

2023



JSC «KEDENTRANSSERVICE»

ANNUAL REPORT

2023





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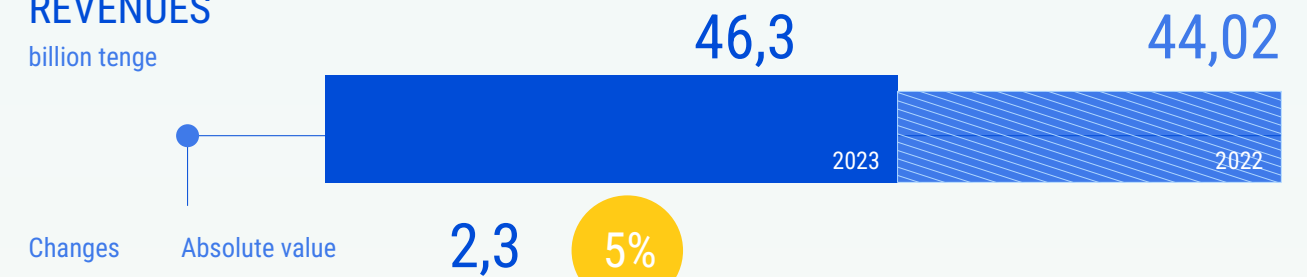
JSC «KEDENTRANSSERVICE» IN FIGURES



FINANCIAL INDICATORS

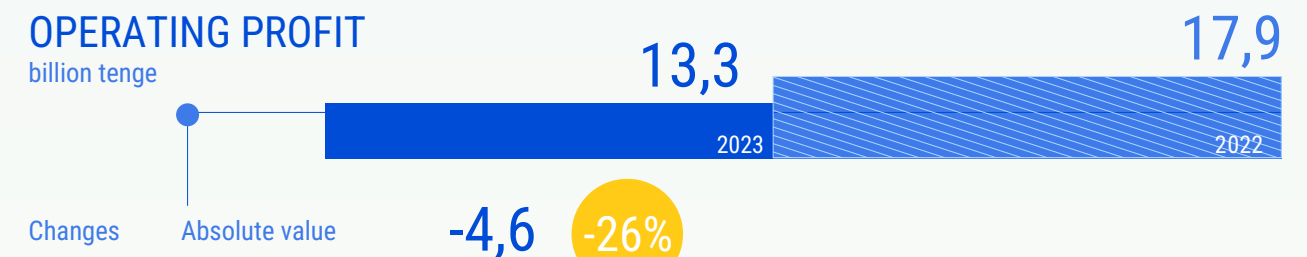
REVENUES

billion tenge



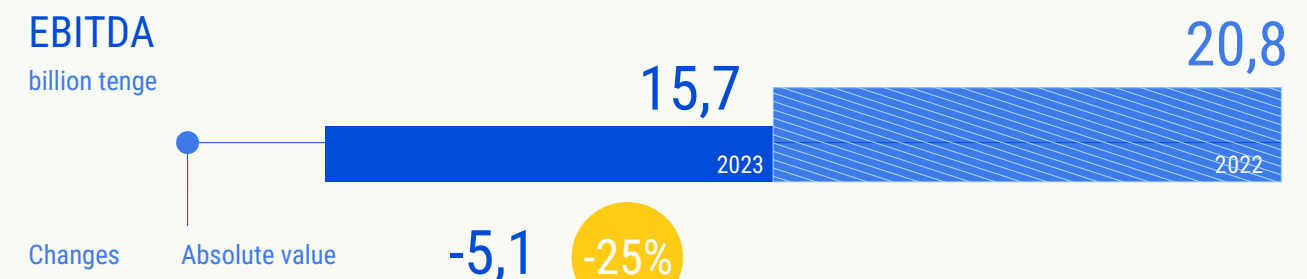
OPERATING PROFIT

billion tenge



EBITDA

billion tenge



	2023	2022	Absolute value	%
Revenue from freight transportation, billion tenge, including:	40,8	38,9	1,9	5
- operating a carriage fleet	28,444	25,637	2,807	11
- transshipment activities	9,162	9,391	-0,229	-2
- freight forwarding services	3,231	3,862	-0,631	-16
Revenues from terminal services, billion tenge	4,924	4,407	0,517	12
Income from leasing freight wagons	0,191	0,544	-0,353	-65
Income from non-core activities	0,39	0,176	0,21	122

