

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

Condensed interim consolidated financial statements
for three months ended 31 March 2025
(unaudited)

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

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KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 MARCH 2025

Management of Kazakhstan Temir Zholy National Company JSC ("the Company") is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the consolidated financial position of the Company and its subsidiaries (collectively – "the Group") as at 31 March 2025, and the consolidated results of its operations for the three months then ended, consolidated cash flows and consolidated changes in equity for the three months then ended in compliance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (hereinafter - "IASB").

In preparing the condensed interim consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- making reasonable estimates and judgments;
- complying with IAS 34, with material departures being disclosed and explained in the condensed interim consolidated financial statements;
- providing additional disclosures when compliance with the specific requirements in IAS 34 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- maintaining statutory accounting records in compliance with the legislation of the Republic of Kazakhstan and IFRS Accounting Standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

These condensed interim consolidated financial statements for three months ended 31 March 2025 were approved for issue by management on 16 May 2025.

On behalf of the Group's management:


Dair Kusherov
Finance Director

16 May 2025


Yelena Stankova
Chief Accountant

16 May 2025

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THREE MONTHS ENDED 31 MARCH 2025 (UNAUDITED) *(in millions of tenge, unless stated otherwise)*

	Notes	Three months ended 31 March	
		2025	2024
Revenue and other income			
Revenue from freight transportation	19	554,408	430,178
Revenue from passenger transportation	19	27,298	24,568
Government grants	5	11,106	9,303
Other revenue	20	30,446	32,069
Total revenue and other income		623,258	496,118
Cost of sales	21	(438,330)	(391,056)
Gross profit		184,928	105,062
General and administrative expenses	22	(31,753)	(27,036)
Finance income	23	8,905	15,170
Finance costs	23	(42,378)	(47,071)
Foreign exchange (loss)/gain		(17,999)	36,040
Share in profit of associates and joint ventures	7	1,443	1,206
(Impairment)/impairment reversal of financial assets and contract assets		(1,012)	656
Impairment of non-financial assets		(209)	(1,168)
Other profit and losses		3,769	751
Profit before income tax		105,694	83,610
Corporate income tax expenses		(26,033)	(19,159)
Profit for the period		79,661	64,451
Other comprehensive income/(loss) for the period, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value income arising on cash flow hedging instruments	13	27,870	-
Reclassification of the loss on cash flow hedging instruments	13,19	184	-
Corporate income tax relating to items that may be reclassified subsequently to profit or loss	13	(5,611)	-
Foreign exchange difference on translation of foreign operations		3,549	(1,412)
Other comprehensive income/(loss) for the period		25,992	(1,412)
Total comprehensive income for the period		105,653	63,039
Profit for the period attributable to:			
The Shareholder		78,382	63,643
Non-controlling interests		1,279	808
		79,661	64,451
Comprehensive income for the period, attributable to:			
The Shareholder		104,374	62,231
Non-controlling interests		1,279	808
		105,653	63,039
Earnings per share, in tenge	24	158	128

On behalf of the Group's management:

Dair Kusherov
Finance Director

16 May 2025

Yelena Stankova
Chief Accountant

16 May 2025

The notes below are an integral part of these condensed interim consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

(in millions of tenge)

	Notes	31 March 2025 (unaudited)	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,901,513	4,782,227
Goodwill		15,520	15,520
Intangible assets		11,299	11,250
Investments in associates	7	56,010	48,678
Investments in joint ventures	7	4,782	1,396
Deferred tax assets		177	21
Other non-current assets	8	551,728	647,483
Total non-current assets		5,541,029	5,506,575
Current assets			
Cash and cash equivalents	9	243,585	198,578
Inventories	10	71,078	57,820
VAT recoverable		231,374	120,475
Trade accounts receivable	11	37,272	21,666
Prepaid income tax		6,893	7,899
Contract asset		1,110	336
Other current assets	12	63,548	45,407
Total current assets		654,860	452,181
Total assets		6,195,889	5,958,756
EQUITY AND LIABILITIES			
Equity			
Share capital		1,123,907	1,123,907
Hedging reserve	13	(16,127)	(38,570)
Foreign currency translation reserve		12,543	8,994
Retained earnings		935,091	856,709
Equity attributable to the Shareholder		2,055,414	1,951,040
Non-controlling interests		16,047	18,277
Total equity		2,071,461	1,969,317

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2025

(in millions of tenge)

	Notes	31 March 2025 (unaudited)	31 December 2024
Non-current liabilities			
Borrowings	14	1,882,454	1,840,423
Deferred tax liabilities		494,270	468,057
Lease liabilities	15	157,308	139,465
Employee benefit obligations		41,928	41,105
Other non-current liabilities	18	124,186	118,770
Total non-current liabilities		2,700,146	2,607,820
Current liabilities			
Borrowings	14	893,229	812,965
Trade accounts payable	16	188,811	231,351
Contract liabilities	17	100,241	133,170
Lease liabilities	15	38,216	35,517
Derivative financial instruments		22,552	32,697
Other taxes payable		22,233	15,694
Employee benefit obligations		7,598	7,598
Other current liabilities	18	151,402	112,627
Total current liabilities		1,424,282	1,381,619
Total liabilities		4,124,428	3,989,439
Total equity and liabilities		6,195,889	5,958,756

On behalf of management of the Group:

Dair Kusherov
Finance Director

16 May 2025

Yelena Stankova
Chief Accountant

16 May 2025

The notes below are an integral part of these condensed interim consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE MONTHS ENDED 31 MARCH 2025 (UNAUDITED) (in millions of tenge)

