	446	178
Non-taxable income	(425)	(45)	(7,951)
Non-deductible expenses	43,148	4,599	17,760
Impairment of corporate income tax withheld at source *(Note 12)*	–	–	29,895
Change in unrecognised deferred tax assets, including for tax losses carried forward	12,371	7,315	8,628
Corporate income tax expense recognised in profit or loss	155,375	36,906	108,388

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 Historical Financial Information are as follows:

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Deferred tax assets:		
Tax losses carried forward	162,891	88,264
Deferred revenue	21,675	42,781
Derivative financial instruments	18,299	19,827
Accrued employee obligations	9,847	11,300
Financial guarantee agreement liabilities	4,909	4,561
Lease liabilities	4,831	6,449
Difference in receivables	3,487	3,628
Other	2,272	4,271
	228,211	181,081
Less: deferred tax assets offset with deferred tax liabilities	(227,899)	(180,503)
Deferred tax assets	312	578

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Deferred tax liabilities:		
Property, plant and equipment and other non-current assets	(679,716)	(693,250)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(137,268)	(134,052)
Lease liabilities	(26,011)	(43,794)
Other	(85)	(793)
	(843,080)	(871,889)
Less: deferred tax liabilities offset with deferred tax assets	227,899	180,503
Deferred tax liabilities	(615,181)	(691,386)
Total net deferred tax liabilities	(614,869)	(690,808)

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Net deferred tax liabilities as at the beginning of the year	(468,036)	(614,869)
Recognised in profit or loss	(135,555)	(68,125)
Recognised in equity *(Note 13)*	(14,639)	–
Recognised in other comprehensive income *(Note 13)*	3,361	(7,814)
Net deferred tax liabilities as at the end of the year	(614,869)	(690,808)

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 and 30 June 2026, the total tax effect of unrecognised tax losses carried forward amounted to KZT18,753 million and KZT19,006 million, respectively. These tax losses carried forward expire in 10 years from the date they were incurred.

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Deferred tax assets:		
Tax losses carried forward	67,568	6,904
Fair value adjustment to loans issued	39,119	39,008
Liabilities under financial guarantee contracts	24,062	24,064
Debt securities at fair value through profit or loss	–	607
Derivative financial instruments	18,299	19,827
Lease liabilities	4,122	3,952
Other	7,448	9,089
Deferred tax assets	160,618	103,451

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Deferred tax liabilities:		
Property, plant and equipment and other non-current assets	(405,451)	(402,630)
Fair value adjustment to borrowings received from the Shareholder at the rates below market	(129,377)	(126,993)
Other	(2)	(792)
Deferred tax liabilities	(534,830)	(530,415)
Total net deferred tax liabilities	(374,212)	(426,964)

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Net deferred tax liabilities as at the beginning of the year	(289,171)	(374,212)
Recognised in profit or loss	(92,541)	(54,132)
Recognised in equity *(Note 13)*	(14,639)	–
Recognised in investments in subsidiaries *(Note 13)*	22,139	1,380
Net deferred tax liabilities as at the end of the year	(374,212)	(426,964)

18. TRADE ACCOUNTS PAYABLE

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within 1 month	376,893	423,884
1 to 3 months	128,990	35,127
3 to 6 months	1,180	16,406
6 months to 1 year	15,059	13,048
Over 1 year	3,648	2,892
Total	525,770	491,357

As at 31 December 2025 and 30 June 2026, the Group's trade accounts payable were denominated in the following currencies:

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
KZT	457,719	380,825
Chinese Yuan	32,132	62,146
Euros	20,042	21,903
US$	14,344	25,415
In other currencies	1,533	1,068
	525,770	491,357

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Within 1 month	130,932	134,871
1 to 3 months	85,693	1,275
3 to 6 months	830	4,005
6 months to 1 year	761	288
Over 1 year	1,870	1,946
Total	220,086	142,385

As at 31 December 2025 and 30 June 2026, 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*	As at 30 June 2026 *KZT'million*
Freight transportation	142,565	91,687
Passenger transportation	5,083	10,605
Others	1,548	5,267
	149,196	107,559

As at 1 January 2025, the Group's contract liabilities amounted to KZT133,170 million. The Group's revenue recognised during the Relevant Periods and the six months ended 30 June 2025, which was included in the balance of advances received and deferred income at the beginning of the year ended 31 December 2025 and the six months ended 30 June 2026 amounted to KZT122,072 million and KZT135,701 million, respectively.

Majority of the Group's contract liabilities as at 31 December 2025 and 30 June 2026 will be recognised in revenue during 12 months after the reporting date.

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Freight transportation	2,153	2,309
Passenger transportation	–	22
Others	635	2,948
	2,788	5,279

As at 1 January 2025, the Company's contract liabilities amounted to KZT3,801 million. The Company's recognised during the Relevant Periods, which was included in the balance of advances received and deferred income at the beginning of the year ended 31 December 2025 and the six months ended 30 June 2026 amounted to KZT3,793 million and KZT2,748 million, respectively.

Majority of the Company's contract liabilities as at 31 December 2025 and 30 June 2026 will be recognised in revenue during 12 months after the reporting date.

20. OTHER LIABILITIES

The Group

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Other non-financial liabilities		
Unused vacation and other employee benefits	49,671	56,997
Deferred income (government grants)	183,321	223,700
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	15,816	17,470
Salary payables	15,188	43,315
Others	2,696	9,523
	266,692	351,005
Other financial liabilities		
Financial guarantee agreement liabilities *(note (ii))*	24,545	22,806
Payables under repurchase (direct repo) transactions *(note (i))*	–	38,113
Others	16,026	24,175
	40,571	85,094
	307,263	436,099
Current portion of other liabilities	129,821	231,744
Non-current portion of other liabilities	177,442	204,355
	307,263	436,099

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Other non-financial liabilities		
Unused vacation and other employee benefits	26,248	30,804
Obligatory pension contributions, social insurance and obligatory medical insurance contributions	7,530	8,574
Others	404	4,126
	34,182	43,504
Other financial liabilities		
Financial guarantee agreement liabilities *(note (ii))*	120,314	120,318
Payables under repurchase (direct repo) transactions *(note (i))*	–	38,113
Others	2,639	27,718
	122,953	186,149
	157,135	229,653
Current portion of other liabilities	157,135	229,653

Notes:

(i) During the six months ended 30 June 2026, the Group represented by the Company raised short-term financing under three repurchase (direct repo) transactions for the total of KZT37,871 million (for the year ended 31 December 2025 and the six months ended 30 June 2025: nil). A repurchase (direct repo) transaction is an agreement to sell securities with the simultaneous obligation to repurchase them for the pre-determined amount at the specified date. The Group pledged as security under these transactions a portion of debt securities issued by the Ministry of Finance of the Republic of Kazakhstan and the Eurasian Development Bank, measured at fair value through profit or loss, with the carrying amount of KZT35,781 million as at 30 June 2026 *(Note 12)*.

As at 30 June 2026 and 31 December 2025, the carrying value of liabilities arising from repurchase (direct repo) transactions amounted to KZT38,113 million and nil, respectively. For the six months ended 30 June 2026, the accrued interest expenses under repurchase (direct repo) transactions were KZT242 million (for the year ended 31 December 2025 and the six months ended 30 June 2025: nil).

(ii) 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 and 30 June 2026, liabilities under financial guarantee agreements amounted to KZT13,521 million and KZT12,647 million, respectively, for Nursultan Nazarbayev International Airport JSC and KZT11,024 million and KZT10,159 million, respectively, 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 and 30 June 2026, the liability under these financial guarantees was KZT95,768 million and KZT97,512 million, respectively.

At 31 December 2025 and 30 June 2026, the Group's and the Company's other financial liabilities were mainly denominated in KZT.

21. REVENUE

In each of the Relevant Periods and the six months ended 30 June 2025, revenue from freight transportation included:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Revenue from contracts with customers:			
International (transit) routes	827,178	391,290	490,102
Domestic routes	687,325	299,676	335,529
International (export) routes	489,375	229,794	260,902
International (import) routes	276,243	122,842	147,377
Additional charges related to the transportation process	65,194	31,853	33,765
Other revenue from freight transportation	117,882	55,056	54,498
	2,463,197	1,130,511	1,322,173

During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, 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, KZT32,137 million and KZT4,102 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, excluding income from fines. During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, revenue from freight transportation was recognised over time of KZT2,463,197 million, KZT1,128,218 million and KZT1,319,390 million, respectively.

In each of the Relevant Periods and the six months ended 30 June 2025, revenue from passenger transportation included:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Revenue from contracts with customers:			
Passenger transportation	110,746	51,988	55,041
Other revenue from passenger transportation	18,504	8,173	11,773
	129,250	60,161	66,814

Revenue from passenger transportation is recognised overtime, excluding income from fine.

During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, revenue from passenger transportation of KZT129,250 million, KZT59,136 million and KZT63,504 million, respectively was recognised over time.

Total revenue from contracts with customers for the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026 amounted to KZT2,592,447 million, KZT1,190,672 million and KZT1,388,987 million, respectively.

The following table shows the amounts of revenue recognised in the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Freight transportation	114,014	112,336	129,070
Passenger transportation	4,528	4,258	5,083
Others	3,530	3,529	1,548
Total	122,072	120,123	135,701

Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of each of the Relevant Periods and the six months ended 30 June 2025 is as follows:

	Year ended 31 December 2025	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Amounts expected to be recognised as revenue:			
Within one year	149,196	108,744	107,559

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	Six months ended 30 June	
		2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Revenue from the sale of goods and provision of other services	69,285	34,637	32,373
Revenue from the lease of carriages	39,007	21,894	13,075
Revenue from fines	7,940	1,916	1,491
Revenue from the lease of other property, plant and equipment	5,129	2,681	2,438
	121,361	61,128	49,377

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.

Revenue from fines represents revenue from fines/penalties for violation of the terms of business contracts.

The major portion of other revenue is attributable to the Freight Transportation segment.