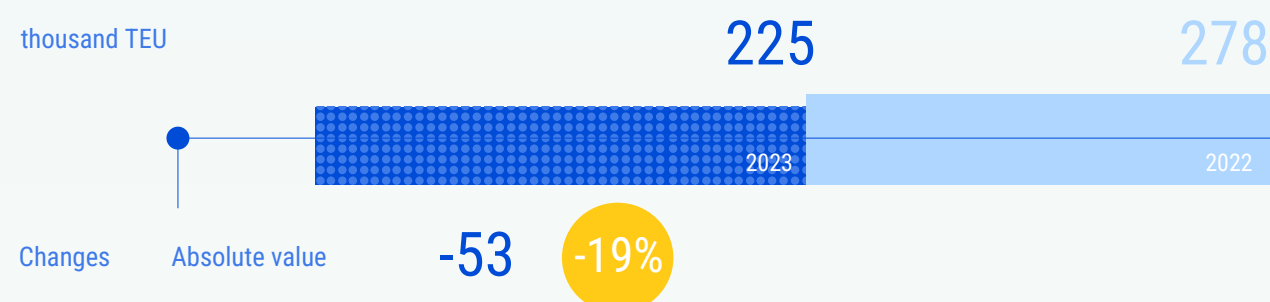


OPERATIONAL INDICATORS

FREIGHT TRANSPORTATION

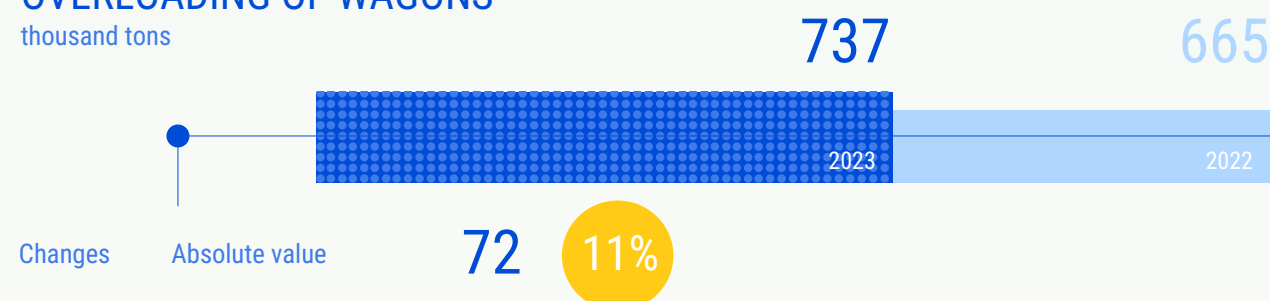
CONTAINER TRANSPORTATION (OPERATION)

