

Application №5 to the solution  
The Board of Directors  
JSC "Passenger Transportation"  
dated October 5, 2023  
Protocol No. 15/23 Point No. 8

**THE DIVIDEND POLICY  
OF the joint-stock company  
"Passenger transportations"  
in relation to subsidiaries**

Astana, 2023

## 1. General provisions

1. The dividend policy of the joint-stock company "Passenger Transportation" in relation to subsidiaries (hereinafter – The dividend policy) was developed on the basis of the dividend policy of the joint-stock company "National Company "Kazakhstan Temir Zholy" in relation to subsidiaries, approved by the decision of the Board of the Joint-Stock company "National Company "Kazakhstan Temir Zholy" dated May 16, 2023 (Protocol No. 02/13), and the Policy of Debt Management and Financial Stability of the joint-stock company "National Company Kazakhstan Temir Zholy and its subsidiaries, approved by the decision of the Board of Directors of the National Company Kazakhstan Temir Zholy Joint Stock Company dated December 18, 2019 (Protocol No. 20) (further referred to as the Debt Management Policy).

2. The dividend policy establishes the basis for the relationship of the joint-stock company Passenger Transportation with its subsidiaries on the payment of dividends on blocks of shares or participation shares owned by the joint-stock company Passenger Transportation.

The basis of the relationship is developed taking into account the recommendations of the Budget Commission of the Passenger Transportation Joint Stock Company on the amount of dividends, distribution and reinvestment of net income of subsidiaries based on the approved development plan (Business Plan) of the Passenger Transportation Joint Stock Company, as well as the proposals received from the Boards of Directors/Supervisory Boards of subsidiaries of the joint-stock company "Passenger Transportation" as part of the work on summarizing the financial and economic activities of subsidiaries of the joint-stock company "Passenger Transportation".

3. The following definitions and abbreviations are used in this Policy:

**Company** - joint Stock company "Passenger Transportation";  
 subsidiaries are legal entities, more than fifty percent of the voting shares (participation interests) of which are directly or indirectly owned by the Company on the right of ownership or trust management;

**The Budget Commission-** is a permanent body of the Company that coordinates the budget planning process by reviewing, coordinating and monitoring the execution of budgets and development plans of the Company and its Subsidiaries;

**Dividends-** are a part of net income (total profit) According to the audited consolidated financial statements, and if the subsidiary does not have a subsidiary/-their organization/-th - audited separate financial statements, paid to the Company on its shares/shares in the authorized capital of the subsidiary;

**The free cash flow of a subsidiary (FCFF')-** is the consolidated cash flow from its core business, including dividends from associates and joint ventures, after deducting investment costs for maintaining current operations;

**financial stability coefficients** - coefficients K1, K2, K3, determined in accordance with the Debt Management Policy;

**The target value of the financial stability coefficient-** is the value of the financial stability coefficient, which is set by the Company for a subsidiary in accordance with the Debt Management Policy;

**The threshold value of the financial stability coefficient-** is the value of the financial stability coefficient, which is set by the Company for a subsidiary in accordance with the Debt Management Policy;

4. The terms and procedure for paying dividends to the Company are regulated by the legislation of the Republic of Kazakhstan, the Articles of Association, this dividend policy and other internal documents of the Company, as well as relevant decisions of the Sole Shareholder (General Meeting of Shareholders)/The sole participant (general meeting of participants) of subsidiaries.

## **2. Purpose and basic principles of the Policy**

5. The purpose of the Policy is to ensure a balance of interests of the Company and its subsidiaries, predictability and transparency of the approach in determining the amount of dividends, conditions and procedure for their payment.

6. The main principles of the Policy are:

- 1) ensuring the guaranteed payment of dividends to the Company on the Company's share package;
- 2) ensuring the financial stability of the Company and its subsidiaries;
- 3) the need for subsidiaries to finance development costs, including their investment activities.

7. The amount of dividends paid by subsidiaries in favor of the Company must cover the monetary need of the Company for financing:

- 1) payment of dividends by the Company on a block of shares owned by the joint-stock company "National Company "Kazakhstan Temir Zholy";
- 2) payments and expenses on behalf of JSC "National Company "Kazakhstan Temir Zholy";
- 3) current activities of the Company;
- 4) new types of activities and investment projects carried out at the expense of the Company.

## **3. The procedure for determining the amount of dividends**

8. The amount of dividends payable in relation to subsidiaries is determined differentially depending on the degree of their maturity and financial and economic condition, determined on the basis of financial stability indicators.

9. The calculation of the amount of dividends should be carried out on the basis of:

the data of the audited consolidated financial statements, and in the absence of a subsidiary/their organization /th - audited separate financial statements;

other management accounting information (in the absence of the necessary data in the financial statements) of subsidiaries.

10. The calculation of the financial stability coefficients of the subsidiary for the reporting period and a comparative analysis with the target and threshold values determined in accordance with the Debt Management Policy is carried out by the structural unit responsible for budget planning of the central office of the Company and submitted for consideration to the Budget Commission of the Company.

11. The amount of dividends offered for payment by subsidiaries is determined as follows:

1) from 50% to 100% of the subsidiary's Free Cash Flow - subject to the subsidiary's compliance with the target values of financial stability coefficients;

2) from 20% to 50% of the Free Cash Flow of a subsidiary - if the subsidiary complies with the threshold values of financial stability coefficients, but violates the target values of financial stability coefficients;

3) 0% of the Free Cash Flow of a subsidiary - if the subsidiary violates the threshold values of financial stability coefficients. In this case, according to the decision of the Budget Commission of the Company, part of the Free Cash Flow of the subsidiary should be directed to repay the obligations of the subsidiary in order to bring the indicators of financial stability of the subsidiary to the target values;

4) from 0% to 100% of the Free Cash Flow of a subsidiary for which financial stability coefficients are not calculated due to the absence of debt.

At the same time, the Company has the right to reduce the amount of dividends by the amount of investments of a subsidiary approved by the Investment Committee, the Management Board and the Board of Directors of the Company as part of the review and approval of the Development Plan of the Company's group.

12. The Company has the right to make a decision on non-payment of dividends by a subsidiary, including if the subsidiary has received a consolidated net loss for the reporting year.

13. Dividends are not paid or accrued in cases provided for by the Law of the Republic of Kazakhstan "On Joint Stock Companies", other legislative acts of the Republic of Kazakhstan and charters of subsidiaries;

14. Budget Commission, Board of Directors/The Supervisory Board of subsidiaries, in accordance with the legislation of the Republic of Kazakhstan, this Policy and the charters of subsidiaries, submit recommendations/proposals on the distribution of net income of subsidiaries and the amount of dividends for the reporting year.

15. The final decision on the distribution of net income and the amount of dividends for the reporting year is made by the Sole Shareholder (General Meeting of Shareholders)/The sole participant (general meeting of participants) of the subsidiary organization.

16. The executive body of the subsidiary is responsible for the timely payment by the subsidiary of the Company's dividends in accordance with the legislation of the Republic of Kazakhstan and the charter of the subsidiary.

#### **4. Final provisions**

17. Issues not regulated by this Dividend Policy are regulated by the legislation of the Republic of Kazakhstan and other internal documents of the Company.

In case of changes in the legislation of the Republic of Kazakhstan and the entry into conflict with them of certain provisions of this Dividend Policy, these provisions become invalid.