For the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, revenue of KZT21,627 million, KZT9,779 million and KZT5,691 million, respectively, is recognised at a point in time, and of KZT55,598 million, KZT26,774 million and KZT28,173 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 2025	Six months ended 30 June 2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Employee benefit expense			
Wages, salaries, bonuses and other benefits	835,907	417,071	481,541
Pension scheme costs (defined benefit scheme) *(Note 16)*	3,069	6,386	5,086
	838,976	423,457	486,627
Fuel and lubricants	265,916	110,188	143,604
Repairs and maintenance	242,842	105,084	100,417
Depreciation of property, plant and equipment	171,382	85,013	100,206
Depreciation of right-of-use assets	20,867	9,034	10,686
Amortisation of intangible assets	648	346	324
Electrical power	139,014	60,664	86,658
Materials and supplies	78,083	31,228	26,318
Work and services of a production nature	76,540	35,541	36,912
Property tax and other taxes, excluding social tax and social contributions	31,979	16,002	19,442
Utilities and building maintenance	9,423	4,007	3,714
Communication services	3,127	1,489	1,407
Other expenses	45,254	20,469	20,238
	1,924,051	902,522	1,036,553

(b) General and administrative expenses

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages, salaries, bonuses and other benefits	94,523	44,789	50,731
Pension scheme costs (defined benefit scheme) *(Note 16)*	212	259	330
	94,735	45,048	51,061
Property tax and other taxes, excluding social tax and social contributions	15,458	4,919	10,536
Other third-party services	5,649	1,793	2,154
Consulting and legal services	4,874	1,331	1,358
Auditor's remuneration	752	285	401
[REDACTED] expenses	–	–	3,137
Expenses for holding festive and cultural events	4,712	892	1,179
Depreciation of property, plant and equipment	2,442	928	865
Depreciation of right-of-use assets	282	155	154
Amortisation of intangible assets	465	225	201
Business trips	2,502	1,224	1,019
Membership fees	1,641	1,077	1,342
Utilities and building maintenance	1,587	1,100	1,387
Short-term lease expenses	1,548	779	865
Insurance	745	396	443
Communication services	698	346	328
Expenses to maintain social sphere facilities	539	255	321
Banking services	453	230	268
Repairs and maintenance	431	103	157
Other expenses	6,324	2,690	2,504
	145,837	63,776	79,680

(c) Other profit and losses

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Loss on disposal of items of property, plant and equipment	(3,872)	(285)	(157)
Gain on contribution of assets to an associate	2,709	2,849	–
Depreciation of investment properties	(133)	(67)	(64)
Income from investment property	1,736	993	1,168
Reversal/(accrual) of provisions	35	(1,801)	(3,203)
Others	2,306	1,822	1,115
	2,781	3,511	(1,141)

(d) Impairment of financial assets and contract assets

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Impairment losses recognised/(reversed) on:			
– loans issued	497	(1,074)	(333)
– financial assets at amortised cost	53	105	(69)
– contract assets	100	(80)	(2)
– cash and cash equivalents	7	3	58
– trade accounts receivable	2,132	3,559	832
– other receivables	1,104	593	152
	3,893	3,106	638

(e) Impairment of non-financial assets

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Impairment losses recognised on:			
– VAT recoverable	4,781	4,478	1,513
– property, plant and equipment	4,586	2,026	648
– investments in associates	1,508	–	969
– intangible assets (except for goodwill)	23	23	–
– other non-current non-financial assets	87	45	145
– other current non-financial assets	495	113	40
	11,480	6,685	3,315

24. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of ordinary shares in circulation during the Relevant Periods and the six months ended 30 June 2025. The basic earnings per share presented below has taken into account the Company's split of each ordinary share into five ordinary shares which was approved on 25 September 2026 and registered on 29 September 2026 ("Share Split"). The weighted average number of ordinary shares used in the calculation of basic earnings per share for all periods presented has been adjusted retrospectively to reflect the Share Split as if it had occurred at the beginning of the earliest period presented. The Share Split affected only the number of ordinary shares used in the calculation of basis earnings per share and had no impact on profit for the year/period attributable to the Shareholder. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding.

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Weighted average quantity of ordinary shares	2,483,475,337	2,483,473,330	2,483,478,380
Profit for the year/period attributable to the Shareholder, in KZT'million	339,919	83,823	188,849
Basic and diluted earnings per ordinary share, in KZT	137	34	76

25. FINANCE INCOME AND COSTS

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*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	6,918	13,437
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,745	4,515	6,303
Income from subsidising the interest rate on financial liabilities	–	4,019	–
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	2,303	2,845
	88,618	17,755	22,585

	Year ended 31 December 2025	Six months ended 30 June 2025	Six months ended 30 June 2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Finance costs			
Interest costs and unwinding of discount on loans	153,443	70,177	112,770
Lease interest expenses	36,307	16,044	26,014
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	–	–	14,128
Interest expense on employee benefit obligations *(Note 16)*	6,039	–	4,138
Change in fair value of debt securities recognised at fair value through profit or loss	–	–	3,034
Other finance costs	5,198	2,020	4,275
	200,987	88,241	164,359
Loss from the ineffective part of hedging instruments *(Note 13)*	44,857	31,142	571
	245,844	119,383	164,930

26. LOANS ISSUED

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Current loans:		
Limited Liability Partnership «KTZ-Freight Transportation»	43,478	64,318
Limited Liability Partnership «KTZ-Passenger Locomotives»	30,764	16,221
Joint Stock Company «Passenger Transportation»	14,622	11,379
Joint Stock Company «KTZ Express»	9	–
Other	124	124
Less: allowance for impairment	(151)	(153)
	88,846	91,889
Non-current loans:		
Joint Stock Company «Passenger Transportation»	53,417	54,482
Vostokmashzavod JSC	1,860	1,527
Less: allowance for impairment	(1,902)	(1,570)
	53,375	54,439
Debt securities		
Issued by subsidiaries:		
Limited Liability Partnership «KTZ-Passenger Locomotives»	68,228	101,757
Joint Stock Company «Kaztemirtrans»	61,459	61,082
Joint Stock Company «Passenger Transportation»	26,652	25,050
Joint Stock Company «National Company «International Sea Trade Port of Aktau»	4,227	3,599
Joint Stock Company «KTZ Express»	3,949	12,012
Less: allowance for impairment	(136)	(138)
	164,379	203,362
	306,600	349,690
Current portion of loans	113,391	125,659
Non-current portion of loans	193,209	224,031
Total	306,600	349,690

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 and 30 June 2026, 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 and KZT37,297 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 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, including the deferred tax effect of KZT1,477 million, within finance costs through the consolidated statement of profit or loss.

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 2026, 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 2031.

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.

As at 30 June 2026, the Group had capital commitments, including the modernisation of the Altynkol–Zhetygen railway section; the construction of the Darbaza-Maktaaral, Moiynty-Kyzylzhar and Bakhty–Ayagoz railway lines; the construction of a bypass railway line bypassing the Almaty station; the construction of automatic train traffic control systems; the modernisation of railway station infrastructure; 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 the total amount of KZT4,530,748 million excluding VAT.

Other commitments

As at 31 December 2025 and 30 June 2026, 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 2025 and 30 June 2026, 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.

In 2023, the Specialized Interdistrict Economic Court of Astana declared invalid certain property sale and purchase agreements entered into in 2001 between the Group and TEK-Astana LLP, TEK-Batys LLP and TEK-Almaty LLP, and ordered the return of the related property to the Group.

In June 2026, Fuel and Energy Complex – KAZAKHSTAN LLP ("TEK") filed a claim with the Specialized Interdistrict Economic Court of Astana against the Group seeking reimbursement of KZT239 million paid under the aforementioned agreements, as well as compensation of KZT45,413 million for inseparable improvements made to the relevant properties during the period of their use, as alleged by TEK.

The Group's management disputes these claims and believes that, as at 30 June 2026, an outflow of resources embodying economic benefits in connection with this claim is not probable. Accordingly, the Group has not recognised any provision as at 30 June 2026 in respect of this matter.

At the same time, by the decision of the Specialized Interdistrict Economic Court dated 14 September 2026, TEK's claim was denied in its entirety.

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 and 30 June 2026. 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 Historical Financial Information.

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") have become effective. This Code includes a set of principles aimed at minimising the consequences of environmental damage from the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of the negative impact on the environment, assets are classified into four categories, where the assets that have a significant negative impact on the environment are classified into the first category. In accordance with the Code, the Group's management has classified the Group's assets into the second, 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 the 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, results of operations or cash flows of the Group and the Company.

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 Aktobe Rail and Section Mill Plant LLP, an associate, 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	20 December 2016 – 30 October 2025	20 December 2036 – 10 December 2042	240,649
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 – 2 August 2023	28 August 2032 – 30 November 2035	21,189
	Joint Stock Company «KTZ Express» under finance lease agreements	28 August 2017 – 25 June 2025	28 August 2032 – 4 July 2040	110,167

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
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	14,498
	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
	Joint Stock Company «KTZ Express» under finance lease agreements	5 July 2024	4 July 2039	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 (14,549 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 2037	160,810 (271 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2037	111,208 (187 million Euros)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
	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 August 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 February 2035	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)
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)

As at 30 June 2026, 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 Aktobe Rail and Section Mill Plant LLP, an associate, to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	13,793
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	19,080

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	28,186 (51 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	7,591 (14 million Euros)
Industrial Development Fund JSC	Joint Stock Company «Passenger Transportation» under finance lease agreements	20 December 2016 – 20 May 2026	20 December 2036 – 10 December 2042	584,141
	Joint Stock Company «Kaztemirtrans» under finance lease agreements	28 August 2017 – 2 August 2023	28 August 2032 – 2 August 2038	120,646
	Joint Stock Company «KTZ Express» under finance lease agreements	28 August 2017 – 6 May 2026	28 August 2032 – 4 July 2040	237,394

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
Development Bank of Kazakhstan JSC	Nursultan Nazarbayev International Airport JSC to finance its modernisation in Astana	28 March 2018	28 March 2033	19,080
	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	13,793
	Wagonservice JSC, a subsidiary of Joint Stock Company «Passenger Transportation» to finance the acquisition of passenger carriages	7 August 2015	5 March 2035	4,555
Eurasian Development Bank	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight diesel locomotives	11 May 2023	18 April 2034	84,074 (13,693 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 2037	138,328 (252 million Euros)
	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	23 February 2023	28 February 2037	104,384 (190 million Euros)
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	13 December 2024	30 June 2039	188,505 (344 million Swiss Francs)
Citibank	Limited Liability Partnership «KTZ-Passenger Locomotives» to finance the acquisition of passenger electric locomotives	7 May 2024	15 August 2034	50,320 (85 million Swiss Francs)

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Amount of guarantee *KZT'million*
	Limited Liability Partnership «KTZ-Freight Transportation» to finance the acquisition of freight electric locomotives	7 May 2024	15 February 2035	207,342 (349 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	142,079 (2,005 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	135,906 (229 million Swiss Francs)
EBRD	Joint Stock Company «National Company «International Sea Trade Port of Aktau» for financing the reconstruction of berths	30 September 2025	27 July 2035	19,182 (35 million Euros)

Note 20 discloses the Group's and the Company's carrying value of these guarantees.