	Notes	Three months ended 31 March	
		2025	2024
Cash flows from operating activities:			
Profit for the period		79,661	64,451
Adjustments for:			
Corporate income tax expenses recognised in profit or loss		26,033	19,159
Depreciation and amortisation	8,21,22	48,402	42,109
Finance costs	23	42,378	47,071
Finance income	23	(8,905)	(15,170)
Foreign exchange loss/(gain)		17,999	(36,040)
Impairment/(impairment reversal) of financial assets and contract assets		1,012	(656)
Impairment of financial assets and contract assets		209	1,168
Share of the profit of associates and joint ventures	7	(1,443)	(1,206)
Post-employment benefits and other long-term employee benefit expenses	21,22	2,198	2,035
Reclassification of the loss on cash flow hedging instruments	13,19	184	-
Other		7,598	5,616
Operating income before changes in working capital and other balances		215,326	128,537
Change in trade accounts receivable		(18,700)	(5,599)
Change in inventories		(13,206)	856
Change in other current and non-current assets (including long-term VAT recoverable)		(768)	(32,388)
Change in trade accounts payable		6,287	160
Change in other taxes payable		6,108	6,449
Change in other liabilities and contract liabilities		(6,727)	25,180
Change in employee benefit obligations		(1,374)	(1,571)
Cash generated from operations before interest and income tax payments		186,946	121,624
Interest paid		(32,571)	(37,937)
Interest received		2,500	2,072
Income tax paid		(4,659)	(1,732)
Net cash flows from operating activities		152,216	84,027
Cash flows from investing activities:			
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(136,913)	(118,195)
Investments acquired in associates	7	(3,501)	-
Purchase of other non-current assets		(1,189)	-
Proceeds from the sale of other non-current assets		402	309
Other		689	655
Net cash flows used in investing activities		(140,512)	(117,231)

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (UNAUDITED) (in millions of tenge)

	Notes	Three months ended 31 March	
		2025	2024
Financing activities:			
Proceeds from borrowings	14	84,266	51,547
Repayment of borrowings	14	(34,533)	(31,238)
Repayment of lease liabilities	14	(2,461)	(2,584)
Dividends paid to non-controlling interests in subsidiaries		(3,475)	-
Other		(7,883)	(1,531)
Net cash flows generated from financing activities		35,914	16,194
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	9	198,578	204,614
Effect of changes in foreign exchange rates on cash and cash equivalent balances held in foreign currency		(2,608)	(813)
Effect of changes in the allowance for expected credit losses		(3)	1
Cash and cash equivalents at the end of the period	9	243,585	186,792
Non-cash transactions:			
Purchase of property, plant and equipment from borrowed funds by direct bank transfer to the supplier	14	64,760	25,499

On behalf of the Group's management:


Dair Kusherov
Finance Director

16 May 2025


Yelena Stankova
Chief Accountant

16 May 2025

The notes below are an integral part of these condensed interim consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2025
(in millions of tenge)**

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
As at 1 January 2024	1,110,634	-	7,220	623,698	1,741,552	17,504	1,759,056
Profit for the period	-	-	-	63,643	63,643	808	64,451
Other comprehensive loss for the period	-	-	(1,412)	-	(1,412)	-	(1,412)
Total comprehensive (loss)/income for the period	-	-	(1,412)	63,643	62,231	808	63,039
Other contributions	-	-	-	4,803	4,803	-	4,803
As at 31 March 2024 (unaudited)	1,110,634	-	5,808	692,144	1,808,586	18,312	1,826,898
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	-	-	-	78,382	78,382	1,279	79,661
Other comprehensive income for the period	-	22,443	3,549	-	25,992	-	25,992
Total comprehensive income for the period	-	22,443	3,549	78,382	104,374	1,279	105,653
Dividends	-	-	-	-	-	(3,509)	(3,509)
As at 31 March 2025 (unaudited)	1,123,907	(16,127)	12,543	935,091	2,055,414	16,047	2,071,461

On behalf of management of the Group:



Dair Kuserbayev
 Finance Director
 16 May 2025



Yelena Stankova
 Chief Accountant
 16 May 2025

The notes below are an integral part of these condensed interim consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

1. GENERAL INFORMATION

Kazakhstan Temir Zholy National Company JSC (“the Company”) was created in the Republic of Kazakhstan (hereinafter – “Kazakhstan”) in accordance with Resolutions of the Kazakhstan Government (hereinafter – “the Ultimate Shareholder”) to establish a holding company for state railway industry assets management. The Company was registered on 15 May 2002. The condensed interim consolidated financial statements include the results of the operations of the Company and its wholly controlled subsidiaries (hereinafter - collectively, “the Group”). The address of the Company’s registered office is 6, D. Kunayev Street, Astana, 010000, Republic of Kazakhstan.

Samruk-Kazyna Sovereign Welfare 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 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 does not regulate international transit and container freight transportation tariffs.

The Kazakhstan Ministry of the National Economy’s Committee for the Regulation of Natural Monopolies (“CRNM”) approved main railway network service tariffs for 2021-2025. From 1 January 2025 the increase in tariffs for mainline railway network services was 2.6%. As a result, the average increase in regulated freight transportation tariffs for three months ended 31 March 2025 was 1.5% (2024: 2.3%). Moreover, from 1 May 2025 CRNM approved additional increase in tariffs for mainline railway network services of 35%.

The authorised body, represented by the Ministry of Transport of Kazakhstan, agreed to increase tariffs for the transportation of passengers on socially important interdistrict routes from 1 March 2025 by 7% (2024: 7%).

The Group's operations are not subject to significant seasonal fluctuations. Revenue from freight transportation services is relatively stable throughout the year, however, due to the seasonality of passenger transportation, revenue is generally expected to increase in the second half of the year compared to the first half of the year, mainly due to the vacation season in the summer.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. The global geopolitical situation continues to exert pressure on oil and gas prices across the world. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russian Federation (hereinafter – “Russia”) and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2025, the National Bank of the Republic of Kazakhstan (NBRK) decreased the base rate from 15.25% to 16.5% per annum with a corridor of +/- 1.0 percentage points. Thus, uncertainty still exists with respect to the future development of geopolitical risks and their impact on the Kazakhstan economy.

Management of the Group is monitoring developments in the economic and political situation in Kazakhstan and the world and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. The Group has liabilities denominated in foreign currencies, therefore, if the exchange rate increases, there is an increase in the foreign exchange loss. In general, the Group does not expect a significant negative impact from the current changes on the Group's business and operations, as freight rail traffic, including international (transit) freight transportation has not been suspended in either Kazakhstan or other countries. During the three months ended 31 March 2025, the volume of freight transportation in transit route increased compared to the previous period.