thousand TEU



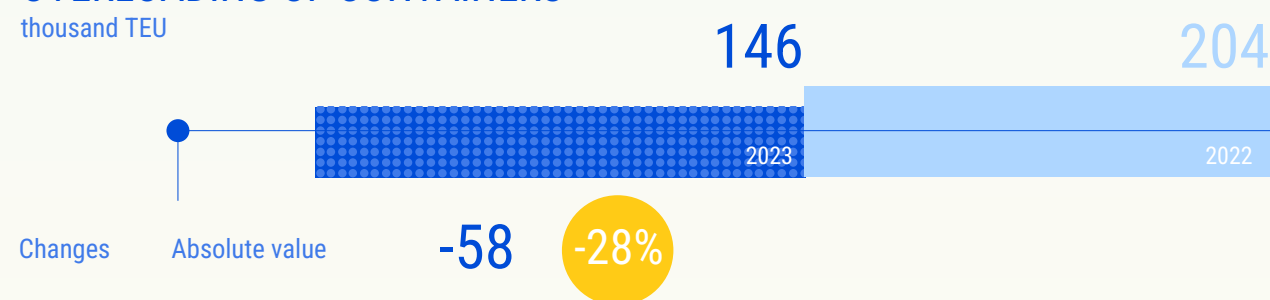
OVERLOADING OF WAGONS

thousand tons



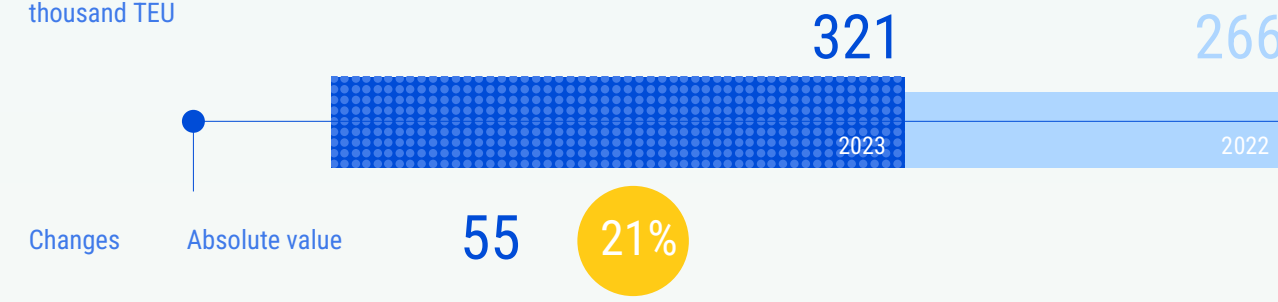
OVERLOADING OF CONTAINERS

thousand TEU



FEASIBILITY STUDY OF CONTAINERS

thousand TEU



	2023	2022	Absolute value	%
Container transportation (operation), thousand TEU	225	278	-53	-19
Including:				
- import	43,761	70,095	-26,334	-38
- export	18,593	62,818	-44,225	-70
- transit	153,350	126,901	26,449	21
- inter-regional	9,316	17,931	-8,615	-48

ADDITIONAL INDICATORS

	2023	2022	Absolute value	%
Headcount, people	1 725	1 769	-44	-2,5
Percentage of women, %	20	20	0	0
Social support expenses, billion tenge	0,40	0,35	0,05	14
Number of hours of training per 1 employee	53	50	3	6
LTIFR (per 1 million man-hours)	0,4	1,8	-1,4	-78
The number of registered cases of occupational injuries	1	4	-3	-75
The number of deaths in accidents	0	0	0	
Greenhouse gas emissions, thousand tons of CO2-eq (coverage 1, 2)	3,10	0,01	0,01	0,3
Environmental protection costs, million tenge	33,196	32,403	0,793	2,4
Volume of waste, thousand tons	3,759	3,782	0,023	0,6
FER consumption, thousand GJ (Gigajoules)	50,174	52,343	-2,169	-4



ADDRESS

BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF JSC «KEDENTRANSSERVICE»

GRI 2-22



**Koishibaev
Eraln Khamardinovich**

Deputy Chairman
of Management Board for Logistics
of JSC «NC «Kazakhstan Temir Zholy»

Chairman of the Board of Directors
of JSC «Kedentransservice»

Dear colleagues, partners, investors and readers of the annual report!

Infrastructural development is the main core in the implementation of comprehensive measures to make Kazakhstan the main transit hub of Eurasia.

As part of the instruction of the Head of State on the transformation of JSC «NC «Kazakhstan Temir Zholy» into a national transport and logistics company, the business model of JSC «Kedentransservice» was revised, according to which, in November 2023, the Development Strategy of JSC «Kedentransservice» until 2032 was approved (hereinafter – The Company's development strategy), which provides for comprehensive measures to build a logistics chain with Kazakhstan's strategic presence at the points of origin and consumption of global cargo flows and the provision of a full range of transport services throughout the entire transportation cycle on a door-to-door basis.

In this regard, in order to fully integrate Kazakhstan into the international transport networks, JSC «Kedentransservice» is actively working on the development of terminal infrastructure, both in Kazakhstan and abroad. In particular, within the framework of high-level agreements between the Heads of State of Kazakhstan and China, a cargo terminal in Xi'an (China) was built and put into operation in a short time.

The terminal will become the main logistics hub in the largest cargo-forming region of China and the center of consolidation of major international routes.

Expanding its presence in international markets, as the basis of the projected transport system, the Company also pays special attention to the development of infrastructure on the TITR route. Taking into account the rapid growth of container traffic, the issue of developing terminal facilities in the port of Almaty is being considered with the CJSC «Baku International Sea Trade Port».

At the same time, by creating a partner network with the largest logistics centers and ports, projects are being worked out in China, Russia, Uzbekistan, Georgia and Romania.

Along with this, measures are being taken to expand the geography of supplies and increase cargo traffic.