As at 31 December 2025 and 30 June 2026, 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 and 30 June 2026, these covenants were met. Please refer to Note 14 for the compliance of covenants under certain credit arrangements as of the end of the Relevant Periods.

28. SUBSIDIARIES

As the end of the year/period, 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	KZT70,238,738,900	100%	Wagon operator services and freight wagon leasing
Joint Stock Company «Passenger Transportation»	(a)	Kazakhstan 21 May 2002	KZT93,865,833,651	KZT94,041,833,651	100%	Passenger transportation
Limited Liability Partnership «KTZ-Freight Transportation»	(a)	Kazakhstan 14 October 2003	KZT78,064,127,000	KZT78,064,127,000	100%	Freight transportation and locomotive haulage
Joint Stock Company «KTZ Express»	(c)	Kazakhstan 24 May 2002	KZT47,913,613,000	KZT47,913,613,000	100%	Multimodal
Joint Stock Company «Kedentransservice»	(a)	Kazakhstan 11 December 1997	KZT3,401,429,779	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	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	KZT98,469,275,371	100%	Freight transhipment and vessel servicing
Limited Liability Partnership «KTZ-Passenger Locomotives»	(a)	Kazakhstan 31 August 2021	KZT96,890,535,400	KZT96,890,535,400	100%	Locomotive rolling stock services
Limited Liability Partnership «KTZE – Khorgos Gateway»	(a)	Kazakhstan 1 December 2009	KZT36,380,316,000	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. Joint Stock Company «National Company «International Sea Trade Port of Aktau» 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*	As at 30 June 2026 *KZT'million*
Investments, at cost	1,658,624	1,700,016

29. RELATED PARTY TRANSACTIONS

For the purposes of the Historical Financial Information, 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 NC KazMunayGas JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), NAC Kazatomprom 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 and 30 June 2026 are detailed below.

The Group

31 December 2025

	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
Loans payable				
– trade in nature	975,160	–	–	164,264
– non-trade in nature	–	–	–	–
	975,160	–	–	164,264
Financial guarantee agreement liabilities				
– trade in nature	–	–	–	–
– non-trade in nature	–	–	–	13,521
	–	–	–	13,521
Cash on current accounts and short-term deposits	–	–	24,570	–
Cash on digital accounts *(Note 9)*	–	–	–	22,882
Restricted cash	–	–	–	4
Lease liabilities	68	20,601	–	245,863

The Group

30 June 2026

	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	–	202	214	66
– non-trade in nature	–	86,167	4,396	4,386
	–	86,369	4,610	4,452
Amounts due to related parties				
– trade in nature	–	5,853	152,230	2,219
– non-trade in nature	–	6,765	1,073	9,343
	–	12,618	153,303	11,562
Loans payable				
– trade in nature	1,213,746	–	–	155,232
– non-trade in nature	–	–	–	–
	1,213,746	–	–	155,232
Financial guarantee agreement liabilities				
– trade in nature	–	–	–	–
– non-trade in nature	–	–	–	12,647
	–	–	–	12,647
Debt securities at fair value through profit or loss *(Note 12)*				
– trade in nature	–	–	17,340	40,004
– non-trade in nature	–	–	–	–
	–	–	17,340	40,004
Cash on current accounts and short-term deposits	–	–	26,187	–
Cash on digital accounts *(Note 9)*	–	–	–	22,604
Lease liabilities	–	28,578	–	302,775

* *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

31 December 2025

	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
Loans issued					
– trade in nature	–	–	–	306,600	–
– non-trade in nature	–	–	–	–	–
	–	–	–	306,600	–
Including allowance for expected credit losses	–	–	–	–	(205)
Borrowings received					
– trade in nature	975,160	–	–	46,885	–
– non-trade in nature	–	–	–	–	–
	975,160	–	–	46,885	–
Financial guarantee agreement liabilities					
– trade in nature	–	–	–	–	–
– non-trade in nature	–	–	–	95,768	13,521
	–	–	–	95,768	13,521
Cash on current accounts	–	–	254	–	–
Cash on digital accounts *(Note 9)*	–	–	–	–	22,882
Lease liabilities	–	20,601	–	4	–

The Company

30 June 2026

	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	–	16	30	474,929	2
– non-trade in nature	–	83,815	105	757	1,449
	–	83,831	135	475,686	1,451
Amounts due to related parties					
– trade in nature	–	1,138	686	2,916	821
– non-trade in nature	–	338	3	3	86
	–	1,476	689	2,919	907
Loans issued					
– trade in nature	–	–	–	349,690	–
– non-trade in nature	–	–	–	–	–
	–	–	–	349,690	–
Including allowance for expected credit losses	–	–	–	(210)	–
Borrowings received					
– trade in nature	1,213,746	–	–	60,981	–
– non-trade in nature	–	–	–	–	–
	1,213,746	–	–	60,981	–
Lease liabilities					
– trade in nature	–	19,686	–	2	–
– non-trade in nature	–	–	–	–	–
	–	19,686	–	2	–
Financial guarantee agreement liabilities					
– trade in nature	–	–	–	–	–
– non-trade in nature	–	–	–	97,512	12,647
	–	–	–	97,512	12,647

	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*
Debt securities at fair value through profit or loss *(Note 12)*					
– trade in nature	–	–	17,340	–	40,004
– non-trade in nature	–	–	–	–	–
	–	–	17,340	–	40,004
Cash on digital accounts *(Note 9)*	–	–	–	–	22,604

* *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

31 December 2025

	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	–	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	–	–

The Group

30 June 2026

	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	–	61,305	–	18,530	61,006
Impairment/(reversal of impairment) of trade accounts receivable and other current assets	–	66	–	(30)	112
Purchase of goods, services and non-current assets	–	9,796	–	132,537	72,772
Proceeds from borrowings	260,071	–	–	–	–
Repayment of borrowings	31,437	–	–	–	8,627
New lease agreements (Group as lessee)	–	10,453	–	–	40,523
Lease payments	68	5,034	–	–	9,605
Finance income	–	–	–	99	1,053
Finance costs	47,824	2,508	–	822	32,281
Dividends receivable	–	3,943	–	–	–
Contribution to the share capital	–	2,418	549	–	–

* *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).

During the six months ended 30 June 2026, the Group issued bonds in favour of the Shareholder in the amount of KZT159,372 million (Note 14).

As at 31 December 2025 and 30 June 2026, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and Eurasian Development Bank for a total of KZT164,264 million and KZT155,232 million, respectively.

As at 30 June 2026, the Group's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 9.37% (31 December 2025: 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% (31 December 2025: 6.53% to 16.3%).

In the opinion of the directors, the Group's and the Company's guarantees provided to related parties and the non-trade balances with related parties will not be released or settled prior to the **[REDACTED]** of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Government of the Republic of Kazakhstan is the ultimate Shareholder of the Group through Joint Stock Company «Samruk-Kazyna» Sovereign Wealth Fund» *(Note 1)*.

Compensation of key management personnel of the Group

	Year ended 31 December 2025	Six months ended 30 June 2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Salaries, allowances and benefits in kind	729	352	309
Performance related bonus	307	317	255
Total compensation paid to key management personnel	1,036	669	564

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 during the Relevant Periods.

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*	As at 30 June 2026 *KZT'million*
Financial assets		
Amortised cost	65,175	73,242
FVTPL	632	61,920
Financial liabilities		
Amortised cost	4,022,440	4,812,514
FVTPL	91,496	99,133

The Company

	As at 31 December 2025 *KZT'million*	As at 30 June 2026 *KZT'million*
Financial assets		
Amortised cost	660,935	837,798
FVTPL	–	61,288
Financial liabilities		
Amortised cost	2,641,752	3,241,502
FVTPL	91,496	99,133

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			
Key interest rate NBRK	2026	375/(225)	–
	2025	186/(186)	(1,190)/1,190
EURIBOR	2026	377/(165)	(11,128)/4,870
	2025	27/(27)	(1,005)/1,005
SARON	2026	75/(150)	(6,215)/11,365
	2025	35/(35)	(3,144)/3,144
LPR	2026	50/(50)	(2,093)/3,828
	2025	350/(350)	(907)/907

* *1 basis point – 0.01%.*

		Interest rate increase/(decrease) in basis points*	Effect on profit/equity
The Company			
Base rate of the NBRK	2026	–	–
	2025	186/(186)	(1,190)/1,190
SARON	2026	75/(150)	(4,554)/9,109
	2025	35/(35)	(2,180)/2,180
LPR	2026	50/(50)	(964)/964
	2025	–	–

* *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 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 three 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.

