

# **KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**

Condensed interim consolidated financial statements  
for three months ended 31 March 2024  
(unaudited)

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 MARCH 2024

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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 2024

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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 2024, and the consolidated results of its operations for the three and six 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.

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 IFRSs;
- 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 2024 were approved for issue by management on 20 May 2024.

On behalf of the Group's management:

  
  
**Dair Kusherov**  
Finance Director  
20 May 2024

  
  
**Yelena Stankova**  
Chief Accountant  
20 May 2024

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

(in millions of tenge)

	Notes	31 March 2024 (unaudited)	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,987,639	3,794,479
Goodwill		15,520	15,520
Intangible assets		13,186	13,824
Investment in joint ventures	7	1,281	1,579
Investment in associates	7	38,960	38,989
Deferred tax assets		467	60
Other non-current assets	8	635,561	650,038
<b>Total non-current assets</b>		<b>4,692,614</b>	<b>4,514,489</b>
<b>Current assets</b>			
Cash and cash equivalents	9	186,792	204,614
Inventories	10	63,252	64,362
VAT recoverable		47,208	49,618
Trade accounts receivable	11	20,305	16,326
Contract assets		2,464	1,153
Prepaid income tax		4,173	3,535
Other current assets	12	97,151	86,109
<b>Total current assets</b>		<b>421,345</b>	<b>425,717</b>
<b>Total assets</b>		<b>5,113,959</b>	<b>4,940,206</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,110,634	1,110,634
Foreign currency translation reserve		5,808	7,220
Retained earnings		692,144	623,698
Equity attributable to the Shareholder		1,808,586	1,741,552
Non-controlling interests		18,312	17,504
<b>Total equity</b>		<b>1,826,898</b>	<b>1,759,056</b>

**KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**


**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024 (CONTINUED)  
(in millions of tenge)**

	Notes	31 March 2024 (unaudited)	31 December 2023
<b>Non-current liabilities</b>			
Borrowings	14	1,773,982	1,763,432
Deferred tax liabilities		431,747	411,888
Lease liabilities	15	91,421	54,555
Employee benefit obligations		37,860	37,396
Derivative financial instruments		30,429	35,719
Other non-current liabilities	18	89,896	69,778
<b>Total non-current liabilities</b>		<b>2,455,335</b>	<b>2,372,768</b>
<b>Current liabilities</b>			
Borrowings	14	360,633	354,115
Trade accounts payable	16	175,878	200,969
Contract liabilities	17	85,139	115,868
Lease liabilities	15	27,129	16,951
Other taxes payable		20,191	13,961
Employment benefit obligations		7,608	7,608
Other current liabilities	18	155,148	98,910
<b>Total current liabilities</b>		<b>831,726</b>	<b>808,382</b>
<b>Total liabilities</b>		<b>3,287,061</b>	<b>3,181,150</b>
<b>Total equity and liabilities</b>		<b>5,113,959</b>	<b>4,940,206</b>

On behalf of management of the Group:

  
Dair Kusherov  
Finance Director

20 May 2024

  
Yelena Stankova  
Chief Accountant

20 May 2024


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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2024 (UNAUDITED) (in millions of tenge)

	Notes	Three months ended 31 March	
		2024	2023
<b>Revenue and other income</b>			
Revenue from freight transportation	19	430,178	391,387
Revenue from passenger transportation	19	24,568	23,767
Government grants		9,303	8,285
Other revenue	20	32,069	23,235
<b>Total revenue and other income</b>		<b>496,118</b>	<b>446,674</b>
Cost of sales	21	(391,056)	(336,919)
<b>Gross profit</b>		<b>105,062</b>	<b>109,755</b>
General and administrative expenses	22	(27,036)	(24,476)
Finance income	23	15,170	11,687
Finance costs	23	(47,071)	(42,851)
Foreign exchange gain		36,040	10,118
Gain on disposal of subsidiary not qualifying as discontinued operations		-	6,282
Share of the profit of associates and joint ventures	7	1,206	3,252
Impairment reversal of financial assets and contract assets		656	278
Impairment of non-financial assets		(1,168)	(828)
Other profit and losses		751	667
<b>Profit before tax</b>		<b>83,610</b>	<b>73,884</b>
Corporate income tax expenses		(19,159)	(14,264)
<b>Profit for the period</b>		<b>64,451</b>	<b>59,620</b>
<b>Other comprehensive loss, net of income tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange difference on translation of foreign operations		(1,412)	(2,196)
<b>Other comprehensive loss for the period</b>		<b>(1,412)</b>	<b>(2,196)</b>
<b>Total comprehensive income for the period</b>		<b>63,039</b>	<b>57,424</b>
<b>Profit for the period attributable to:</b>			
The Shareholder		63,643	59,042
Non-controlling interests		808	578
		<b>64,451</b>	<b>59,620</b>
<b>Total comprehensive income attributable to:</b>			
The Shareholder		62,231	56,846
Non-controlling interests		808	578
		<b>63,039</b>	<b>57,424</b>
Earnings per share, in tenge	24	128	119

On behalf of management of the Group:

  
Dair Kuserov  
Finance Director

20 May 2024

  
Yelena Stankova  
Chief Accountant

20 May 2024

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 THE THREE MONTHS ENDED 31 MARCH 2024 (UNAUDITED) (in millions of tenge)