However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

The State controls Group structure and determines the long-term railway operating strategy in Kazakhstan.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Going concern

The Group's condensed interim consolidated financial statements have been prepared on a going concern basis. This assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future. As at 31 March 2025, the Group's current liabilities exceeded its current assets by 769,422 million tenge (31 December 2024: 929,438 million tenge). As at 31 March 2025 current liabilities include borrowings of 893,229 million tenge that are payable within twelve months after the reporting date, including borrowings from the Shareholder for the amount of 483,674 million tenge. At the same time, profit for the three months ended

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 *(in millions of tenge, unless otherwise stated)*

31 March 2025 amounted to 79,661 million tenge (2024: 64,451 million tenge), and cash inflows from operating activities amounted to 152,216 million tenge (2024: 84,027 million tenge).

Group management has assessed the Group's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the government of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. As at 31 March 2025, the Group has credit lines available in Halyk Bank of Kazakhstan JSC, Forte Bank JSC and Citibank with undrawn balances totalling 87,232 million tenge. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date - the possibility of, and a positive decision from the discussions is considered to be high.

In assessing its going concern status, management 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 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 these condensed interim consolidated financial statements.

Basis of preparation

These condensed interim consolidated financial statements are unaudited and do not include all disclosures required for annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2024 prepared in accordance with IFRS Accounting Standards (for example significant judgments used in applying accounting policy and details of accounts, which have not changed significantly in amount or composition).

These condensed interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for 2024.

These condensed interim consolidated financial statements are based on the same accounting principles, accounting judgements, presentation methods and calculation methods as the consolidated financial statements of the Group as at 31 December 2024.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

3. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised standards

In the current year, the Group has applied Amendments to IAS 21 *Lack of Exchangeability* that are effective for an annual period that begins on or after 1 January 2025. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these condensed interim consolidated financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these condensed interim consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Description of the standard and interpretation	Applicable to annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB
Amendments to IFRS 7 and IFRS 9 <i>Classification and Measurement of Financial Instruments, Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11: <i>IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7</i>	1 January 2026
IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Management does not expect that the adoption of standards above will have a significant impact on the condensed interim consolidated financial statements of the Group in the future.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

Critical judgements in applying accounting policies

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for 2024 prepared in accordance with IFRS Accounting Standards.

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.

Assessment of impairment indicators of property, plant and equipment

The Group performs analysis of impairment indicators of the carrying value of property, plant and equipment at each reporting date.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 *(in millions of tenge, unless otherwise stated)*

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in interest rates, growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing; technological obsolescence, discontinuance of services, current replacement costs and other changes in circumstances.

As at 31 March 2025, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular, changes in interest rates, an analysis of the achievement of actual indicators in comparison with budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss Franc, as the transit tariff is set in Swiss Francs

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 for the three months ended 31 March 2025 that could be considered as an indicator of the impairment of the single cash-generating unit as at 31 March 2025.

Корпоративный подоходный налог

For the purpose of the condensed interim consolidated financial statements, the Group calculates corporate income tax expense based on its best estimate of weighted average annual corporate income tax rate expected for the full financial year. The amounts accrued for corporate income tax expense in one interim period might be adjusted in the next interim period of the same financial year if there is a change in the estimate of the annual corporate income tax rate.

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 142,427 million tenge 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, according to the results of the tax audit, the tax authority confirmed the amount of excess VAT to be refunded from the budget for the period from first quarter of 2020 to fourth quarter 2023 in the amount of 137,949 million tenge.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 *(in millions of tenge, unless otherwise stated)*

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 March 2025, total VAT recoverable amounted to 297,406 million tenge (31 December 2024: 315,184 million tenge), of which 231,374 million tenge (31 December 2024: 120,475 million tenge) 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 12 months after the reporting date and believes that the total VAT receivable is fully recoverable.

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 for disaggregation, are thus not separately disclosed and combined into "Others".

Management of the Group tracks a number of segment profitability elements, such as profit before tax, profit for the period and gross profit. However, profit for the period is the primary measure used by management of the Group to allocate resources and assess segment performance.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

The Group does not have a specific pricing policy for inter-segmental sales.

	For the three months ended 31 March 2025 (unaudited)					
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
Key operating indices						
Revenue and other income						
Transportation revenue from third parties	554,408	27,298	581,706	-	-	581,706
Transportation revenue from intersegment transactions	596	26,185	26,781	-	(26,781)	-
Government grants	-	11,106	11,106	-	-	11,106
Other income from third parties	23,945	1,436	25,381	5,065	-	30,446
Other income from intersegment transactions	10,105	236	10,341	2,491	(12,832)	-
Total revenue and other income	589,054	66,261	655,315	7,556	(39,613)	623,258
Cost of sales	(413,580)	(58,078)	(471,658)	(5,791)	39,119	(438,330)
Gross profit	175,474	8,183	183,657	1,765	(494)	184,928
General and administrative expenses	(28,423)	(2,762)	(31,185)	(988)	420	(31,753)
Finance income	10,145	1,203	11,348	112	(2,555)	8,905
Finance costs	(35,578)	(7,683)	(43,261)	(48)	931	(42,378)
Foreign exchange (loss)/gain	(18,335)	628	(17,707)	(105)	(187)	(17,999)
Share of the profit of associates and joint ventures	1,443	-	1,443	-	-	1,443
Impairment of financial assets and contract assets (Impairment)/impairment reversal of non-financial assets	(1,016)	(14)	(1,030)	(14)	32	(1,012)
Other profit and losses	(762)	546	(216)	7	-	(209)
	3,911	(79)	3,832	(68)	5	3,769
Profit before tax	106,859	22	106,881	661	(1,848)	105,694
Corporate income tax (expense)/benefit	(26,222)	(747)	(26,969)	51	885	(26,033)
Profit/(loss) for the period	80,637	(725)	79,912	712	(963)	79,661
Other key segment information						
Capital expenditure	160,591	8,044	168,635	69	-	168,704
Depreciation of property, plant and equipment (Note 6)	41,984	5,831	47,815	845	(1)	48,659