Under Strategy 3, the Group used debt securities denominated in US$, together with cross currency swaps, that allow economic conversion of US$ debt into debt denominated in Swiss Francs. This allowed aligning the forecast cash inflows from transit revenue with the currency of the liabilities in 2031 and 2036 and hedging the total cash outflows in US$.

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$.

In May 2026, the Group entered into eight cross-currency swap transactions with J.P. Morgan Securities plc (United Kingdom), Societe Generale SA (France), Abu Dhabi Commercial Bank PJSC (UAE) and Standard Chartered Bank (United Kingdom) to hedge the foreign currency risk related to highly probable forecast revenue in Swiss Francs (Strategy 3).

Under the transactions, the Group receives fixed amounts in US$ for the aggregate nominal value of US$1,000,000,000 at the interest rates of 4.875% per annum (five year transactions) and 5.25% per annum (ten year transactions) and pays fixed amounts in Swiss Francs for the aggregate nominal value of 788,187,500 Swiss Francs at the interest rates of 1.398% to 1.507% per annum (five year transactions) and 1.777% to 1.860% per annum (ten year transactions). The transactions mature in April 2031 and April 2036.

Four transactions maturing in April 2031 provide for mandatory early termination on 19 May 2031, with the settlement based on the fair value of the transactions as at the termination date. In accordance with the risk management strategy set out in the hedging documentation, the Group intends to enter into new cross-currency swap transactions for the remaining period until April 2036 by revising the terms and conditions without closing the existing cash positions as at the extension date. Thus, the transactions to be extended are treated as a part of a single economic hedging structure of the relevant ten-year bond issue.

Under Strategy 3, liabilities within a hedging instrument represent payments of the principal amount under USD-denominated Eurobonds for the amount of US$500,000,000 bearing interest at 4.875% per annum and maturing in April 2031 and for the amount of US$500,000,000 bearing interest at 5.25% per annum and maturing in April 2036 (Note 14).

Financial results on derivative instruments

During the six months ended 30 June 2026, 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$13,245,000 (KZT6,125 million) and 300,840 Swiss Francs (KZT178 million) (during the year ended 31 December 2025: US$17,565,607 (KZT9,220 million) and 4,512,532 Swiss Francs (KZT2,926 million), during the six months ended 30 June 2025: US$8,782,833 (KZT4,543 million) and 2,256,266 Swiss Francs (KZT1,401 million)).

As of 31 December 2025 and 30 June 2026, 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) and US$206,218,766 (KZT99,133 million), respectively, was recognised as current liabilities.

As of 30 June 2026, the fair value of the derivative financial instruments under the agreements with Societe Generale SA (France), Citibank London, J.P. Morgan Securities plc (United Kingdom), Abu Dhabi Commercial Bank (United Arab Emirates) and Standard Chartered Bank (United Kingdom), amounting to US$8,204,003 (KZT3,944 million), was recognised within non-current assets (31 December 2025: nil).

Hedge effectiveness assessment

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 hedging three 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 and 30 June 2026, the Group assesses the likelihood of significant hedge ineffectiveness 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 foreign currency borrowings under Strategy 2:

	Maturity dates				
	Up to 3 months *KZT'million*	**3–9 months** *KZT'million*	**9–12 months** *KZT'million*	**Over 12 months** *KZT'million*	**Total** *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
30 June 2026					
Nominal value in Swiss Francs	39,023,940	68,967,609	30,084,195	703,636,771	841,712,515

The Group applies the following foreign currency borrowings under Strategy 3:

	Maturity dates				
	Up to 3 months *KZT'million*	**3–9 months** *KZT'million*	**9–12 months** *KZT'million*	**Over 12 months** *KZT'million*	**Total** *KZT'million*
30 June 2026					
Eurobonds					
Nominal values in US$	–	–	–	1,000,000,000	1,000,000,000
Nominal values in million KZT	–	–	–	480,720	480,720
Average US$/Swiss Francs exchange rate	–	–	–	–	0.7882
Cross-currency SWAP					
Nominal value in Swiss Francs	–	–	–	(788,187,500)	(788,187,500)
Nominal value in million KZT	–	–	–	(468,530)	(468,530)

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)
30 June 2026				
Bonds in US$ (Strategy 3)	1,000,000,000	480,720	Borrowings	11,005
Cross-currency swaps in Swiss Francs (Strategy 3)	788,187,500	3,944	Derivative financial instruments	(10,434)
Borrowings in Swiss Francs (Strategy 2)	841,712,515	463,163	Borrowings	34,970

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*	**Cash flow hedge reserve (Strategy 3)** *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 and 1 January 2026	–	52,012	–	52,012
Change in the value of hedging instruments, which was recognised in other comprehensive income	–	(34,969)	571	(34,398)
Ineffective portion reclassified to profit or loss – finance costs	–	–	(571)	(571)
Amount reclassified to profit or loss – effective portion as a reduction of revenue	–	(4,102)	–	(4,102)
Tax effect	–	7,814	–	7,814
30 June 2026	–	20,755	–	20,755

During the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026, the Group incurred a foreign exchange loss of KZT19,990 million, KZT77,009 million and a foreign exchange gain of KZT99,715 million, respectively 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		
	Increase/ (decrease) in exchange rate	**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	–

	As at 30 June 2026		
	Increase/ (decrease) in exchange rate	**Effect on profit** *KZT'million*	**Direct effect on equity** *KZT'million*
US$	15.62%/	(37,102)/	(59,524)/
	(8.20%)	19,485	31,260
Euros	19.03%/	(62,938)/	–
	(6.27%)	20,716	–
Russian Roubles	29.63%/	(19,271)/	–
	(37.11%)	24,092	–
Swiss Francs	23.23%	(120,585)/	(85,899)/
	(4.96%)	25,758	18,349
In other currencies	15.00%/	(51,946)/	–
	(11.98%)	41,500	–

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	15.22%/	(423)/
	(15.22%)	423

	As at 30 June 2026	
	Increase/ (decrease) in exchange rate	Effect on profit *KZT'million*
US$	15.62%/ (8.20%)	(87,154)/ 45,771
Swiss Francs	23.23%/ (4.96%)	(137,436)/ 29,357
Euros	19.03%/ (6.27%)	(3,810)/ 1,254
Russian Roubles	29.69%/ (37.11%)	(370)/ 463
Chinese Yuan	15.00%/ (11.98%)	(29,537)/ 23,597

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

As at 30 June 2026

	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	–	–	–	1,771	1,771
Trade accounts receivable*	–	–	–	27,825	27,825
Other financial assets – Normal**	111,654	–	–	–	111,654
Cash and cash equivalents – Not yet past due	367,771	–	–	–	367,771
Financial guarantees	59,299	–	–	–	59,299
Total	538,724	–	–	29,596	568,320

The Company

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	KZT'million	*KZT'million*	*KZT'million*	*KZT'million*	*KZT'million*
Loan issued	308,789	–	–	–	308,789
Trade accounts receivable*	–	–	–	346,646	346,646
Other financial assets – Normal**	9,160	–	–	–	9,160
Cash and cash equivalents – Not yet past due	122,029	–	–	–	122,029
Financial guarantees	2,563,807	–	–	–	2,563,807
Total	3,003,785	–	–	346,646	3,350,431

As at 30 June 2026

	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	351,551	–	–	–	351,551
Trade accounts receivable*	–	–	–	477,184	477,184
Other financial assets– Normal**	69,919	–	–	–	69,919
Cash and cash equivalents – Not yet past due	239,758	–	–	–	239,758
Financial guarantees	2,573,149	–	–	–	2,573,149
Total	3,234,377	–	-	477,184	3,711,561

* *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 and 30 June 2026, the Group's cash with a carrying amount of KZT24,570 million (10.55% of cash and cash equivalents) and KZT26,187 million (7.12% of cash and cash equivalents), respectively, 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) and KZT22,604 million (6.15% of cash and cash equivalents), respectively, 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% and 39.43%, respectively, of cash and cash equivalents) and in ForteBank JSC with a credit rating of BB (22.72% and 39.43%, respectively, 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 and 30 June 2026, 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 and KZT387,610 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*
31 December 2025							
Non-interest bearing:							
Trade accounts payable	–	522,689	343	2,738	–	–	525,770
Other liabilities	–	–	–	15,042	–	–	15,042
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	566,104	65,526	683,466	2,216,008	3,141,787	6,734,430

	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*
30 June 2026							
Non-interest bearing:							
Trade accounts payable	–	472,396	68	18,893	–	–	491,357
Other liabilities	–	2,547	–	57,729	–	–	60,276
Interest-bearing:							
Borrowings	–	5,917	63,116	360,836	2,655,763	3,121,553	6,207,185
Lease	–	3,524	17,816	34,963	263,062	470,242	789,607
Derivative financial instruments	–	–	–	100,363	–	–	100,363
Financial guarantees	59,299	–	–	–	–	–	59,299
	59,299	484,384	81,000	572,784	2,918,825	3,591,795	7,708,087

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*
31 December 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

	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*
30 June 2026							
Non-interest bearing:							
Trade accounts payable	–	137,959	–	4,426	–	–	142,385
Other current liabilities	–	–	38,947	2,770	–	–	41,717
Interest-bearing:							
Borrowings	–	5,917	27,964	223,672	2,053,874	2,520,632	4,832,059
Lease	–	1	3,035	7,595	14,204	–	24,835
Financial guarantees	1,958,476	–	614,673	–	–	–	2,573,149
Derivative financial instruments	–	–	–	100,363	–	–	100,363
	1,958,476	143,877	684,619	338,826	2,068,078	2,520,632	7,714,508

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 and 30 June 2026, 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 2025 and 30 June 2026 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

	2026	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Other financial assets	94,220	94,195
Borrowings	1,961,606	1,877,586
Debt securities	1,939,443	1,771,924

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

	2026	
	Carrying amount	**Fair value**
	KZT'million	*KZT'million*
Loans issued	349,690	330,057
Other financial assets	61,215	61,309
Borrowings	977,880	932,481
Debt securities	1,939,443	1,771,924

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 and 30 June 2026 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*
31 December 2025				
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