	Notes	Three months ended 31 March	
		2024	2023
<b>Operating activities:</b>			
Profit for the period		64,451	59,620
Adjustments for:			
Income tax expenses recognised in profit or loss		19,159	14,264
Depreciation and amortisation		42,109	36,882
Finance costs	23	47,071	42,851
Finance income	23	(15,170)	(11,687)
Foreign exchange gain		(36,040)	(10,118)
Impairment reversal of financial assets and contract assets		(656)	(278)
Impairment of non-financial assets		1,168	828
Share of the profit of associates and joint ventures	7	(1,206)	(3,252)
Post-employment benefits and other long-term employee benefit expenses	21,22	2,035	1,897
Gain on disposal of subsidiary not qualifying as discontinued operations		-	(6,282)
Others		5,616	7,931
<b>Operating income before changes in working capital and other balances</b>		<b>128,537</b>	<b>132,656</b>
Change in trade accounts receivable		(5,599)	(5,371)
Change in inventories		856	(18,636)
Change in other current and non-current assets (including long-term VAT recoverable)		(32,388)	(17,015)
Change in trade accounts payable		160	4,688
Change in other taxes payable		6,449	7,096
Change in other liabilities and contract liabilities		25,180	6,486
Change in employee benefit obligations		(1,571)	(1,419)
<b>Cash generated from operations before interest and income tax payments</b>		<b>121,624</b>	<b>108,485</b>
Interest paid		(37,937)	(27,451)
Interest received		2,072	2,264
Income tax paid		(1,732)	(1,535)
<b>Net cash flows from operating activities</b>		<b>84,027</b>	<b>81,763</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2024 (UNAUDITED) (CONTINUED) (in millions of tenge)

	Notes	Three months ended 31 March	
		2024	2023
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(118,195)	(210,621)
Proceeds from the sale of other non-current assets		309	287
Net proceeds from disposal of subsidiaries		-	11,948
Others		655	55
<b>Net cash flows used in investing activities</b>		<b>(117,231)</b>	<b>(198,331)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	14	51,547	3,156
Repayment of borrowings	14	(31,238)	(20,782)
Repayment of lease liabilities	14	(2,584)	(4,017)
Others		(1,531)	(3,976)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>16,194</b>	<b>(25,619)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period	9	204,614	267,032
Effect of changes in foreign exchange rates on cash and cash equivalent balances held in foreign currency		(813)	(607)
Effect of changes in the allowance for expected credit losses		1	18
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>186,792</b>	<b>124,256</b>
<b>Non-cash transactions:</b>			
Purchase of property, plant and equipment from borrowed funds by direct bank transfer to the supplier	14	25,499	23,784

On behalf of management of the Group:

  
Dair Kusherov  
Finance Director

20 May 2024

  
Yelena Stankova  
Chief Accountant

20 May 2024

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 THE THREE MONTHS ENDED 31 MARCH 2024  
(in millions of tenge)**

	Share capital	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
<b>As at 1 January 2023</b>	<b>1,086,324</b>	<b>12,138</b>	<b>348,377</b>	<b>1,446,839</b>	<b>15,853</b>	<b>1,462,692</b>
Profit for the period	-	-	59,042	59,042	578	59,620
Other comprehensive loss for the period	-	(2,196)	-	(2,196)	-	(2,196)
Total comprehensive (loss)/income for the period	-	(2,196)	59,042	56,846	578	57,424
<b>As at 31 March 2023 (unaudited)</b>	<b>1,086,324</b>	<b>9,942</b>	<b>407,419</b>	<b>1,503,685</b>	<b>16,431</b>	<b>1,520,116</b>
<b>As at 1 January 2024</b>	<b>1,110,634</b>	<b>7,220</b>	<b>623,698</b>	<b>1,741,552</b>	<b>17,504</b>	<b>1,759,056</b>
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 (Note 13)	-	-	4,803	4,803	-	4,803
<b>As at 31 March 2024 (unaudited)</b>	<b>1,110,634</b>	<b>5,808</b>	<b>692,144</b>	<b>1,808,586</b>	<b>18,312</b>	<b>1,826,898</b>



On behalf of management of the Group:

Yelena Stankova  
Chief Accountant

20 May 2024

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 (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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### 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 (“the Ultimate Shareholder”) to establish a holding company for state railway industry assets management. The Company was registered on 15 May 2002. The consolidated financial statements include the results of the operations of the Company and its wholly controlled subsidiaries (collectively – “the Group”). The address of the Company’s registered office is 6 D. Kunayev Street, Astana, 010000, Republic of Kazakhstan.

Samruk-Kazyna Sovereign Wealth Fund JSC (“the Shareholder”) is the Company’s sole shareholder.

The Group operates the nationwide mainline railway network services to freight and passenger transportation; and operates, maintains and upgrades main railway infrastructure in Kazakhstan. To regulate the Kazakhstan rail industry, the government 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 2024, main railway network service tariffs have increased by 4%, locomotive traction services tariffs have not increased. As a result, the average increase of freight transportation tariff level for the three months ended 31 March 2024 was 2.3%% (2023: 2.5%). In February 2024, the CRNM approved the maximum level of tariff for 2024-2025 in the form of an index to tariffs for mainline railway network services of 3.0 for the transportation of goods from stations of Kazakhstan in all export directions, as well as for the transportation of goods in directions between EAEU member states, passing through connecting stations of Kazakhstan.

From 1 January 2024, the authorised body, represented by the Ministry of Industry and Infrastructure Development agreed a 7% increase in passenger transportation tariffs for socially important interdistrict routes (2023: 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 THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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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. 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.

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.

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. The railway industry in Kazakhstan has been in a state of restructuring since 1997, which has involved changing the regulatory environment and creating conditions for attracting investment to the sector.

At the end of 2022, the Government of the Republic of Kazakhstan approved the Concept for the Development of the Transport and Logistics Potential of Kazakhstan until 2030 (hereinafter – “the Concept”), which presumes the transformation of the Group into a national transport and logistics entity, increasing logistics competencies, developing infrastructure and strengthening commercial activities abroad, changing the tariff policy taking into account the further liberalisation of the railway services market, introducing digitalisation and attracting private investments in the industry.

Implementation of the Group's Development Strategy until 2032 will continue in accordance with the Concept. The Group will continue to work to improve efficiency of railway transportation, develop transit traffic, including alternative routes, optimise the structure of the corporate portfolio in line with the state privatisation program, digitalisation, improving customer satisfaction, guaranteeing train traffic safety, and implementation of ESG principles.

## 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*.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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#### **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 2024, current Group liabilities exceeded its current assets by 410,381 million tenge (31 December 2023: 382,665 million tenge). As at 31 March 2024, current liabilities include borrowings of 360,633 million tenge that are payable within twelve months after the reporting date. At the same time, profit for the three months ended 31 March 2024 amounted to 64,451 million tenge (2023: 59,620 million tenge), and cash inflows from operating activities amounted to 84,027 million tenge (2023: 81,763 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 2024, the Group has credit lines available in Halyk Bank of Kazakhstan JSC and Forte Bank JSC with undrawn balances totalling 120,000 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. 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 2023 prepared in accordance with International Financial Reporting Standards ("IFRSs"), (such as material accounting policies 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 2023.