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	3a For the three months ended 31 March 2024 (unaudited)					
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
Key operating indices						
Revenue and other income						
Transportation revenue from third parties	430,178	24,568	454,746	-	-	454,746
Transportation revenue from intersegment transactions	414	18,003	18,417	-	(18,417)	-
Government grants	-	9,303	9,303	-	-	9,303
Other income from third parties	26,174	1,812	27,986	4,083	-	32,069
Other income from intersegment transactions	9,752	190	9,942	2,135	(12,077)	-
Total revenue and other income	466,518	53,876	520,394	6,218	(30,494)	496,118
Cost of sales	(362,273)	(54,533)	(416,806)	(5,024)	30,774	(391,056)
Gross profit/(loss)	104,245	(657)	103,588	1,194	280	105,062
General and administrative expenses	(23,972)	(2,548)	(26,520)	(838)	322	(27,036)
Finance income	16,534	438	16,972	91	(1,893)	15,170
Finance costs	(41,012)	(6,891)	(47,903)	(60)	892	(47,071)
Foreign exchange gain/(loss)	30,879	5,170	36,049	(9)	-	36,040
Share of the profit of associates and joint ventures	1,206	-	1,206	-	-	1,206
Impairment reversal/impairment of financial assets and contract assets	816	(137)	679	(18)	(5)	656
Impairment reversal of non-financial assets	(367)	(798)	(1,165)	(3)	-	(1,168)
Other profit and losses	579	138	717	34	-	751
Profit/(loss) before tax	88,908	(5,285)	83,623	391	(404)	83,610
Corporate income tax (expense)/benefit	(20,590)	1,165	(19,425)	(46)	312	(19,159)
Profit/(loss) for the period	68,318	(4,120)	64,198	345	(92)	64,451
Other key segment information						
Capital expenditure	189,655	46,080	235,735	91	-	235,826
Depreciation of property, plant and equipment (Note 6)	37,183	4,555	41,738	414	(1)	42,151

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Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on customer country of domicile for each of the periods:

Customer location	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Kazakhstan	601,783	476,900
Russia	8,297	8,571
China	6,485	6,539
Germany	2,619	2,817
Others	4,074	1,291
	623,258	496,118

Practically all of the Group's non-current assets are in Kazakhstan.

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FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at								
1 January 2025	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Additions	426	501	3,146	193	-	62	135,972	140,300
Lease additions	-	21	-	27,797	-	-	-	27,818
Lease modifications	-	1,056	-	-	-	-	-	1,056
Disposals	(454)	(273)	(542)	(5,252)	(1,085)	(111)	(91)	(7,808)
Depreciation charge (Note 5)	(12,402)	(1,996)	(9,206)	(24,480)	-	(575)	-	(48,659)
Depreciation on disposal	352	141	475	5,199	-	111	-	6,278
Other movements and transfers ¹	10,606	344	4,730	73,111	-	(12)	(88,478)	301
Carrying value as at								
31 March 2025 (unaudited)	1,534,637	350,078	275,985	2,200,696	2,807	10,563	526,747	4,901,513
Cost	1,943,931	435,517	612,802	2,951,343	2,807	33,456	537,743	6,517,599
Accumulated depreciation and impairment	(409,294)	(85,439)	(336,817)	(750,647)	-	(22,893)	(10,996)	(1,616,086)
Carrying value as at								
31 March 2025 (unaudited)	1,534,637	350,078	275,985	2,200,696	2,807	10,563	526,747	4,901,513
Including:								
Right-of-use assets:								
Cost	-	2,951	44,754	283,593	-	7,690	-	338,988
Accumulated depreciation and impairment	-	(1,240)	(22,492)	(13,958)	-	(4,776)	-	(42,466)
Carrying value	-	1,711	22,262	269,635	-	2,914	-	296,522
Property, plant and equipment that are subject to operating lease (Group as the lessor)								
	-	395	-	68,654	-	-	-	69,049

¹ Other movements and transfers also include transfers to/from inventories, impairment/reversal of impairment.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

	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	-	141	2,974	1,692	-	824	163,976	169,607
Lease additions	-	6	27,261	38,361	-	-	-	65,628
Lease modifications	-	117	-	-	-	-	-	117
Disposals	(32)	(339)	(25,189)	(81)	-	(77)	(1,178)	(26,896)
Depreciation charge (Note 5)	(11,357)	(1,994)	(8,887)	(19,389)	-	(524)	-	(42,151)
Depreciation on disposal	69	157	25,182	80	-	73	-	25,561
Other movements and transfers ²	13,044	359	2,011	101,877	-	578	(116,575)	1,294
Carrying value as at								
31 March 2024 (unaudited)	1,417,468	311,912	271,326	1,730,090	3,871	11,374	241,598	3,987,639
Cost	1,792,142	390,214	575,511	2,396,166	3,871	32,269	252,258	5,442,431
Accumulated depreciation and impairment	(374,674)	(78,302)	(304,185)	(666,076)	-	(20,895)	(10,660)	(1,454,792)
Carrying value as at								
31 March 2024 (unaudited)	1,417,468	311,912	271,326	1,730,090	3,871	11,374	241,598	3,987,639
Including:								
Right-of-use assets:								
Cost	-	1,899	45,137	149,939	-	7,286	-	204,261
Accumulated depreciation and impairment	-	(913)	(14,090)	(7,747)	-	(3,995)	-	(26,745)
Carrying value	-	986	31,047	142,192	-	3,291	-	177,516
Property, plant and equipment that are subject to operating lease (Group as the lessor)	-	337	-	85,834	-	-	-	86,171

² Other movements and transfers also include transfers to/from inventories, impairment/reversal of impairment.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Movements in investments in associates and joint ventures are as follows:

	2025	2024
Associates		
As at 1 January	48,678	38,989
Acquisition	3,501	-
Foreign exchange difference on translation of foreign operations	3,225	(1,302)
Share of profit	2,106	1,273
Dividends receivable	(1,500)	-
As at 31 March (unaudited)	56,010	38,960
Joint ventures		
As at 1 January	1,396	1,579
Acquisition	6,855	-
Foreign exchange difference on translation of foreign operations	32	-
Share of loss	(663)	(67)
Adjustment of unrealised gains	(2,838)	-
Impairment	-	(231)
As at 31 March (unaudited)	4,782	1,281

As at 31 March 2025, the Group's unrecognised share of the losses of its significant associate, Aktau Marine North Terminal LLP amounted to 7,155 million tenge (31 December 2024: 3,795 million tenge).

During the three months ended 31 March 2025, the Group, represented by its subsidiary KTZ Express JSC, made an additional cash contribution without changing the ownership interest of 3,501 million tenge to the charter capital of Aktau International Container Hub LLP.