	Level 1 *KZT'million*	Level 2 *KZT'million*	Level 3 *KZT'million*	Total *KZT'million*
30 June 2026				
Financial assets at amortised cost:				
– other financial assets	–	35,571	649	36,220
Financial assets recognised at fair value through profit or loss:				
– other financial assets	–	57,344	631	57,975
– derivative financial instruments	–	3,944	–	3,944
Total	–	96,859	1,280	98,139
Financial liabilities carried at amortised cost				
– debt securities	–	742,774	–	742,774
– debt securities from the Shareholder	–	1,029,150	–	1,029,150
– bank loans	–	1,831,944	–	1,831,944
– loans from the Shareholder	–	45,642	–	45,642
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	99,133	–	99,133
Total	–	3,748,643	–	3,748,643

The Company

	Level 1 *KZT'million*	Level 2 *KZT'million*	Level 3 *KZT'million*	Total *KZT'million*
31 December 2025				
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

	Level 1 *KZT'million*	Level 2 *KZT'million*	Level 3 *KZT'million*	Total *KZT'million*
30 June 2026				
Financial assets at amortised cost:				
– loans issued	–	–	330,057	330,057
– other financial assets	–	3,765	200	3,965
Financial assets at fair value through profit or loss:				
– other financial assets	–	57,344	–	57,344
– derivative financial instrument	–	3,944	–	3,944
Total	–	65,053	330,257	395,310
Financial liabilities carried at amortised cost				
– debt securities	–	742,774	–	742,774
– debt securities from the Shareholder	–	1,029,150	–	1,029,150
– bank loans	–	825,858	–	825,858
– loans from the Shareholder	–	106,623	–	106,623
Financial liabilities recognised at fair value through profit or loss:				
– derivative financial instruments	–	99,133	–	99,133
Total	–	2,803,538	–	2,803,538

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 and the six months ended 30 June 2026, 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 *(vii)*	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
– Mirat Utepov *(vi)*	–	–	–	–
– Nurlan Sauranbayev *(iv)*	–	26	23	49
– Yernat Berdigulov *(v)*	–	–	–	–
Total	161	80	48	289

Six months ended 30 June 2025 (unaudited)

	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	20	–	–	20
– Natalia Godunova *(vii)*	20	–	–	20
– Ulf Wokurka	18	–	–	18
– Alexander Andreas Schierhuber	19	–	–	19
Director				
– Aidar Ryskulov *(i)*	–	–	–	–
– Yelzhas Otynshiyev	–	–	–	–
– Kuat Irubayev	20	–	–	20
– Mirat Utepov *(vi)*	–	–	–	–
– Nurlan Sauranbayev *(iv)*	–	26	23	49
– Yernat Berdigulov *(v)*	–	–	–	–
Total	97	26	23	146

Six months ended 30 June 2026

	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	13	–	–	13
– Natalia Godunova *(vii)*	13	–	–	13
– Ulf Wokurka	12	–	–	12
– Alexander Andreas Schierhuber	13	–	–	13
Director				
– Aidar Ryskulov *(i)*	–	–	–	–
– Talgat Aldybergenov *(ii)*	–	28	–	28
– Yelzhas Otynshiyev	–	–	–	–
– Mirat Utepov *(vi)*	–	–	–	–
– Kuat Irubayev	13	–	–	13
– Rakhmetolla Kudaibergenov *(iii)*	–	–	–	–
Total	64	28	–	92

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 appointed as director on 15 January 2026.

(iv) Nurlan Sauranbayev resigned as chief executive officer and director on 30 June 2025.

(v) Yernat Berdigulov resigned as director on 26 June 2025.

(vi) Mirat Utepov was appointed as director on 26 June 2025 and resigned as director on 15 January 2026.

(vii) Subsequent to the Relevant Periods, Natalia Godunova resigned as Independent non-executive Director on 26 August 2026.

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 Periods and the six months ended 30 June 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026 included 1, 1 and nil director, respectively, details of whose remuneration are set out in note 31 above. Details of the remuneration for the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026 of the remaining 4, 4 and 5 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2025	Six months ended 30 June 2025	2026
	KZT'million	*KZT'million* (unaudited)	*KZT'million*
Salaries, allowances and benefits in kind	216	108	120
Performance related bonuses	140	129	219
Total	356	237	339

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	Six months ended 30 June 2025 (unaudited)	2026
Nil to HK$1,000,000	–	4	1
HK$1,000,001 to HK$1,500,000	3	–	4
HK$1,500,001 to HK$2,000,000	1	–	–
Total	4	4	5

33. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2025.

34. EVENTS AFTER THE REPORTING DATE

Loans received

Shareholder

In September 2026, under the loan agreement with the Shareholder dated 24 August 2026 for financing the acquisition of passenger carriages, the Group received KZT50,000 million. The loan bears interest at 0.05% per annum and is repayable in annual instalments from 2036 to 2056. As the interest rate is below market, the loan was initially recognised at fair value using a market interest rate of 14.58%. The difference between the proceeds received and the fair value of the loan amounted to KZT45,237 million and was recognised as a contribution from the Shareholder, with a related deferred tax effect of KZT9,047 million.

Societe Generale and Natixis

In July and August 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 BPIfrance, an export credit agency, dated 13 December 2024, to finance the acquisition of freight locomotives for the total amount of 770,000,000 Euros, borrowed 54,408,556 Euros (KZT29,141 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 0.8%. The principal is repaid semi-annually until full repayment in 2036.

In July 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 BPIfrance, an export credit agency, dated 23 February 2023, to finance the acquisition of freight and passenger locomotives for the total amount of 627,110,893 Euros, borrowed 3,293,242 Euros (KZT1,768 million) (including the BPIfrance premium). The loan interest is paid semi-annually at Euribor 6m + 1.15%. The principal is repaid semi-annually until full repayment in 2036.

In September 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Passenger Locomotives», under the credit facility agreement with Societe Generale and Natixis, guaranteed by the French export credit agency BPIfrance, entered into on 23 February 2023 for the financing of freight and passenger locomotive acquisitions totaling 627,110,893 Euros, received loan proceeds amounting to 1,904,581 Euros (KZT 969 million), including the BPIfrance premium. Interest on the loan is payable semi-annually at a rate of 6-month Euribor + 1.15%. The principal is repayable in semi-annual installments until full settlement in 2036.

Citibank

In October 2026, the Group, represented by the Company, under the credit facility agreement with Citibank dated 14 July 2025, received borrowings totalling CHF 150,000,000 (KZT 81,883 million). The loan bears interest at SARON + 2% and has a maturity of up to one year.

Deutsche Bank Luxembourg S.A. and Banco Santander S.A.

In September 2026, the Group, through its subsidiary Limited Liability Partnership «KTZ-Freight Transportation», under the credit facility agreement with Deutsche Bank Luxembourg S.A. and Banco Santander S.A., guaranteed by the Export-Import Bank of the United States (US EXIM Bank), entered into on 26 November 2025 for the financing of freight locomotive acquisitions totaling US$445,000,000, denominated in Swiss franc equivalent, received loan proceeds amounting to 26,257,370 Swiss Francs (KZT14,214 million), including the US EXIM Bank premium. Interest on the loan is payable quarterly at a rate of SARON O/N + 0.48%. The principal is repayable in quarterly installments until full settlement in 2036.

In October 2026, under the same loan agreement, the Group received additional borrowings of 26,688,428 Swiss Francs (KZT14,681 million), including the US EXIM Bank premium. Interest is payable quarterly at SARON O/N + 0.48%. The principal is repayable quarterly until final maturity in 2036.

Debt securities issued

In July 2026, the Group, represented by the Company, issued bonds on Astana International Exchange (AIX) in favour of the Shareholder in the amount of US$168,000,000 (KZT79,531 million), with a coupon rate of 5.5% per annum and a maturity date in 2028. The coupon payment is made twice a year.

Share split

On 25 September 2026, the Shareholder approved the Share Split whereby each of the Company's 496,695,676 issued and fully paid ordinary shares was split into five ordinary shares (Notes 13 and 24). As a result, the number of issued ordinary shares increased to 2,483,478,380.

Following the Share Split, the total number of authorised ordinary shares amounted to 2,488,823,162, taking into account authorised but previously unissued ordinary shares that were not subject to the Share Split.

The Shareholder also approved an increase in the total number of authorised ordinary shares from 2,488,823,162 to 3,267,734,711. On 28 September 2026, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market registered the amended issue of authorised ordinary shares.

The legal registration of the Share Split and the increase in the authorised ordinary share capital was completed on 29 September 2026.

Derivative Financial Instruments

In October 2026, under the cross-currency swap transactions entered into in 2022, the Group paid 524,395 Swiss Francs (KZT287 million) to Societe Generale SA and Citibank London and received US$13,245,000 (KZT5,939 million) and 300,840 Swiss Francs (KZT164 million) from Societe Generale SA, Citibank London and J.P. Morgan Securities plc.

In September 2026, the Group entered into two cross-currency swap transactions with MUFG Securities EMEA plc to manage the foreign currency risk associated with USD-denominated borrowings of US$44 million and US$168 million, both maturing on 15 December 2028. These derivative financial instruments were not designated as part of hedge accounting relationships.

Tariff Increase

Effective from 21 September 2026, the authorized government body, represented by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the State, approved a 24% increase in tariffs for mainline railway network services related to the transportation of freight by rail.

Others

On 22 July 2026, the Group received dividends for 2024 from its associate Transtelecom JSC, in the amount of KZT3,633 million.

In July 2026, the Group, represented by its subsidiaries Joint Stock Company «KTZ Express» and Joint Stock Company «National Company «International Sea Trade Port of Aktau», made an additional contribution of cash, without changing the ownership interest, in the amount of KZT1,172 million to the share capital of an associate Aktau International Container Hub LLP.

In July 2026, the Group, represented by its Joint Stock Company «Kedentransservice», made an additional contribution of cash, without changing the ownership interest, in the amount of KZT136 million to the share capital of a joint venture Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd..