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 2023.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

##### Adoption of new and revised standards

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board ( hereinafter – “IASB”) that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these condensed interim consolidated financial statements.

- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*;
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 1 *Non-current Liabilities with Covenants*.

##### New and revised IFRS 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 Standards that have been issued but are not yet effective:

<u>Description of the standard and interpretation</u>	<u>Applicable to annual periods beginning on or after</u>
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 1 January 2025
Amendments to IAS 21 <i>Lack of Exchangeability</i>	

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 ESTIMATION 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 2023 prepared in accordance with IFRSs.

##### 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.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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#### *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, intangible assets and goodwill at each reporting date.

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

As at 31 March 2024, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss Franc, as the transit tariff is set in Swiss Franc.

The management of the Group did not identify any events that occurred during the three months ended 31 March 2024 that could be considered as an indicator of the impairment of the single cash-generating unit as at 31 March 2024.

#### *Corporate income tax*

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 will be a change in the estimate of the annual corporate income tax rate.

## 5. SEGMENT INFORMATION

The Group's operating segments are based on services provided. It has two reportable segments, namely freight transportation and passenger transportation. All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds for disaggregation, are thus not separately disclosed and combined into "Others".

Management of the Group tracks a number of segment profitability elements, such as profit before income 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 THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

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

	For the three months ended 31 March 2024 (unaudited)					Total
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
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)	-
<b>Total revenue and other income</b>	<b>466,518</b>	<b>53,876</b>	<b>520,394</b>	<b>6,218</b>	<b>(30,494)</b>	<b>496,118</b>
Cost of sales	(362,273)	(54,533)	(416,806)	(5,024)	30,774	(391,056)
<b>Gross profit/(loss)</b>	<b>104,245</b>	<b>(657)</b>	<b>103,588</b>	<b>1,194</b>	<b>280</b>	<b>105,062</b>
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 of non-financial assets	(367)	(798)	(1,165)	(3)	-	(1,168)
Other profit and losses	579	138	717	34	-	751
<b>Profit/(loss) before tax</b>	<b>88,908</b>	<b>(5,285)</b>	<b>83,623</b>	<b>391</b>	<b>(404)</b>	<b>83,610</b>
Corporate income tax (expense)/benefit	(20,590)	1,165	(19,425)	(46)	312	(19,159)
<b>Profit/(loss) for the period</b>	<b>68,318</b>	<b>(4,120)</b>	<b>64,198</b>	<b>345</b>	<b>(92)</b>	<b>64,451</b>
<b>Other key segment information</b>						
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

**KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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	For the three months ended 31 March 2023 (unaudited)					
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
Transportation revenue from third parties	391,387	23,767	415,154	-	-	415,154
Transportation revenue from intersegment transactions	382	15,776	16,158	-	(16,158)	-
Government grants	-	8,285	8,285	-	-	8,285
Other income from third parties	17,879	997	18,876	4,359	-	23,235
Other income from intersegment transactions	7,571	207	7,778	1,956	(9,734)	-
<b>Total revenue and other income</b>	<b>417,219</b>	<b>49,032</b>	<b>466,251</b>	<b>6,315</b>	<b>(25,892)</b>	<b>446,674</b>
Cost of sales	(311,713)	(46,018)	(357,731)	(4,739)	25,551	(336,919)
<b>Gross profit</b>	<b>105,506</b>	<b>3,014</b>	<b>108,520</b>	<b>1,576</b>	<b>(341)</b>	<b>109,755</b>
General and administrative expenses	(21,711)	(2,303)	(24,014)	(810)	348	(24,476)
Finance income	11,470	408	11,878	320	(511)	11,687
Finance costs	(36,865)	(5,428)	(42,293)	(106)	(452)	(42,851)
Foreign exchange gain/(loss)	10,096	48	10,144	(25)	(1)	10,118
Gain on disposal of subsidiary not qualifying as discontinued operations	6,282	-	6,282	-	-	6,282
Share of the profit of associates and joint ventures	3,252	-	3,252	-	-	3,252
Impairment reversal/(impairment) of financial assets and contract assets	320	(75)	245	(21)	54	278
Impairment of non-financial assets	(700)	(104)	(804)	(24)	-	(828)
Other profit and losses	546	122	668	1	(2)	667
<b>Profit/(loss) before tax</b>	<b>78,196</b>	<b>(4,318)</b>	<b>73,878</b>	<b>911</b>	<b>(905)</b>	<b>73,884</b>
Corporate income tax (expense)/benefit	(14,620)	427	(14,193)	(262)	191	(14,264)
<b>Profit/(loss) for the period</b>	<b>63,576</b>	<b>(3,891)</b>	<b>59,685</b>	<b>649</b>	<b>(714)</b>	<b>59,620</b>
<b>Other key segment information</b>						
Capital expenditure	73,968	1,123	75,091	381	-	75,472
Depreciation of property, plant and equipment (Note 6)	32,447	3,890	36,337	402	(2)	36,737



## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

#### 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	
	2024 (unaudited)	2023 (unaudited)
Kazakhstan	476,900	432,801
Russia	8,571	8,524
China	6,539	1,000
Germany	2,817	2,938
Others	1,291	1,411
	<b>496,118</b>	<b>446,674</b>

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

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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6. PROPERTY, PLANT AND EQUIPMENT