During the three months ended 31 March 2025, the Group, represented by its subsidiary Kedentransservice JSC, made a contribution by assets to the charter capital of the Private Company Kazakh-Chinese trade and logistics company (Almaty) Ltd. The fair value of the assets amounted to 6,855 million tenge. The Group's ownership interest in the joint venture is 49.9%.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

8. OTHER NON-CURRENT ASSETS

	31 March 2025 (unaudited)	31 December 2024
Advances paid for property, plant and equipment	414,175	384,165
VAT recoverable	78,569	207,246
Corporate income tax withheld	36,463	36,441
Investment property	8,715	8,765
Others	9,721	6,006
Less: allowance for non-recoverable VAT	(12,537)	(12,537)
Less: allowance for corporate income tax withheld	(1,048)	(1,028)
Less: allowance for advances for property, plant and equipment	(718)	(522)
Less: allowance for other non-current non-financial assets	(72)	(72)
Total other non-financial assets	533,268	628,464
Restricted cash	13,608	13,932
Loans to employees	2,969	3,163
Bonds of commercial banks and other credit institutions, and other debt securities	669	654
Others	1,679	1,757
Less: allowance for expected credit losses on other non-current financial assets	(465)	(487)
Total other financial assets	18,460	19,019
	551,728	647,483

For the three months ended 31 March 2025, the Group accrued depreciation expense on investment property in the amount of 34 million tenge (2024: 37 million tenge).

Restricted cash is mostly amounts in Euros 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.

As at 31 March 2025 and 31 December 2024, advances paid for property, plant and equipment included:

	31 March 2025 (unaudited)	31 December 2024
Passenger carriages supply	163,047	163,047
Construction of the railway	120,590	128,984
Electric locomotive supplies	119,203	82,510
Railroad switch supplies	3,883	4,991
Diesel locomotive supplies	2,017	2,017
Others	5,435	2,616
	414,175	384,165

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

	31 March 2025 (unaudited)	31 December 2024
Short-term bank deposits in tenge	89,764	61,779
Short-term bank deposits in US\$	1,937	2,339
Cash on digital accounts in tenge	107,445	116,635
Cash in tenge current accounts	35,213	7,326
Cash in US\$ current bank accounts	3,689	4,763
Cash in Russian Rouble current bank accounts	2,962	2,484
Cash in Euro current bank accounts	892	1,182
Cash in bank accounts in other currencies	1,685	2,070
Petty cash	11	10
Less: allowance for expected credit losses on cash and cash equivalents	(13)	(10)
	243,585	198,578

As at 31 March 2025 and 31 December 2024, cash on digital accounts represents programmable digital tenge only for the modernisation of the Dostyk-Moiynty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder.

As at 31 March 2025, the weighted average interest rate on cash in current accounts was 10.45% in tenge and 0.56% in other currencies (31 December 2024: 8.19% in tenge and 0.16% in other currencies).

Short-term tenge and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 March 2025, the weighted average interest rate on short-term bank deposits was 16.16% in tenge and 3% in US\$ (31 December 2024: 14.9% in tenge and 3% in US\$).

As at 31 March 2025, 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 708 million tenge (31 December 2024: 1 million tenge) and 107,442 million tenge (31 December 2024: 116,631 million tenge), respectively (Note 26). In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from A+ to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 March 2025 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

10. INVENTORIES

	31 March 2025 (unaudited)	31 December 2024
Track structure materials	25,892	15,648
Fuel and lubricants	17,054	13,553
Materials and supplies	15,912	15,454
Spare parts	7,923	8,743
Construction materials	1,610	1,453
Others	4,121	4,409
	72,512	59,260
Less: allowance for inventories	(1,434)	(1,440)
	71,078	57,820

11. TRADE ACCOUNTS RECEIVABLE

	31 March 2025 (unaudited)	31 December 2024
Accounts receivable arising from contracts with customers	39,546	24,288
Other trade accounts receivable	1,095	885
Less: allowance for expected credit losses	(3,369)	(3,507)
	37,272	21,666

As at 31 March 2025 and 31 December 2024, trade accounts receivable were denominated in the following currencies:

	31 March 2025 (unaudited)	31 December 2024
US\$	26,168	14,743
Tenge	10,454	6,853
In other currencies	650	70
	37,272	21,666

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

12. OTHER CURRENT ASSETS

	31 March 2025 (unaudited)	31 December 2024
Advances paid	23,507	20,183
Other taxes prepaid	7,128	6,190
Prepaid expenses	2,129	2,690
Others	6,025	5,670
Less: allowance for other taxes prepaid	(4,229)	(4,229)
Less: allowance for the impairment of advances paid	(2,346)	(2,665)
Less: allowance for other current non-financial assets	(5,090)	(5,086)
Total other non-financial assets	27,124	22,753
Restricted cash	18,483	16,235
Subsidies	10,844	70
Claims, interest and fines	1,868	2,409
Due from employees	1,672	1,416
Dividends receivable	1,500	-
Others	4,382	5,696
Less: allowance for expected credit losses on other current financial assets	(2,325)	(3,172)
Total other financial assets	36,424	22,654
	63,548	45,407

Restricted cash is mainly denominated in US Dollars used as collateral for current part of loans received from Citibank. The restriction will be removed upon repayment of these loans.

13. EQUITY

Hedging reserve

During 2024, the Group implemented a cash flow hedge to reduce the risk of changes in tenge equivalent revenue from freight transit transportation denominated in Swiss Francs, as part of two strategies. To confirm highly probable transactions, the Group relied on the existence of a history of cash flows from freight transit transportation in Swiss Francs, sufficient infrastructure, as well as a favourable geographical location for freight transit transportation. The Group has a monopoly in terms of access to the main railway network and dominates in freight transportation services.

Strategy 1 (effective from 1 October 2024)

Eurobonds with the nominal amount of 882,978,000 US Dollars issued in October 2022 on the Kazakhstan Stock Exchange in favour of the Shareholder, and due on 28 October 2025, as well as cross-currency swaps in the amount of 881,881,000 Swiss Francs with maturity date on 25 October 2025 are hedging instruments that are separately identifiable and reliably measurable. As at 31 March 2025, the carrying value of Eurobonds amounted to 438,063 million tenge (31 December 2024: 448,785 million tenge). 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.