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 30 June 2026.

[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 all types of* **[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 all categories of **[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. 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 exemption under the AIFC Establishment Law. There is no guarantee that the Kazakhstan tax authorities would interpret or enforce the provisions of the tax exemptions in the manner described below.

In general, under the Kazakhstan tax law, non-residents for Kazakhstan tax purposes should only be taxed on their income earned from sources in Kazakhstan, rather than on their income received elsewhere, whereas Kazakhstan residents for Kazakhstan tax purposes are subject to taxation on their income earned worldwide.

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 AND THE AIFC ESTABLISHMENT LAW

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. 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]**. Notwithstanding the above, as advised by the Kazakh Tax Advisor, capital gains derived from and dividends received by Kazakhstan tax non-resident **[REDACTED]** on **[REDACTED]** should be out of scope of Kazakhstan taxation as **[REDACTED]** and, therefore, pursuant to article 679 of the Tax Code, such income should not be considered as income from sources in Kazakhstan. Dividends paid on the Shares held by the **[REDACTED]**, however, will remain subject to dividends withholding tax, which the Company will withhold acting as tax agent unless an exemption applies.

The AIFC Establishment Law holds the status of constitutional law in Kazakhstan. The legal force of the AIFC Establishment Law is higher than that of the Tax Code, thus the AIFC Establishment Law prevails over the Tax Code. In respect of the **[REDACTED]**, certain tax exemptions are provided under the AIFC Establishment Law. Given the constitutional status of AIFC Establishment Law, the exemptions under the AIFC Establishment Law (as outlined below) can be applied directly without being incorporated into the Tax Code.

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 **[REDACTED]** 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) 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 under 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 **[REDACTED]** 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 the **[REDACTED]** 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.

Dividends on the **[REDACTED]** paid to Kazakhstan resident individuals are subject to PIT at the progressive scale rates of 5%–15% that should be reported and paid by Kazakhstan resident individuals themselves.

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 securities **[REDACTED]** 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. Given the Tax Code refers to calendar year, the trading criteria should be met in every calendar month of the calendar year when dividends are received by the Kazakh resident individual **[REDACTED]** for such **[REDACTED]** to claim the tax benefit. Thus, as advised by the Kazakh Tax Advisor, if the **[REDACTED]** are not traded in accordance with the applicable criteria in any calendar month in any calendar year, the Company would not be able to apply the dividends exemption from withholding tax at source of payment for dividends paid in that calendar year, and will only be able to apply the dividends exemption in the following calendar year provided that the trading criteria are met in every calendar month in the following calendar year. No grace period is provided under the legislation.

As advised by the Kazakh Tax Advisor, Kazakhstan resident legal entities have the right to exclude dividends on the **[REDACTED]** from their aggregate annual income that is subject to CIT (equivalent of participation exemption) under article 255 of the Tax Code.

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 securities. Therefore, under the Kazakhstan tax law, holders of the **[REDACTED]**, being non-residents for Kazakhstan tax purposes, should only be taxed on their income earned from sources in Kazakhstan, rather than on their income received elsewhere. In general, as advised by the Kazakh Tax Advisor, there should not be Kazakhstan tax on dividends on **[REDACTED]** and on sale of **[REDACTED]** on the **[REDACTED]** for Kazakhstan for non-resident as **[REDACTED]** and, therefore, pursuant to article 679 of the Tax Code, such income should not be considered as income from sources in Kazakhstan.

Non-resident buyers of the **[REDACTED]** are not subject to taxation in Kazakhstan upon acquisition of such **[REDACTED]** during the **[REDACTED]** from the Company **[REDACTED]**. 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 paid on the **[REDACTED]** should rest with the Company **[REDACTED]** 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 sale of **[REDACTED]** would definitely fall under the above, it is not completely clear whether **[REDACTED]** would fall under the above or not. While generally sale of **[REDACTED]** should also be treated as sale of securities themselves, 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]** too. Notwithstanding the above, as advised by the Kazakh Tax Advisor, capital gains derived from **[REDACTED]** should be out of scope of Kazakhstan taxation as **[REDACTED]** and, therefore, pursuant to article 679 of the Tax Code, such income should not be considered as income from sources in Kazakhstan.

As a general rule, a capital gain derived from the disposal of 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 **[REDACTED]** on AIX, the applicable tax exemptions are provided under 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 **[REDACTED]** are included into the AIX Official List at the date of their **[REDACTED]**.

If the exemptions discussed above become unavailable due to, among others, the **[REDACTED]** and if the tax agent does not fulfil its tax obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on capital gains, the capital gain tax liabilities may be imposed on the Company as the issuer of the Shares.

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 **[REDACTED]**. Thus, dividends due and payable to the **[REDACTED]**. Thus dividends paid on the **[REDACTED]** should be subject to dividends withholding tax payable by the Company acting as the tax agent.

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 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. Given the Tax Code refers to calendar year, the trading criteria should be met in every calendar month of the calendar year when dividends are received by the Kazakh resident individual **[REDACTED]** for such **[REDACTED]** to claim the tax benefit. Thus, as advised by the Kazakh Tax Advisor, if the **[REDACTED]** are not traded in accordance with the applicable criteria in any calendar month in any calendar year, the Company would not be able to apply the dividends exemption from withholding tax at source of payment for dividends paid in that calendar year, and will only be able to apply the dividends exemption in the following calendar year provided that the trading criteria are met in every calendar month in the following calendar year. No grace period is provided under the legislation.

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 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 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 by Kazakhstan non-resident individual **[REDACTED]** 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 **[REDACTED]**, should be exempt from WHT if **[REDACTED]** are included into the KASE Official List or AIX Official List at the time of dividend accrual, while the exemption applies with respect to **[REDACTED]** 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. Given the Tax Code refers to calendar year, the trading criteria should be met in every calendar month of the calendar year when dividends are received by the Kazakh non-resident **[REDACTED]** for such **[REDACTED]** to claim the 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, as advised by the Kazakh Tax Advisor, if **[REDACTED]** are not traded in accordance with the applicable criteria in any calendar month in any calendar year, the Company should not be able to apply the dividends exemption under the Tax Code for dividends paid in that calendar year, and will only be able to apply the dividends exemption in the following calendar year provided that the trading criteria are met in every calendar month in the following calendar year. No grace period is provided under the legislation.

AIX tax exemptions for Kazakhstan residents and non-residents under the AIFC Establishment Law

In respect of the securities 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 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

Under the AIFC Establishment Law, dividends paid on the securities should be exempt from taxation in Kazakhstan, provided that such securities 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 Head of the AIFC dated 20 January 2023 No.198 and the Deputy Prime Minister – Minister of Finance of the Republic of Kazakhstan dated 8 February 2023 No.147 and the Minister of National Economy of the Republic of Kazakhstan dated 31 January 2023 No.37, 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. Given the Tax Code refers to calendar year, the trading criteria should be met in every calendar month of the calendar year when dividends are received by the **[REDACTED]** for such **[REDACTED]** to claim the tax benefit. Thus, as advised by the Kazakh Tax Advisor, if the **[REDACTED]** are not traded in accordance with the applicable criteria in any calendar month in any calendar year, the Company should not be able to apply the dividends exemption under the AIFC Establishment Law for dividends paid in that calendar year.

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]**.

The AIFC Establishment Law holds the status of constitutional law in Kazakhstan. Any amendment to the AIFC Exemption under AIFC Establishment Law (i) is a law-making process that generally requires lengthy public consultations; and (ii) requires supermajority support of at least two-thirds of the total number of deputies of the Kurultai and endorsement by the President of the Republic of Kazakhstan. Therefore, taking into account the aforesaid bases relied on by the Company's Kazakhstan legal advisors, the Directors are of the view that, within the current regulatory framework, the risk of the AIFC Exemption being removed in its entirety is remote. Based on the due diligence conducted, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Directors' views. Based on publicly available information, neither the Directors nor the Company's Kazakhstan legal advisors are aware of the Kazakhstan tax authorities ever challenging the applicability of the AIFC Exemption to

[REDACTED]. Additionally, as advised by the Kazakh Tax Advisor, (i) it is impossible to calculate the amount of capital gains tax due by **[REDACTED]** without having access to detailed information on each share transaction; (ii) the primary obligation to pay capital gains taxes rests with the disposing and/or acquiring **[REDACTED]** (in cases where they are considered to be tax agents) rather than the Company; and (iii) in the unlikely event that the AIFC Exemption is abolished in the future, given the abolishment imposes new obligations on individuals or worsens their position, the Kazakhstan tax authorities do not have the right to retrospectively claim tax for past periods when such tax exemptions were in effect and legally utilized by **[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 **[REDACTED]** 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 **[REDACTED]**.

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 15% 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 the **[REDACTED]** (in addition to the document confirming tax residency of the legal **[REDACTED]** for the period for which dividends were accrued).