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction-in-progress	Total
Carrying value as at								
1 January 2023	1,291,479	295,342	245,620	1,267,851	3,959	10,937	126,317	3,241,505
Additions	-	-	1,293	-	-	222	49,177	50,692
Lease additions	-	9	19,529	5,151	-	-	-	24,689
Lease modifications	-	(81)	-	-	-	-	-	(81)
Disposals	(77)	(139)	(20,088)	(7,675)	-	(643)	(25)	(28,647)
Depreciation charge (Note 5)	(10,561)	(1,673)	(8,542)	(15,482)	-	(479)	-	(36,737)
Depreciation on disposal	65	54	20,087	7,670	-	643	-	28,519
Other movements and transfers <sup>1</sup>	27,577	467	3,152	30,667	-	(74)	(62,681)	(892)
<b>Carrying value as at 31 March 2023 (unaudited)</b>	<b>1,308,483</b>	<b>293,979</b>	<b>261,051</b>	<b>1,288,182</b>	<b>3,959</b>	<b>10,606</b>	<b>112,788</b>	<b>3,279,048</b>
Cost	1,651,942	364,812	539,298	1,896,348	3,959	30,367	124,977	4,611,703
Accumulated depreciation and impairment	(343,459)	(70,833)	(278,247)	(608,166)	-	(19,761)	(12,189)	(1,332,655)
<b>Carrying value as at 31 March 2023 (unaudited)</b>	<b>1,308,483</b>	<b>293,979</b>	<b>261,051</b>	<b>1,288,182</b>	<b>3,959</b>	<b>10,606</b>	<b>112,788</b>	<b>3,279,048</b>
Including:								
Right-of-use assets:								
Cost	-	1,926	37,404	71,492	-	9,077	-	119,899
Accumulated depreciation and impairment	-	(639)	(10,893)	(4,883)	-	(4,632)	-	(21,047)
Carrying value	-	1,287	26,511	66,609	-	4,445	-	98,852
Property, plant and equipment that are subject to operating lease (Group as the lessor)	-	137	-	84,549	-	-	-	84,686

<sup>1</sup> Other movements and transfers also include transfers to/from inventories, impairment/impairment reversal.

**KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE THREE MONTHS ENDED 31 MARCH 2024**

*(in millions of tenge, unless stated otherwise)*

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction-in-progress	Total
<b>Carrying value as at</b>								
<b>1 January 2024</b>	<b>1,415,744</b>	<b>313,465</b>	<b>247,974</b>	<b>1,607,550</b>	<b>3,871</b>	<b>10,500</b>	<b>195,375</b>	<b>3,794,479</b>
Additions	-	141	2,974	1,692	-	824	163,976	169,607
Lease modifications	-	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 <sup>2</sup>	13,044	359	2,011	101,877	-	578	(116,575)	1,294
<b>Carrying value as at 31 March 2024 (unaudited)</b>	<b>1,417,468</b>	<b>311,912</b>	<b>271,326</b>	<b>1,730,090</b>	<b>3,871</b>	<b>11,374</b>	<b>241,598</b>	<b>3,987,639</b>
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)
<b>Carrying value as at 31 March 2024 (unaudited)</b>	<b>1,417,468</b>	<b>311,912</b>	<b>271,326</b>	<b>1,730,090</b>	<b>3,871</b>	<b>11,374</b>	<b>241,598</b>	<b>3,987,639</b>
<b>Including:</b>								
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

<sup>2</sup> Other movements and transfers also include transfers to/from inventories, impairment/impairment reversal.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

#### 7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

For the three months ended 31 March, movements in investments in associates and joint ventures are presented as f:

	2024	2023
<b>Associates</b>		
As at 1 January	38,989	28,634
Foreign exchange difference on translation of foreign operations	(1,302)	(1,837)
Share in profit	1,273	3,260
<b>As at 31 March (unaudited)</b>	<b>38,960</b>	<b>30,057</b>
<b>Joint ventures</b>		
As at 1 January	1,579	165
Share in loss	(67)	(8)
Impairment	(231)	-
<b>As at 31 March (unaudited)</b>	<b>1,281</b>	<b>157</b>

As at 31 March 2024, the Group's unrecognised share of the losses of its significant associate, Aktau Marine North Terminal LLP amounted to 1,969 million tenge (31 December 2023: 600 million tenge).

#### 8. OTHER NON-CURRENT ASSETS

	31 March 2024 (unaudited)	31 December 2023
Advances paid for property, plant and equipment	422,674	463,044
VAT recoverable	188,046	167,275
Investment property	8,342	8,379
Deferred expenses	5,419	93
Others	4,197	4,197
Less: allowance for non-recoverable VAT	(12,237)	(12,237)
Less: allowance for advances for property, plant and equipment	(1,374)	(1,616)
<b>Total other non-financial assets</b>	<b>615,067</b>	<b>629,135</b>
Restricted cash	13,113	14,175
Loans to employees	3,607	3,819
Loans issued	2,954	3,938
Bonds of commercial banks and other credit institutions, and other debt securities	1,445	1,432
Long-term trade accounts receivable (Note 11)	25	26
Others	1,084	1,144
Less: allowance for expected credit losses on loans issued	(1,180)	(3,092)
Less: allowance for expected credit losses on other non-current financial assets	(554)	(539)
<b>Total other financial assets</b>	<b>20,494</b>	<b>20,903</b>
	<b>635,561</b>	<b>650,038</b>

Restricted cash is mostly amounts in Euros used as security on loans from HSBC Continental Europe. The restriction on cash will be released once the loans have been repaid.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

As at 31 March 2024 and 31 December 2023, advances paid for property, plant and equipment included:

	31 March 2024 (unaudited)	31 December 2023
Passenger carriages supply	162,682	163,034
Construction of the railway	130,665	133,923
Electric locomotive supplies	98,955	90,447
Diesel locomotive supplies	18,346	61,262
Railroad switch supplies	7,584	9,981
Others	4,442	4,397
	<b>422,674</b>	<b>463,044</b>

#### 9. CASH AND CASH EQUIVALENTS

	31 March 2024 (unaudited)	31 December 2023
Short-term bank deposits in tenge	69,650	60,761
Short-term bank deposits in US Dollars	3,762	6,365
Short-term bank deposits in other currencies	-	165
Cash in tenge current accounts	101,747	120,497
Cash in US Dollars current bank accounts	8,153	13,075
Cash in Russian Rouble current bank accounts	1,198	1,245
Cash in Euro current bank accounts	658	782
Cash in bank accounts in other currencies	1,633	1,731
Petty cash	6	9
Less: allowance for expected credit losses on cash and cash equivalents	(15)	(16)
	<b>186,792</b>	<b>204,614</b>

As at 31 March 2024, the weighted average interest rate on cash in current accounts was 0.42% in tenge and 1.14% in other currencies (31 December 2023: 0.68% in tenge and 1.5% 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 2024, the weighted average interest rate on short-term bank deposits was 14.45% in tenge and 3% in US Dollars (31 December 2023: 15.26% in tenge, 3% in US Dollars and 12% in other currencies).