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FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

For the three months ended 31 March 2025, the effective portion of 20,069 million tenge was allocated to the hedge reserve in other comprehensive income as fair value income arising on cash flow hedging instruments. The deferred tax effect amounted to 4,014 million tenge. The ineffective portion in the amount of 2,960 million tenge was reclassified to finance income (Note 23).

For the three months ended 31 March 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 81 million tenge attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 19). The deferred tax effect amounted to 16 million tenge.

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 March 2025, the carrying value of these loans amounted to 536,554 million tenge (31 December 2024: 567,213 million tenge). 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.

For the three months ended 31 March 2025, the effective portion of 7,801 million tenge was allocated to the hedge reserve in other comprehensive income as fair value income arising on cash flow hedging instruments. The deferred tax effect amounted to 1,560 million tenge.

For the three months ended 31 March 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 103 million tenge attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 19). The deferred tax effect amounted to 21 million tenge.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

14. BORROWINGS

Borrowings, including accrued interest, which is accounted for at amortised cost consisted of the following:

	31 March 2025 (unaudited)		31 December 2024	
	Amount	Weighted average effective interest rate (%)	Amount	Weighted average effective interest rate (%)
<i>Fixed interest rate borrowings</i>				
Loans received	534,262		475,243	
- in tenge	325,825	12.32	285,231	10.88
- in Euros	50,795	6.10	51,253	5.85
- in Swiss Francs	59,113	3.40	59,483	3.40
- in Russian Roubles	98,529	7.82	79,276	9.02
Debt securities issued	1,208,871		1,207,802	
- in tenge	770,808	12.02	759,017	11.78
- in US\$	438,063	6.43	448,785	6.42
<i>Floating interest rate borrowings</i>				
Loans received	945,757		886,253	
- in tenge	40,181	18.21	40,232	19.24
- in Euros	264,660	6.15	217,682	7.34
- in Swiss Francs	640,916	2.57	628,339	3.04
Debt securities issued	86,793		84,090	
- in tenge	86,793	13.45	84,090	14.78
	2,775,683		2,653,388	
Current portion of borrowings	893,229		812,965	
Non-current portion of borrowings	1,882,454		1,840,423	
	2,775,683		2,653,388	

Loans received

Societe Generale and Natixis

During the three months ended 31 March 2025, 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 20,165,776 Euros (10,775 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2035.

During the three months ended 31 March 2025, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the Master Framework 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 164,574,300 Euros (87,600 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

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Halyk Bank of Kazakhstan JSC

During the three months ended 31 March 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, borrowed 40,000 million tenge with an interest rate of 16.75% and a maturity of up to one year.

Citibank

In 2024, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US Dollars in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (49,328 million tenge) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75%. The principal is repayable quarterly until full repayment in 2034.

The fair value of borrowings and debt securities issued is presented in Note 27.

Credit agreements and breaches of credit agreements

In accordance with 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 March 2025, this covenant was met. As at 31 March 2025, the carrying value of this loan is 50,795 million tenge (31 December 2024: 51,253 million tenge).

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 2024 this covenant was met. As at 31 March 2025, the carrying value of these loans is 264,660 million tenge (31 December 2024: 217,682 million tenge).

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 2024, these covenants were met. As at 31 March 2025, the carrying value of this loan is 98,529 million tenge (31 December 2024: 79,276 million tenge).

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 annual consolidated results of the Group. As at 31 December 2024, these covenants were met. As at 31 March 2025, the carrying value of this loan is 252,283 million tenge (31 December 2024: 274,190 million tenge).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

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 2024, this covenant was met. As at 31 March 2025, the carrying value of this loan is 103,207 million tenge (31 December 2024: 103,881 million tenge).

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. As at 31 March 2025, the carrying amount of this loan is 256,261 million tenge (31 December 2024: 220,910 million tenge).

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.

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15. LEASE LIABILITIES

	31 March 2025 (unaudited)		31 December 2024	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Up to one year	41,213	38,216	38,423	35,517
2-5 years inclusive	155,574	93,434	141,989	83,387
Over 5 years	256,862	63,874	232,330	56,078
Total	453,649	195,524	412,742	174,982
Less unearned interest	(258,125)	-	(237,760)	-
Present cost of lease liabilities	195,524	195,524	174,982	174,982
Less amounts due within 12 months		(38,216)		(35,517)
Amount due after 12 months		157,308		139,465

As at 31 March 2025, interest calculations are based on effective interest rates of between 2.5% and 21.77% (31 December 2024: between 2.5% and 21.69%).

Lease liabilities are mainly denominated in tenge, except for lease liabilities for other equipment, which are denominated in US\$.

Finance lease agreements (hereinafter – “lease agreements”) with Industrial Development Fund JSC

Flat carriages

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 63,356 million tenge 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.

During the three months ended 31 March 2025, within the framework of this agreement, the Group received 290 flat carriages and recognised right-of-use assets of 9,320 million tenge for 32 years and a lease liability of 5,855 million tenge 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 88,125 million tenge 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 the three months ended 31 March 2025, within the framework of this agreement, the Group received 629 open wagons and recognised right-of-use assets of 18,477 million tenge for 22 years and a lease liability of 13,207 million tenge for 13 years.

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The terms and conditions of lease agreements of the Group, represented by subsidiaries KTZ Express JSC, Passenger Transportation JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, includes compliance with the financial covenant Debt Security Coverage Ratio calculated on the basis of the annual consolidated results of the Group. As at 31 December 2024, this condition was met.

In addition, the requirements of the Group's lease agreements, represented by the subsidiaries KTZ Express JSC, Passenger transportation JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, incorporate restrictive terms with respect to changing legal status through voluntary liquidation; concluding a transaction or several transactions where the value exceeds 10-25% of the carrying amount of assets; subleasing lease subjects or a part of them. In the event of a default as defined by the lease agreements, the lessor is entitled to demand the indisputable requisition of lease items.