SUMMARY OF KAZAKHSTAN TAXATION ON [REDACTED]

Based on the above, the table below summarises the application of the Kazakhstan tax legislation on the **[REDACTED]**:

[REDACTED]	**Tax Type**	**AIFC Establishment Law exemption**	**Other exemptions**	**Remarks**
Non Kazakh tax residents	CIT and PIT on capital gain	Not relevant For both individuals and legal entities: – Exempt until 1 January 2066 – **[REDACTED]** must be included into the AIX Official List	Not relevant	As advised by the Kazakh Tax Advisor, capital gains derived from and dividends received by Kazakhstan tax non-resident **[REDACTED]** should be out of scope of Kazakhstan taxation as **[REDACTED]** and, therefore, pursuant to article 679 of the Tax Code, such types of income should not be considered as income from sources in Kazakhstan On top of that, the AIFC Establishment Law exemption is also applicable to Kazakhstan tax non-resident as they apply to Kazakhstan tax residents
	CIT and PIT on dividends	Not relevant For both individuals and legal entities: – Exempt until 1 January 2066 – **[REDACTED]** must be included into the AIX Official List – **[REDACTED]** must be traded on the AIX as follows: • > KZT 25 million/month • > 50 closed trades/month	Not relevant	As advised by the Kazakh Tax Advisor, capital gains derived from and dividends received by Kazakhstan tax non-resident **[REDACTED]** should be out of scope of Kazakhstan taxation as **[REDACTED]** and, therefore, pursuant to article 679 of the Tax Code, such types of income should not be considered as income from sources in Kazakhstan On top of that, the AIFC Establishment Law exemption is also applicable to Kazakhstan tax non-resident as they apply to Kazakhstan tax residents

[REDACTED]	Tax Type	AIFC Establishment Law exemption	Other exemptions	Remarks
Kazakh tax residents	CIT and PIT on capital gain	For both individuals and legal entities: – Exempt until 1 January 2066 – **[REDACTED]** must be included into the AIX Official List	None	–
	CIT and PIT on dividends	For both individuals and legal entities: – Exempt until 1 January 2066 – **[REDACTED]** must be included into the AIX Official List – **[REDACTED]** must be traded on the AIX as follows: • > KZT 25 million/ month • > 50 closed trades/ month	For legal entities: – Dividends from **[REDACTED]** may be excluded from aggregate annual income that is subject to CIT pursuant to article 255 of the Tax Code	

As set out above, AIFC Establishment Law provides exemption for dividend income tax, applying equally to individuals and legal entities of both tax resident and non-resident. This exemption exempts **[REDACTED]** from dividend income tax until January 1, 2066, provided the **[REDACTED]** are **[REDACTED]** on the AIX. In addition, in the context of dividend income tax, the tax residents (individuals) are subject to a further requirement of a trading criteria, meaning a trading volume of at least 25 million tenge per month and at least 50 closed trades per month. To ensure fulfillment of the trading criteria at the time of accrual of dividend for tax exemption purposes, the Group plans to implement the following measures upon the **[REDACTED]** as advised by the Kazakh Tax Advisor:

(a) checking the trading volume against the trading criteria on a daily basis;

(b) implementing internal controls and reporting mechanism to track compliance with the trading criteria; and

(c) seeking advance clarifications from **[REDACTED]** and other relevant authority to ensure the approach to meeting the trading criteria is aligned with their expectations.

The Directors are of the view, and the Sole Sponsor concurs, that measures (a) to (c) above are adequate and effective in maintaining the trading criteria.

In the hypothetical situation where the tax exemptions mentioned above are not applicable due to any reason (such as any changes in the laws), the reporting and tax payment liabilities in relation to CIT and PIT in relation to **[REDACTED]** are imposed on the Kazakh tax resident **[REDACTED]** themselves. No tax liabilities (tax withholding, tax payment/ tax reporting) should arise for the Company, the **[REDACTED]** in relation to **[REDACTED]**.

It is important to note that if the **[REDACTED]** are traded on a stock exchange and the AIX, practically the buyer and seller of the **[REDACTED]**, may not be able to know each other's identities, and the Tax Code does not provide any mechanism to obtain information required for capital gain tax calculation for trades with the securities on a stock exchange when the identities of the buyer and seller of such securities are not known. At the same time according to the Tax Code, tax obligations (including mechanism of calculating and paying tax) should be clearly defined in the Tax Code in order to be enforceable. Given that the identities of those disposing and acquiring 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.

To mitigate any potential liabilities to the Group, the Group may:

1. inform **[REDACTED]** of changes in taxation rules and regulations in a timely manner on the Company's website and **[REDACTED]** such that the **[REDACTED]** could assess the impacts in case any exemption discussed above does not apply and update them on their relevant tax obligations;

2. monitor tax exposure of the Group by setting up the relevant systems if tax authorities in Kazakhstan introduce new infrastructure/system and inform **[REDACTED]** of the respective changes, applicable to **[REDACTED]**, accordingly;

3. conduct periodic reviews of tax compliance to ensure all obligations are met, identify potential issues proactively, and establish a robust compliance framework;

4. maintain active communication with the **[REDACTED]** to seek guidance on evolving tax regulations and interpretations for listed issuers, and obtain timely clarifications on any uncertainties; and

5. continue to engage with reputable tax advisors specializing in Kazakhstan tax law when necessary to remain updated on legislative changes, regulatory expectations, and potential implications.

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 application 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 Shares,* **[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 **[REDACTED]** is a beneficial owner of **[REDACTED]** that is not a **[REDACTED]**. If you are a **[REDACTED]**, this discussion does not apply to you. **[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]** OF **[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 application 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 investment 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 investment 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 investment 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 proceeds 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 proceeds 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 proceeds are transferred to an account maintained by a **[REDACTED]** in the United States;
- the payment of proceeds 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 holders 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 the programme 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 organisation of a system of direct and mixed transportation with the participation of various modes of transport.

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 **[REDACTED]**, 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.

Without prejudice to the rights of the Shareholders provided by the JSC Law, all or any of the rights attached to any class of shares may be from time to time (and whether or not the Company is being wound up) amended, varied or abrogated with the written consent of the holders of not 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 and the applicable exemptions are 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 consolidated 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, unless otherwise provided by the JSC law and other laws of the Republic of Kazakhstan. 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 (digital) technologies.

Resolutions concerning the approval of the corporate governance code and amendments thereto, determination of the procedure, deadlines and total number of shares of the company or other securities convertible into ordinary shares of the company to be placed (sold) without application of the pre-emptive purchase right, voluntary reorganisation or liquidation of the Company, increase of the number of authorized shares of the Company or changing the type of unplaced authorized shares of the Company and approval of the methodology for determining the repurchase price of shares 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 of the stock exchange on which the Company's securities are traded 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 (including its Board of Directors, Management Board, the Chairman of the Management Board as well as the employees of the Company) 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 on 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 election of the Chairman of the Management Board), appointing and removing members of the Management Board (other than the Chairman 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, personnel 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 63(10) of the Charter, election of members of the Board of Directors, early termination of their powers (i.e. the 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 66 of the Charter, 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 36 of the Charter, Shareholders have the right to participate in decision-making at the GMS, including the right to vote (except where the Shareholder is required to abstain from voting or where the Shareholder's vote is not counted under the Kazakhstan laws and regulations) and the right to participate in discussion and 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 (i.e. its vote(s) will not be counted) 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 77 of the Charter a separate mechanism of advisory vote ("**Advisory Vote**"):

- an Advisory Vote should be organised among Shareholders in situations where the Listing Rules (or the listing rules of the stock exchange on which the Company's securities are traded) 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 requirements or restrictions of the Listing Rules (or the listing rules of the stock exchange on which the Company's securities are traded) will not be counted; and

- the Company (including the Board of Directors, the Management Board, the Chairman of the Management Board as well as the employees of the Company) shall not act in any way inconsistent with the result of the Advisory Votes.

Under clauses 1 and 77 of the Charter, the Advisory Vote is to be conducted before or at the GMS, and the procedures for convening and holding of the Advisory Vote shall be the same as the procedures in the Charter for convening a GMS.

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 and does not circumvent the requirements under 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 80 of the Charter further provides that Shareholders have the right to participate in an in-person GMS remotely using information and communication (digital) technologies, 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 (digital) 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.

Without prejudice to the rights of Shareholders provided by the JSC Law, clause 34 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 by the adoption 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 157 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 63(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) and mixed voting (i.e. where shareholders or their proxy may attend the GMS to vote in person, or to submit an absentee ballot without attending the GMS) 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. Further, under Article 48.2-1 of the JSC Law, if a shareholder, who previously submitted an absentee ballet, attends in person or by proxy and vote at a GMS where mixed voting is allowed, the absentee ballot shall not 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]

[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

[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.

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; (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

[2] The monthly calculation index can be accessed at https://www.gov.kz/article/17157?lang=en.

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 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 major 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 intends to acquire 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 send a notification on the intended acquisition to the joint stock company 30 business days before the proposed date of acquisition (Article 25.1 of the JSC Law).

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 document.

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. 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]**

25. State Property Law

Under the State Property law, transactions involving the acquisition of more than 20% of voting shares of a strategic object on an organised securities market require prior Government approval, although once the shares are placed on a stock exchange pursuant to a Government decision, further secondary market trading does not require separate permission unless the 20% single-holder threshold is crossed.

In respect of the Company, on 28 August 2026, Government Resolution No. Д-1985//765 was adopted, pursuant to which 75% of the Shares were designated as a strategic asset. Accordingly, the remaining 25% of the Shares may be disposed of without the restrictions provided for under the State Property Law.

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, Tselinnaya 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 Kunayev Street, Yessil 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, 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. Ho Wing Nga 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 3,267,734,711 authorised Shares, of which 2,483,478,380 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 Shareholder 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 **[REDACTED]** was approved and the Board of Directors and any persons duly authorised by the Board of Directors were authorised to take all actions and execute all documents necessary or desirable in connection with the implementation of the **[REDACTED]**; and

(b) the **[REDACTED]** was approved and the Board of Directors and any persons duly authorised by the Board of Directors were 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
KTZ Express Hong Kong Limited	17 June 2014	Hong Kong	HKD8,299,200	100%	International freight forwarding services, consulting, warehousing and terminal operations

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
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	KZT2,203,593,133	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Mangystau	26 March 2004	Kazakhstan	KZT912,548,501	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Kyzylorda	25 March 2004	Kazakhstan	KZT1,620,795,327	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Kokshetau	22 April 2004	Kazakhstan	KZT649,293,238	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Karaganda	16 April 2004	Kazakhstan	KZT899,687,853	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Pavlodar	15 April 2004	Kazakhstan	KZT1,181,409,543	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Almaty	17 March 2004	Kazakhstan	KZT2,473,199,121	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Arys	12 March 2004	Kazakhstan	KZT910,373,419.85	100%	Provision of water supply and sewerage systems
LLP Temirzholsu-Kostanay	30 March 2004	Kazakhstan	KZT834,342,306	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-Ayagoz	18 March 2004	Kazakhstan	KZT717,711,830.81	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 Carriage 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 KZT2,203,593,133 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 KZT912,548,501 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 KZT1,620,795,327 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 KZT649,293,238 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 KZT899,687,853 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 KZT1,181,409,543 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 KZT2,473,199,121 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 KZT910,372,419.85 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 KZT834,342,306 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 KZT717,711,830.81 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 KZT7,401,338,684 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 Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document which are or may be material:

(a) the bond sale and purchase agreement dated 30 December 2024 entered into between the Company and Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna", pursuant to which Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" agreed to purchase 30,000,000 unsecured coupon bonds issued by the Company at a consideration of KZT 30,000,000,000;

(b) the supplementary agreement No.3 dated 31 December 2024 entered into between "Qaztemirtrans" Joint Stock Company and "SMP Group" Limited Liability Partnership which amends certain terms of the agreement on trust management dated 2 November 2022 in relation to the trust management arrangements of "Qaztemirtrans" Joint Stock Company's participatory interest in the charter capital of "Kazakhstan Car-Building Company" LLP (the "**Original "Kazakhstan Car-Building Company" LLP Trust Management Agreement**");

(c) the agreement for purchase and sale dated 8 October 2025 entered into between "Kaztemirtrans" Joint-Stock Company and "SMP Group" Limited Liability Partnership, pursuant to which "Kaztemirtrans" Joint-Stock Company agreed to sell and transfer to "SMP Group" Limited Liability Partnership, and "SMP Group" Limited Liability Partnership agreed to buy and accept from "Kaztemirtrans" Joint-Stock Company, the 78.47% of shares in "Kazakhstan Car Building Company" Limited Liability Partnership's authorised capital owned by "Kaztemirtrans" Joint-Stock Company at a consideration of KZT 4,470,000,000 (the "**Original "Kazakhstan Car-Building Company" LLP SPA**");

(d) the supplementary agreement No.4 dated 30 December 2025 entered into between "Qaztemirtrans" Joint Stock Company and "SMP Group" Limited Liability Partnership which amends certain terms of the Original "Kazakhstan Car-Building Company" LLP Trust Management Agreement;

(e) the supplementary agreement No.1 dated 9 January 2026 entered into between Kaztemirtrans Joint-Stock Company and SMP Group Limited Liability Partnership which amends certain terms of the Original "Kazakhstan Car-Building Company" LLP SPA;

(f) the bond purchase and sale agreement dated 11 February 2026 entered into between the Company and Joint Stock Company "Samruk-Kazyna", pursuant to which Joint Stock Company "Samruk-Kazyna" agreed to purchase not more than 1,604,400 unsecured coupon bonds issued by the Company for a total amount of not more than CNY 1,604,400,000;

(g) the bond purchase and sale agreement dated 24 February 2026 entered into between the Company and Joint Stock Company "Samruk-Kazyna", pursuant to which Joint Stock Company "Samruk-Kazyna" agreed to purchase not more than 615,600 unsecured coupon bonds issued by the Company for a total amount of not more than CNY 615,600,000;

(h) the share subscription agreement entered into between Joint-Stock Company KTZ Air Cargo and Private company TURLOV PRIVATE HOLDING Ltd. on 26 March 2026, pursuant to which Private company TURLOV PRIVATE HOLDING Ltd. agreed to subscribe for 104 ordinary authorised shares of Joint-Stock Company KTZ Air Cargo at a consideration of KZT 204,464,000;

(i) the supplementary agreement No.5 dated 31 March 2026 entered into between "Qaztemirtrans" Joint Stock Company and "SMP Group" Limited Liability Partnership which amends certain terms of the Original "Kazakhstan Car-Building Company" LLP Trust Management Agreement;

(j) the supplementary agreement No.2 dated 31 March 2026 entered into between Kaztemirtrans Joint-Stock Company and SMP Group Limited Liability Partnership which amends certain terms of the Original "Kazakhstan Car-Building Company" LLP SPA;

(k) the shareholders agreement dated 10 April 2026 entered into between Joint Stock Company "KTZ Express" and Private company "TURLOV PRIVATE HOLDING Ltd." which governs the arrangements regarding the respective participatory interest of Joint Stock Company "KTZ Express" and Private company "TURLOV PRIVATE HOLDING Ltd." in Joint Stock Company "KTZ Air Cargo", as well as the rights and obligations concerning the management and business activities of Joint Stock Company "KTZ Air Cargo";

(l) the programme agreement dated 21 April 2026 entered into between the Company as issuer, Joint Stock Company "Kaztemirtrans" and "KTZ-Freight Transportation" LLP as guarantors (collectively, the "**Guarantors**"), and Citigroup Global Markets Limited, J.P. Morgan Securities plc and Société Générale as dealers and arrangers, establishing the U.S.$3,000,000,000 guaranteed global medium term note programme guaranteed by the Guarantors (the "**Programme Agreement**");

(m) the 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 and joint bookrunners, Abu Dhabi Commercial Bank PJSC, Deutsche Bank Aktiengesellschaft, Oman Investment Bank and Standard Chartered Bank as joint lead managers and joint bookrunners, 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 issued by the Company;

(n) the 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 and joint bookrunners, Abu Dhabi Commercial Bank PJSC, Deutsche Bank Aktiengesellschaft, Oman Investment Bank and Standard Chartered Bank as joint lead managers and joint bookrunners, and Freedom Finance Global PLC and Teniz Capital Investment Banking JSC as Kazakhstan lead managers, pursuant to which the managers severally subscribed for US$500,000,000 5.250 per cent. Notes due 2036 issued by the Company;

(o) the bond purchase and sale agreement dated 8 May 2026 entered into between the Company and Joint Stock Company "Samruk-Kazyna", pursuant to which Joint Stock Company "Samruk-Kazyna" agreed to purchase not more than 1,180,000 unsecured coupon bonds issued by the Company for a total amount of not more than CNY 1,180,000,000;

(p) the bond purchase and sale agreement dated 8 May 2026 entered into between the Company and Joint Stock Company "Samruk-Kazyna", pursuant to which Joint Stock Company "Samruk-Kazyna" agreed to purchase not more than 44,000 unsecured coupon bonds issued by the Company for a total amount of not more than U.S.$ 44,000,000;

(q) the bond purchase and sale agreement dated 27 July 2026 entered into between the Company and Joint Stock Company "Samruk-Kazyna", pursuant to which Joint Stock Company "Samruk-Kazyna" agreed to purchase not more than 168,000 unsecured coupon bonds issued by the Company for a total amount of not more than U.S.$168,000,000;

(r) the **[REDACTED]**;

(s) the **[REDACTED]**; and

(t) the **[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	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	15 July 2008	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	JOLAŸSHYLAR 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

No.	Domain name	Owner	Expiry date
2.	ektz.kz	KTZ Express	2 May 2027
3.	alatauaircargo.kz	KTZ Express	31 May 2027
4.	ktze.kz	KTZ Express	7 October 2027
5.	kdts.kz	Kedentransservice	25 February 2027
6.	5pl.kz	KTZ Express	5 April 2027
7.	Portaktau.kz	International Sea Trade Port of Aktau	26 March 2027
8.	temirzholy.kz	Passenger Transportation	10 November 2027
9.	ktzh-gp.kz	KTZ-FT	21 June 2027
10.	portkuryk.kz	Port Kuryk	21 November 2027

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 service contracts with all independent non-executive Directors, as well as Mr. Kuat Irubayev (a non-executive Director) and Mr. Yelzhas Otynshiyev (the executive Director), each containing provisions relating to, among other things, termination. Save for Mr. Kuat Irubayev, none of the non-executive Directors has entered into a service contract with the Company. Pursuant to the Charter, members of the Board of Directors are elected for a term 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 and the six months ended 30 June 2026.

4. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

Save as disclosed in the sections headed "Substantial Shareholders" and "History and Corporate Structure" 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 or underlying Shares of the Company 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 is 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. Directors and the chief executive of the Company

Immediately following completion of the **[REDACTED]**, none of the Directors or chief executive of the Company has any interests and/or short positions 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 he/she is 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 close associates or any shareholder of the Company (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
SSH Tax & Legal Solutions LLP	Kazakhstan tax advisor to the Company

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 30 June 2026, 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.

N. Particulars of the [REDACTED]

The particulars of the **[REDACTED]** are set out below:

Name:	Joint Stock Company «Samruk-Kazyna» Sovereign Wealth Fund»
Registered Office:	Astana, Republic of Kazakhstan 17/10, Syganak street, 010000

Description:	Corporation
Number of **[REDACTED]** to be **[REDACTED]**:	Up to **[REDACTED]** (representing **[REDACTED]** and **[REDACTED]**) may be sold pursuant to the exercise of the **[REDACTED]** under the **[REDACTED]**

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;

(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;

(c) the statement of adjustments prepared by Ernst & Young in relation to the Accountants' Report set out in Appendix IB to this Document; and

(d) a statement of the particulars of the **[REDACTED]**.

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 and the six months ended 30 June 2026 from Ernst & Young, the text of which is set out in Appendix IB to this Document, together with the related statement of adjustments;

(d) the audited consolidated financial statements of the Group for the three financial years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026;

(e) **[REDACTED]**;

(f) the legal opinion issued by Zan Hub LLP, the Company's legal adviser as to Kazakhstan laws, summarising certain aspects of Kazakhstan law applicable to joint stock companies referred to in Appendix IV to this Document;

(g) the memorandum issued by Reed Smith LLP, the Company's legal adviser as to International Sanctions laws;

(h) the tax opinion issued by SSH Tax & Legal Solutions LLP, the Company's Kazakhstan tax advisor;

(i) 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;

(j) 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;

(k) the written consents referred to in "Appendix V – Statutory and General Information – 5. Other Information – H. Consents of Experts" to this Document;

(l) the contracts with the Directors referred to in "Appendix V – Statutory and General Information – 3. Further Information about the Directors and Substantial Shareholders – A. Particulars of Directors' contracts" to this Document; and

(m) a statement of the particulars of the **[REDACTED]**.