As at 31 March 2024, carrying value of cash placed by the Group on current accounts in Kazpost JSC, a related party of the Group, amounted to 96,974 million tenge (31 December 2023: 112,141 million tenge). In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from AA- to B-. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 March 2024 is low.

The allowance for expected credit losses on cash and cash equivalents is based on 12-month expected credit losses, which matches their maturity date.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

#### 10. INVENTORIES

	31 March 2024 (unaudited)	31 December 2023
Fuel and lubricants	18,475	20,028
Track structure materials	18,431	18,786
Materials and supplies	14,373	13,452
Spare parts	7,298	8,421
Construction materials	1,510	1,559
Others	4,728	4,135
	<b>64,815</b>	<b>66,381</b>
Less: allowance for inventories	(1,563)	(2,019)
	<b>63,252</b>	<b>64,362</b>

#### 11. TRADE ACCOUNTS RECEIVABLE

	31 March 2024 (unaudited)	31 December 2023
Trade accounts receivable	23,207	20,316
Less: allowance for expected credit losses	(2,877)	(3,964)
	<b>20,330</b>	<b>16,352</b>
Current portion of trade accounts receivable	20,305	16,326
Long-term portion of trade accounts receivable (Note 8)	25	26
	<b>20,330</b>	<b>16,352</b>

As at 31 March 2024, trade accounts receivable arising from contracts with customers amounted to 21,764 million tenge (31 December 2023: 19,369 million tenge), expected credit losses on these trade accounts receivable amounted to 2,340 million tenge (31 December 2023: 3,574 million tenge).

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

#### 12. OTHER CURRENT ASSETS

	31 March 2024 (unaudited)	31 December 2023
Other taxes prepaid	44,521	44,328
Advances paid	11,870	25,736
Prepaid expenses	1,886	2,448
Others	5,844	5,494
Less: allowance for the impairment of advances paid and other current non-financial assets	(7,411)	(6,396)
<b>Total other non-financial assets</b>	<b>56,710</b>	<b>71,610</b>
Subsidies	27,637	15
Restricted cash	6,385	6,789
Claims, interest and fines	2,622	3,974
Due from employees	1,941	1,665
Others	5,708	5,176
Less: allowance for expected credit losses on other current financial assets	(3,852)	(3,120)
<b>Total other financial assets</b>	<b>40,441</b>	<b>14,499</b>
	<b>97,151</b>	<b>86,109</b>

#### 13. EQUITY

##### Contributions

##### *Other contributions*

During the three months ended 31 March 2024, the Group recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of 6,003 million tenge less the deferred tax effect of 1,200 million tenge (Note 14).

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 14. BORROWINGS

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

	31 March 2024		31 December 2023	
	Amount	Weighted average effective interest rate (%)	Amount	Weighted average effective interest rate (%)
<i>Fixed interest rate borrowings</i>				
Loans received	347,784		333,852	
- in tenge	229,523	8.06	223,035	8.69
- in Euros	56,931	5.31	59,611	5.31
- in Russian Roubles	61,330	7.76	51,206	5.94
Debt securities issued	1,088,948		1,079,764	
- in tenge	717,252	11.47	707,590	11.41
- in US Dollars	371,696	6.43	372,174	6.43
<i>Floating interest rate borrowings</i>				
Loans received	515,799		518,138	
- in tenge	122,914	18.64	122,925	18.83
- in Euros	157,713	7.86	139,143	5.32
- in Swiss Francs	235,172	3.55	256,070	3.55
Debt securities issued	182,084		185,793	
- in tenge	182,084	19.52	185,793	19.02
	<b>2,134,615</b>		<b>2,117,547</b>	
Current portion of borrowings	360,633		354,115	
Non-current portion of borrowings	1,773,982		1,763,432	
	<b>2,134,615</b>		<b>2,117,547</b>	

#### Loans received

##### *The Shareholder*

In January 2024, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 21 October 2010, to finance the construction of railways "Khorogos-Zhetygen" and "Uzen-Turkmenistan Border" for a total amount of 30,000 million tenge, signed an additional agreement to extend the repayment period until 2044 and change the interest rate from 2% to 9.25%. Interest on the loan is repaid in semi-annual payments. Due to a significant change in the terms of the loan, the Group recorded the transaction as a derecognition of the original financial liability and recognition of a new financial liability. The fair value of the new loan was calculated based on the market rate of 12.25%. The Group recognised an adjustment to fair value of the loan in the amount of 6,003 million tenge, net of deferred tax in the amount of 1,200 million tenge through equity in retained earnings as other contributions (Note 13).

##### *ForteBank JSC*

During the three months ended 31 March 2024, the Group, represented by the Company, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, received 20,000 million tenge with an interest rate of 16.75% and maturity up to six months.



## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED 31 MARCH 2024

*(in millions of tenge, unless stated otherwise)*

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#### *Societe Generale and Natixis*

During the three months ended 31 March 2024, 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 52,312,785 Euros (25,499 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

#### *Halyk Bank of Kazakhstan JSC*

During the three months ended 31 March 2024, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed 20,000 million tenge with an interest rate of 16.75% to 17.25% and a maturity of up to one year. The Group has made partial early repayment of loans received.

#### *Eurasian Development Bank ("EDB")*

During the three months ended 31 March 2024, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles borrowed 2,334,466,200 Russian Roubles (11,547 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

The fair value of borrowings and debt securities 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 2024, this covenant was met.

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2023, this covenant was met.

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2023, these covenants were met.

Loan agreement with Citibank and Santander under the MIGA guarantee includes compliance 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 quarterly based on the consolidated results of the Group. As at 31 March 2024, these covenants were met.

**KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2024**  
*(in millions of tenge, unless stated otherwise)*

	2024			2023		
	Borrowings and debt securities issued	Lease liabilities (Note 15)	Total	Borrowings and debt securities issued	Lease liabilities (Note 15)	Total
<b>As at 1 January</b>	<b>2,117,547</b>	<b>71,506</b>	<b>2,189,053</b>	<b>1,687,331</b>	<b>53,082</b>	<b>1,740,413</b>
<b>Changes due to cash flows from financing activities</b>						
Loan principal payments	(31,238)	-	(31,238)	(20,782)	-	(20,782)
Proceeds from borrowings	51,547	-	51,547	3,156	-	3,156
Lease liability payments	-	(2,584)	(2,584)	-	(4,017)	(4,017)
<b>Total changes due to cash flows from financing activities</b>	<b>20,309</b>	<b>(2,584)</b>	<b>17,725</b>	<b>(17,626)</b>	<b>(4,017)</b>	<b>(21,643)</b>
<b>Other changes</b>						
Effect of changes in foreign currency exchange rates	(38,607)	5	(38,602)	(10,725)	(32)	(10,757)
Acquisition of property, plant and equipment through borrowings directly transferred to the supplier	25,499	-	25,499	23,784	-	23,784
New lease agreements	-	46,095	46,095	-	22,639	22,639
Adjustment to the fair value of loans received from the Shareholder at rates lower than market (Note 13)	(6,003)	-	(6,003)	-	-	-
Interest costs and discount amortisation, including capitalised	52,002	4,121	56,123	43,414	2,854	46,268
Interest paid	(34,477)	(1,145)	(35,622)	(26,452)	(1,169)	(27,621)
Other changes	(1,655)	552	(1,103)	(3,584)	(952)	(4,536)
<b>Total other changes attributable to liabilities</b>	<b>(3,241)</b>	<b>49,628</b>	<b>46,387</b>	<b>26,437</b>	<b>23,340</b>	<b>49,777</b>
<b>As at 31 March (unaudited)</b>	<b>2,134,615</b>	<b>118,550</b>	<b>2,253,165</b>	<b>1,696,142</b>	<b>72,405</b>	<b>1,768,547</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 15. LEASE LIABILITIES

	31 March 2024 (unaudited)		31 December 2023	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Up to one year	29,287	27,129	18,461	16,951
2-5 years inclusive	90,163	52,664	47,066	26,930
Over 5 years	143,510	38,757	100,304	27,625
<b>Total</b>	<b>262,960</b>	<b>118,550</b>	<b>165,831</b>	<b>71,506</b>
Less unearned interest	(144,410)	-	(94,325)	-
<b>Present cost of lease liabilities</b>	<b>118,550</b>	<b>118,550</b>	<b>71,506</b>	<b>71,506</b>
Less amounts due within 12 months		(27,129)		(16,951)
<b>Amount due after 12 months</b>		<b>91,421</b>		<b>54,555</b>

As at 31 March 2024, interest calculations are based on effective interest rates of between 2.5% and 21.69% (31 December 2023: 2.5%-21.69%).

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

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

##### *Flat carriages*

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into an agreement to lease 2,000 flat carriages with a total value of 47,391 million tenge (taking into account the additional agreement dated 29 September 2023) and at interest of 15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as the lessee.

During the three months ended 31 March 2024, within the framework of the agreement, the Group received 88 flat carriages and recognised right-of-use assets of 2,315 million tenge for 32 years and a lease liability of 1,228 million tenge for 15 years.

##### *Passenger carriages*

In September 2023, the Group, represented by its subsidiary Passenger transportation JSC, entered into an agreement to lease 100 passenger carriages with a total value of 65,796 million tenge and at interest of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as the lessee.

During the three months ended 31 March 2024, under this agreement, the Group received 50 passenger carriages and recognised right-of-use assets of 33,431 million tenge for 40 years and a lease liability of 15,748 million tenge for 15 years.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### *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 2024, under this agreement, the Group received 89 open wagons and recognised right-of-use assets of 2,615 million tenge for 22 years and a lease liability of 1,852 million tenge for 14 years.

#### **Lease agreements with Transtelecom JSC**

During the three months ended 31 March 2024, the Group, represented by the Company, entered into an agreement with Transtelecom JSC for the lease of communication channels and recognised right-of-use assets and a lease liability of 27,261 million tenge for 5 years.

#### **Lease agreements and their violation**

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 2024 (unaudited)	31 December 2023
Accounts payable for inventories received	81,670	56,961
Accounts payable for services provided	68,895	92,628
Accounts payable for the supply of property, plant and equipment	19,438	46,789
Other accounts payable	5,875	4,591
	<b>175,878</b>	<b>200,969</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

As at 31 March 2024 and 31 December 2023, trade accounts payable were denominated in the following currencies:

	31 March 2024 (unaudited)	31 December 2023
Tenge	156,005	174,516
Euros	11,587	9,542
US Dollars	7,376	10,018
UAE Dirham	-	5,899
In other currencies	910	994
	<b>175,878</b>	<b>200,969</b>

#### 17. CONTRACT LIABILITIES

	31 March 2024 (unaudited)	31 December 2023
Advances received on contracts with customers	73,984	105,103
Deferred income	11,155	10,765
	<b>85,139</b>	<b>115,868</b>

#### 18. OTHER LIABILITIES

	31 March 2024 (unaudited)	31 December 2023
Deferred income (government grants)	90,558	44,804
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	15,695	12,530
Advances received	11,070	10,015
Provisions	2,511	2,611
Others	3,022	3,397
<b>Total other non-financial liabilities</b>	<b>122,856</b>	<b>73,357</b>
Salary payable	38,907	15,511
Provisions for unused vacation and other employee benefits	38,777	36,225
Financial guarantee contract liabilities	28,011	28,536
Others	16,493	15,059
<b>Total other financial liabilities</b>	<b>122,188</b>	<b>95,331</b>
	<b>245,044</b>	<b>168,688</b>
Current portion of other liabilities	155,148	98,910
Non-current portion of other liabilities	89,896	69,778
	<b>245,044</b>	<b>168,688</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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 2024, liabilities under financial guarantee agreements amounted to 15,129 million tenge for Nursultan Nazarbayev International Airport JSC and 12,882 million tenge for Aktobe Rail and Section Mill Plant LLP (31 December 2023: 15,315 million tenge for Nursultan Nazarbayev International Airport JSC, 13,202 million tenge for Aktobe Rail and Section Mill Plant LLP and 19 million tenge for Transtelecom JSC).