16. TRADE ACCOUNTS PAYABLE

	31 March 2025 (unaudited)	31 December 2024
Accounts payable for services provided	75,145	84,619
Accounts payable for inventories received	72,024	52,106
Accounts payable for the supply of property, plant and equipment	35,294	86,906
Other accounts payable	6,348	7,720
	188,811	231,351

As at 31 March 2025 and 31 December 2024, trade accounts payable were denominated in the following currencies:

	31 March 2025 (unaudited)	31 December 2024
Tenge	162,223	203,015
Euros	16,035	13,414
US\$	8,961	13,000
In other currencies	1,592	1,922
	188,811	231,351

17. CONTRACT LIABILITIES

	31 March 2025 (unaudited)	31 December 2024
Advances received on contracts with customers	86,715	117,973
Deferred income	13,526	15,197
	100,241	133,170

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18. OTHER LIABILITIES

	31 March 2025 (unaudited)	31 December 2024
Deferred income (government grants)	112,762	99,999
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	18,014	14,302
Advances received	8,124	9,700
Others	3,603	3,079
Total other non-financial liabilities	142,503	127,080
Provisions for unused vacation and other employee benefits	45,915	40,069
Salary payable	44,219	18,966
Financial guarantee contract liabilities	26,442	27,449
Others	16,509	17,833
Total other financial liabilities	133,085	104,317
	275,588	231,397
Current portion of other liabilities	151,402	112,627
Non-current portion of other liabilities	124,186	118,770
	275,588	231,397

As disclosed in Note 25, the Group has provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 March 2025, liabilities under financial guarantee agreements amounted to 14,293 million tenge for Nursultan Nazarbayev International Airport JSC and 12,149 million tenge for Aktobe Rail and Section Mill Plant LLP (31 December 2024: 14,896 million tenge for Nursultan Nazarbayev International Airport JSC and 12,553 million tenge for Aktobe Rail and Section Mill Plant LLP).

As at 31 March 2025 and 31 December 2024, other financial liabilities were primarily denominated in tenge.

19. REVENUE

For the three months ended 31 March 2025 and 2024, revenue from freight transportation included:

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Revenue from contracts with customers:		
International (transit) route	215,177	164,380
Domestic route	140,508	106,328
International (export) routes	102,609	75,015
International (import) routes	55,262	46,044
Additional charges related to the transportation process	14,768	17,019
Other revenue from freight transportation	26,084	21,392
	554,408	430,178

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 *(in millions of tenge, unless otherwise stated)*

During the three months ended 31 March 2025, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of 184 million tenge attributable to the hedging instrument was reclassified from other comprehensive loss to freight transportation revenue (Note 13).

For the three months ended 31 March 2025 and 2024, revenue from passenger transportation included:

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Revenue from contracts with customers:		
Passenger transportation	23,460	20,707
Other revenue from passenger transportation	3,838	3,861
	27,298	24,568

20. OTHER REVENUE

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Revenue from the sale of goods and provision of other services	15,654	12,767
Revenue from the lease of carriages	11,827	15,493
Revenue from fines	1,710	2,347
Revenue from the lease of other property, plant and equipment	1,255	1,462
	30,446	32,069

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 tenge. 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

21. COST OF SALES

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacations	212,117	182,466
Fuel and lubricants	50,644	48,310
Repairs and maintenance	48,864	51,294
Depreciation and amortisation	47,694	41,111
Electricity	27,842	20,977
Work and services of a production nature	17,703	15,682
Materials and supplies	10,555	10,659
Property tax and other taxes, excluding social tax and social contributions	7,839	7,374
Employee benefit expenses and other long-term employee benefits	2,109	1,916
Other costs	12,963	11,267
	438,330	391,056

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacation	23,202	18,206
Property tax and other taxes, excluding social tax and social contributions	2,053	2,945
Various third party services	1,058	853
Depreciation and amortisation	674	961
Consulting, audit and legal services	615	333
Membership fee	578	542
Business trip expenses	462	439
Utilities and building maintenance	384	417
Lease expenses	359	261
Insurance	178	150
Telecommunication services	172	162
Expenses to maintain social sphere facilities	162	146
Banking services	103	102
Employee benefit expenses and other long-term employee benefits	89	119
Other expenses	1,664	1,400
	31,753	27,036

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

23. FINANCE INCOME AND COSTS

	For the three months ended 31 March	
	2025 г. (неаудировано)	2024 г. (неаудировано)
Finance income		
Interest on cash and cash equivalents	2,799	2,437
Income from the ineffective part of hedging instruments (Note 13)	2,960	-
Interest rate state subsidies on financial liabilities	1,775	6,469
Interest income on derivative financial instruments recognised at fair value through profit or loss	-	5,289
Other finance income	1,371	975
	8,905	15,170

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Finance costs		
Interest costs and loan discount amortisation	33,688	42,489
Lease interest expenses	7,445	4,121
Other finance costs	1,245	461
	42,378	47,071

24. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the period. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. As at 31 March 2025 and 31 December 2024, the Company had no outstanding antidilutive instruments.

	For the three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Weighted average of common shares	496,694,666	496,693,666
Profit for the year attributable to the Shareholder	78,382	63,643
Earnings per common share (tenge)	158	128

The carrying amount of one share as at 31 March 2025 and 31 December 2024 is presented below:

	31 March 2025 (unaudited)	31 December 2024
Net assets, excluding intangible assets, goodwill and non-controlling interests	2,028,595	1,924,270
Quantity of common shares in circulation (registered)	496,694,666	496,694,666
Carrying amount of one share (tenge)³	4,084	3,874

³ Carrying amount of shares is calculated in accordance with KASE requirements.

25. FINANCIAL AND CONTINGENT LIABILITIES

Investment liabilities

As at 31 March 2025, the Group had investment liabilities, 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 2,277,895 million tenge (31 December 2024: 2,427,217 million tenge).

Other contractual liabilities

As at 31 March 2025, 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 March 2025, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities

Litigation

The Group is subject to various legal proceedings related to its business operations, such as property damage claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 March 2025 and 31 December 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 management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

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Insurance

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, 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 management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these condensed interim consolidated financial statements as the Group's management assesses that there are no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group.

Guarantees

As at 31 March 2025, guarantees were presented as follows:

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount
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	15,555
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	21,096

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Note 18 discloses the carrying value of these guarantees.

As at 31 March 2025 and 31 December 2024, there were no cases of using the financial guarantees listed above.

26. RELATED PARTY TRANSACTIONS

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 March 2025 (unaudited) and 31 December 2024 are detailed below.

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties ⁴
Amounts due from related parties for goods, services and non-current assets, including advances paid	2025	-	209	514	6,357
	2024	-	2,162	211	5,202
<i>including allowances for expected credit losses and impairment of advances paid</i>	2025	-	(3)	(3)	(127)
	2024	-	(30)	(4)	(150)
Amounts due to related parties for goods, services and non-current assets, including advances received	2025	-	14,034	54,088	15,934
	2024	-	14,857	29,487	14,622
Cash on current accounts	2025	-	-	708	-
	2024	-	-	1	-
Cash on digital accounts	2025	-	-	-	107,442
	2024	-	-	-	116,631
Restricted cash	2025	-	-	-	4
	2024	-	-	-	197
Loans received	2025	996,446	-	-	174,979
	2024	1,002,575	-	-	154,299
Lease liabilities	2025	257	28,426	-	162,637
	2024	-	31,296	-	140,393
Financial guarantee contract liabilities	2025	-	-	-	14,293
	2024	-	-	-	14,897
Dividends receivable	2025	-	1,500	-	-
	2024	-	-	-	-

⁴ Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

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Сделки со связанными сторонами за три месяца, закончившиеся 31 марта (неаудировано), представлены следующим образом:

		Shareholder	Associates	Joint ventures	Companies making up the Shareholder group	Other related parties ⁴
Sale of goods, services and non-current assets	2025	-	20,793	-	8,668	28,555
	2024	-	24,907	-	7,802	24,021
<i>Recovered/(accrued) allowances for expected credit losses and impairment of advances paid</i>	2025	-	19	-	1	(22)
	2024	-	141	-	-	(8)
Purchase of goods, services and non-current assets	2025	-	5,975	-	38,941	22,486
	2024	-	6,455	-	39,752	16,955
Repayment of loans received	2025	1,175	-	-	-	100
	2024	1,175	-	-	-	100
New lease agreements (Group as lessee)	2025	247	22	-	-	19,062
	2024	-	27,261	-	-	18,828
Lease payments	2025	-	4,143	-	-	3,330
	2024	-	2,972	-	-	636
Finance income	2025	1,472	-	-	-	604
	2024	-	19	-	-	185
Finance costs	2025	6,350	1,249	-	-	9,559
	2024	8,703	1,566	-	-	4,124
Share capital contribution	2025	-	3,501	6,855	-	-
	2024	-	-	-	-	-

As at 31 March 2025, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of 174,979 million tenge (31 December 2024: 154,299 million tenge).

As at 31 March 2025, Group borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 9.25% (31 December 2024: from 0.075% to 9.25%) and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 6.53% to 14.5% (31 December 2024: from 6.53% to 14.5%).

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.

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Compensation to key management personnel of the Group

As at 31 March 2025, key management personnel comprise members of the Group's Management Board and Board of Directors, totalling 15 persons (31 December 2024: 18 persons). Total compensation to key management personnel included in personnel costs in the condensed interim consolidated statement of profit or loss and other comprehensive income comprised 186 million tenge for the three months ended 31 March 2025 (2024: 84 million tenge). Compensation to key management personnel mainly consists of contractual salary costs, including related taxes and contributions, unused vacation allowance and other performance-based payments.

27. FINANCIAL INSTRUMENTS. 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 forced or liquidation sale. As no readily available market exists for large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

Fair value of the derivative financial instrument is 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.

In preparation of these condensed interim consolidated financial statements, the same methodologies and assumptions for calculating the fair value of financial instruments were used as in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2024.

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 March 2025 and 31 December 2024, 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 March 2025 and 31 December 2024 is presented as follows:

	31 March 2025 (unaudited)		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	2,272	2,157	2,692	2,516
Other financial assets	33,147	32,501	31,218	30,069
Borrowings	1,480,019	1,461,794	1,361,496	1,337,391
Debt securities	1,295,664	1,152,583	1,291,892	1,208,326

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025 (in millions of tenge, unless otherwise stated)

Fair value hierarchy

The table below provides an analysis of financial instruments as at 31 March 2025 (unaudited) broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	2,157	-	2,157
- other financial assets	-	31,869	-	31,869
Financial assets recognised at fair value through profit of loss:				
- other financial assets	-	-	632	632
Total	-	34,026	632	34,658
Financial liabilities recognised at amortised cost:				
- debt securities	-	315,579	-	315,579
- debt securities from the Shareholder	-	837,004	-	837,004
- bank loans	-	1,397,538	-	1,397,538
- loans from the Shareholder	-	64,256	-	64,256
Financial liabilities recognised at fair value through profit of loss:				
- derivative financial instruments	-	22,552	-	22,552
Total	-	2,636,929	-	2,636,929

The table below provides an analysis of financial instruments as at 31 December 2024 broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	2,516	-	2,516
- other financial assets	-	29,437	-	29,437
Financial assets recognised at fair value through profit of loss:				
- other financial assets	-	-	632	632
Total	-	31,953	632	32,585
Financial liabilities recognised at amortised cost:				
- debt securities	-	347,515	-	347,515
- debt securities from the Shareholder	-	860,811	-	860,811
- bank loans	-	1,268,631	-	1,268,631
- loans from the Shareholder	-	68,760	-	68,760
Financial liabilities recognised at fair value through profit of loss:				
- derivative financial instruments	-	32,697	-	32,697
Total	-	2,578,414	-	2,578,414

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THREE MONTHS ENDED 31 MARCH 2025

(in millions of tenge, unless otherwise stated)

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 three months ended 31 March 2025, there were no transfers between levels in the fair value hierarchy.

28. EVENTS AFTER THE REPORTING DATE

Societe Generale and Natixis

On 2 April 2025, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the Master Framework 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 14,105,265 Euros (7,663 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 0.8%. Principal is repaid semi-annually until full repayment in 2035.

Dividends received

On 17 April 2025, the Group received dividends for 2023 in the amount of 1,500 million tenge from an associate Transtelecom JSC.

Derivative financial instruments

In April-May 2025, as part of the cross-currency swap transactions, the Group received cash from Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 8,782,833 US Dollars (4,542 million tenge) and from Societe Generale SA (France) and Citibank London in the amount of 1,383,830 Swiss Francs (862 million tenge).