As at 31 March 2024 and 31 December 2023, other financial liabilities were primarily denominated in tenge.

#### 19. REVENUE

For the three months ended 31 March 2024 and 2023, revenue from freight transportation included:

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Revenue from contracts with customers:		
International (transit) route	164,380	169,004
Domestic route	106,328	90,841
International (export) route	75,015	60,135
International (import) route	46,044	42,517
Additional charges related to the transportation process	17,019	12,587
Other revenue from freight transportation	21,392	16,303
	<b>430,178</b>	<b>391,387</b>

During the three months ended 31 March 2024 and 2023, revenue from passenger transportation included:

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Revenue from contracts with customers:		
Passenger transportation	20,707	21,321
Other revenue from passenger transportation	3,861	2,446
	<b>24,568</b>	<b>23,767</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 20. OTHER REVENUE

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Revenue from the lease of carriages	15,493	9,408
Revenue from the sale of goods and provision of other services	12,767	10,818
Revenue from fines	2,347	1,880
Revenue from the lease of other property, plant and equipment	1,462	1,129
	<b>32,069</b>	<b>23,235</b>

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.

#### 21. COST OF SALES

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacations	182,466	151,305
Repairs and maintenance	51,294	42,284
Fuel and lubricants	48,310	44,833
Depreciation and amortisation	41,111	35,609
Electricity	20,977	15,136
Work and services of a production nature	15,682	20,523
Materials and supplies	10,659	8,934
Property tax and other taxes, excluding social tax and social contributions	7,374	6,766
Employee benefit expenses and other long-term employee benefits	1,916	1,769
Other costs	11,267	9,760
	<b>391,056</b>	<b>336,919</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacation	18,206	15,712
Property tax and other taxes, excluding social tax and social contributions	2,945	2,112
Depreciation and amortisation	961	1,236
Various third-party services	853	638
Membership fee	542	443
Business trip expenses	439	360
Consulting, audit and legal services	333	370
Lease expenses	261	233
Telecommunication services	162	169
Insurance	150	136
Expenses to maintain social sphere facilities	146	123
Employee benefit expenses and other long-term employee benefits	119	128
Banking services	102	100
Other expenses	1,817	2,716
	<b>27,036</b>	<b>24,476</b>

#### 23. FINANCE INCOME AND COSTS

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
<b>Finance income</b>		
Interest rate state subsidies on financial liabilities	6,469	393
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	5,289	7,130
Interest on cash and cash equivalents	2,437	2,667
Other finance income	975	1,497
	<b>15,170</b>	<b>11,687</b>

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
<b>Finance costs</b>		
Interest costs and loan discount amortisation	42,489	39,756
Lease interest expenses	4,121	2,854
Other finance costs	461	241
	<b>47,071</b>	<b>42,851</b>



## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

#### 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 2024 and 31 December 2023, the Company had no outstanding antidilutive instruments.

	For the three months ended 31 March	
	2024 (unaudited)	2023 (unaudited)
Weighted average of common shares	496,693,666	496,692,666
Profit for the period attributable to the Shareholder	63,643	59,042
<b>Earnings per share (tenge)</b>	<b>128</b>	<b>119</b>

The carrying amount of one share as at 31 March 2024 and 31 December 2023 is presented below:

	31 March 2024 (unaudited)	31 December 2023
Net assets, excluding intangible assets, goodwill and non-controlling interests	1,779,880	1,712,208
Quantity of common shares in circulation (registered)	496,693,666	496,693,666
<b>Carrying amount of one share (tenge)<sup>3</sup></b>	<b>3,583</b>	<b>3,447</b>

#### 25. FINANCIAL AND CONTINGENT LIABILITIES

##### Investment liabilities

As at 31 March 2024, the Group had investment liabilities, including the modernisation of the Dostyk-Moiynty railway transport corridor, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks and carriages, acquisition of freight and passenger electric locomotives, freight and passenger diesel locomotives, carriages for a total amount of 1,939,015 million tenge (31 December 2023: 1,867,649 million tenge).

##### *Liabilities under lease agreements with Industrial Development Fund JSC*

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into an agreement to lease 2,000 platform carriages for 47,391 million tenge, for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 March 2024, the commitment for the undelivered platform carriages was 2,762 million tenge.

In September 2023, the Group, represented by its subsidiary Passenger transportation JSC, entered into an agreement for the lease of 100 passenger carriages with a total value of 65,796 million tenge. The lease term is 15 years, with an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a

<sup>3</sup> Carrying amount of shares is calculated in accordance with KASE requirements.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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lessee. As at 31 March 2024, the commitment for the undelivered passenger carriages was 7,753 million tenge.

In August 2023, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into an agreement for the lease of 3,000 open wagons with a total value of 88,125 million tenge. The lease term is 14 years, with an interest rate of 13.15% per annum, of which 6% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 31 March 2024, the commitment for the undelivered open wagons was 78,402 million tenge.

#### **Other contractual liabilities**

As at 31 March 2024, the Group, represented by its subsidiary KTZ Express JSC, has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 March 2024, 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 2024 and 31 December 2023. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

The Group's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

##### *Insurance*

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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 2024 guarantees were presented as follows:

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount, (unaudited)
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	16,756
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	22,174

Note 18 discloses the carrying value of these guarantees.

As at 31 March 2024 and 31 December 2023, there were no cases of using the financial guarantees listed above.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

#### 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 2024 (unaudited) and 31 December 2023 are detailed below.

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties <sup>4</sup>
Amounts due from related parties for goods, services and non-current assets, including advances paid	2024	-	243	231	4,624
	2023	-	3,374	146	3,214
<i>including allowances for expected credit losses and impairment of advances paid</i>	2024	-	(284)	(100)	(84)
	2023	-	(425)	(100)	(60)
Amounts due to related parties for goods, services and non-current assets, including advances received	2024	-	8,429	70,560	14,141
	2023	-	14,217	38,903	13,399
Cash on current accounts	2024	-	-	96,974	-
	2023	-	-	112,141	-
Restricted cash	2024	-	-	-	4
	2023	-	-	-	202
Loans received	2024	762,585	-	-	136,966
	2023	768,615	-	-	125,449
Lease liabilities	2024	-	35,705	-	79,694
	2023	-	9,831	-	58,445
Financial guarantee contract liabilities	2024	-	-	-	15,129
	2023	-	19	-	15,315

<sup>4</sup> Other related parties include other commercial entities under common control and significant influence of the State.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

Related party transactions for the three months ended 31 March (unaudited) are detailed below:

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties <sup>4</sup>
Sale of goods, services and non-current assets	2024	-	24,907	7,802	24,021
	2023	-	21,662	6,412	17,384
<i>Recovered/(accrued) allowances for expected credit losses and impairment of advances paid</i>	2024	-	141	-	(8)
	2023	-	596	(7)	(1)
Purchase of goods, services and non-current assets	2024	-	6,455	39,752	16,955
	2023	-	6,093	40,337	1,333
Receipt of loans	2024	-	-	-	-
	2023	-	-	-	-
Repayment of loans received	2024	1,175	-	-	100
	2023	1,175	-	-	100
New lease agreements (Group as lessee)	2024	-	27,261	-	18,828
	2023	-	19,538	-	3,101
Lease liability payments	2024	-	2,972	-	636
	2023	-	3,797	-	255
Finance income	2024	-	19	-	185
	2023	-	18	-	46
Finance costs	2024	8,703	1,566	-	4,124
	2023	9,301	1,390	-	3,010

As at 31 March 2024, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of 136,966 million tenge (31 December 2023: 125,449 million tenge).

As at 31 March 2024 and 31 December 2023, the Group issued guarantees on certain borrowings of an associate, other related and third parties to ensure the execution of bank obligations (Notes 18 and 25).

As at 31 March 2024, Group borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74% and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 5.4% to 13.99%.

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), 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) and Samruk-Energo JSC (electricity). 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.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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#### *Compensation to key management personnel of the Group*

As at 31 March 2024, key management personnel comprise members of the Group's Management Board and Board of Directors, totalling 16 persons (31 December 2023: 16 persons). Total compensation to key management personnel included in personnel costs in the consolidated statement of profit or loss and other comprehensive income comprised 84 million tenge for the three months ended 31 March 2024 (2023: 114 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 in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgement is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

Fair value of the derivative financial instrument was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group and counterparties.

In preparation of these 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 2023.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

*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 2024 and 31 December 2023, 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 2024 and 31 December 2023 is presented as follows:

	31 March 2024 (unaudited)		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	4,284	3,780	4,577	4,257
Other financial assets	20,569	19,896	22,037	20,320
Borrowings	863,583	803,607	851,990	821,326
Debt securities	1,271,032	1,168,822	1,265,557	1,182,596

#### *Fair value hierarchy*

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

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	3,780	-	3,780
- other financial assets	-	19,823	-	19,823
Financial assets recognised at fair value through profit of loss:				
- other financial assets	-	-	73	73
<b>Total</b>	-	<b>23,603</b>	<b>73</b>	<b>23,676</b>
Financial liabilities recognised at amortised cost:				
- debt securities	-	548,241	-	548,241
- debt securities from the Shareholder	-	620,581	-	620,581
- bank loans	-	741,291	-	741,291
- loans from the Shareholder	-	62,316	-	62,316
Financial liabilities recognised at fair value through profit of loss:				
- derivative financial instruments	-	30,429	-	30,429
<b>Total</b>	-	<b>2,002,858</b>	-	<b>2,002,858</b>

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 (in millions of tenge, unless stated otherwise)

The table below provides an analysis of financial instruments as at 31 December 2023 broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	4,257	-	4,257
- other financial assets	-	20,247	-	20,247
Financial assets recognised at fair value through profit of loss:				
- other financial assets	-	-	73	73
<b>Total</b>	-	<b>24,504</b>	<b>73</b>	<b>24,577</b>
Financial liabilities recognised at amortised cost:				
- debt securities	-	564,075	-	564,075
- debt securities from the Shareholder	-	618,521	-	618,521
- bank loans	-	752,077	-	752,077
- loans from the Shareholder	-	69,249	-	69,249
Financial liabilities recognised at fair value through profit of loss:				
- derivative financial instruments	-	35,719	-	35,719
<b>Total</b>	-	<b>2,039,641</b>	-	<b>2,039,641</b>

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 2024, there were no transfers between the fair value hierarchy levels.

## 28. EVENTS AFTER THE REPORTING DATE

### *Share capital contribution*

In April 2024, the Group, represented by the Company, contributed to the share capital of the joint venture Private Company Middle Corridor Multimodal Ltd. in cash in the amount of 75 million tenge.

### *Derivative financial instruments*

In April-May 2024, the Group, under cross-currency swap agreements, concluded in October and November 2022, received cash from Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 8,797,611 US Dollars (3,913 million tenge) and 2,259,727 Swiss Francs (1,104 million tenge).



## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2024 *(in millions of tenge, unless stated otherwise)*

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#### *Borrowings received*

In April 2024, the Group, represented by its subsidiary KTZ-Freight transportation, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles, borrowed 2,334,466,200 Russian Rouble (11,291 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

In April 2024, 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 5,853,808 Euros (2,789 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

In April 2024, the Group, represented by the Company, under the credit line agreement with Citibank N.A., concluded on 4 April 2024, borrowed 100,000,000 Swiss Francs (49,296 million tenge) with an interest rate of 3.4% and a maturity of up to one year.

#### *Other operations*

In April 2024, the Group transferred funds in the amount of 2,000 million tenge to the Social Development Foundation "Samruk-Kazyna Trust" to help to the regions of Kazakhstan affected by floods.