The Company completed the year 2023 with an increase in the total volume of container freight forwarding to 321 thousand. TEU (+21% by 2022), an increase in the volume of providing comprehensive container train service from China to the Russian Federation to 29 thousand. TEU (3.6 times growth by 2022), an increase in the forwarding of export container trains with grain cargoes to China to 6.8 thousand. TEU (+37% by 2022).

Full-scale work and a well-structured strategy of the Company's management and members of the Board of Directors allowed JSC «Kedentransservice» to strengthen itself in the regional and international markets of transport and logistics services as a stable, recognizable and dynamically growing brand.

With respect,
Eraln Koishibaev



ADDRESS

BY THE CHAIRMAN OF THE MANAGEMENT BOARD OF JSC «KEDENTRANSSERVICE»

GRI 2-22



**Sultanov
Arman Turlykhanovich**

CEO (Chairman of the Management Board of JSC «Kedentransservice»)

Dear shareholders, colleagues and partners!

Today, JSC «Kedentransservice» is a reliable, stable and recognizable brand of the largest operator of logistics terminals, having extensive multimodal logistics terminals with a wide geography of presence in the territory of the Republic of Kazakhstan and abroad.

In accordance with the instructions of the Head of State, the Company is carrying out full-scale work to expand its presence in international markets, as well as attract foreign investors for joint implementation of projects in the territory of the Republic of Kazakhstan.

Together with Xi'an Free Trade Port Construction and Operation Co. Ltd. in record time, the Kazakh-Chinese terminal in Xi'an (China) was built and put into operation.

The new terminal, with an area of about 7 hectares and a capacity of 133 thousand TEU per year, being at the point of origin of cargo flows and the intersection of major highways, will become the main logistics hub and the center of consolidation of the main international routes.

At the same time, linking the most important transport hubs of East and Central Asia, a project has been launched to build a terminal and create a modern platform for transport and logistics services and e-commerce in Almaty.

It is planned to build a modern warehouse complex with the use of advanced technologies on the territory of the terminal with an area of 10 hectares.

At the same time, with the support of the sole Shareholder of JSC «Kedentransservice», work has begun on the development of large logistics projects in Kazybek Bek, Bakhty and Astana.

Also, assigning a special role to the TITR corridor, in 2023 cooperation with CJSC «Baku International Sea Trade Port» was launched, which facilitated the transportation of Kazakhstani exports, the next stage in 2024 is planned to create a joint venture to develop terminal facilities in the port of Alat with the involvement of Chinese partners.

At the same time, to solve the problems of TITR container cargo transportation to Europe, terminal development projects are being worked out in China, Russia, Uzbekistan, ports of Georgia and Romania.

The confident work of JSC «Kedentransservice» in 2023 convinces that the Company's team is a team of purposeful and responsible people. A team of strong personalities with great potential and a powerful emotional charge to solve problems of any complexity. Despite all the trials and challenges of today's realities,

JSC «Kedentransservice» develops existing and launches new container services and international logistics projects.

We strive to constantly develop our services and, when providing services, meet high standards in the field of quality, ecology, health and safety at work. In 2023, the Company successfully passed the supervisory audit conducted by LLP «TÜV Rheinland Kazakhstan», which is the exclusive representative of TÜV Rheinland in the countries of the Eurasian Economic Union.

According to the audit results, the compliance of the Company's integrated management system with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 was once again confirmed. The effectiveness of management systems is checked by external auditors annually, without fail, at the central office and selectively at one of the Company's production sites.

In conclusion, I would like to express my gratitude to our customers and partners, whose opinions and wishes are especially valuable to us.

**With respect,
Arman Sultanov**



Government
of the Republic
of Kazakhstan



JSC «National
Welfare Fund
«Samruk-Kazyna»



JSC «National Company
«Kazakhstan temir
zholy»



JSC «Kedentrans-
service»

JSC «KEDENTRANSSERVICE»

Is a terminal operator
in the Republic of Kazakhstan

The sole shareholder of the Company
is JSC «National Company «Kazakhstan Temir Zholy»
(hereinafter - JSC «NC «KTZ»).

Today, it is the largest operator of logistics terminals
in the Republic of Kazakhstan

Successfully operating in the market
of transport and logistics services
for more than 25 years

SQUARE - 285,2 ha

18 TERMINALS

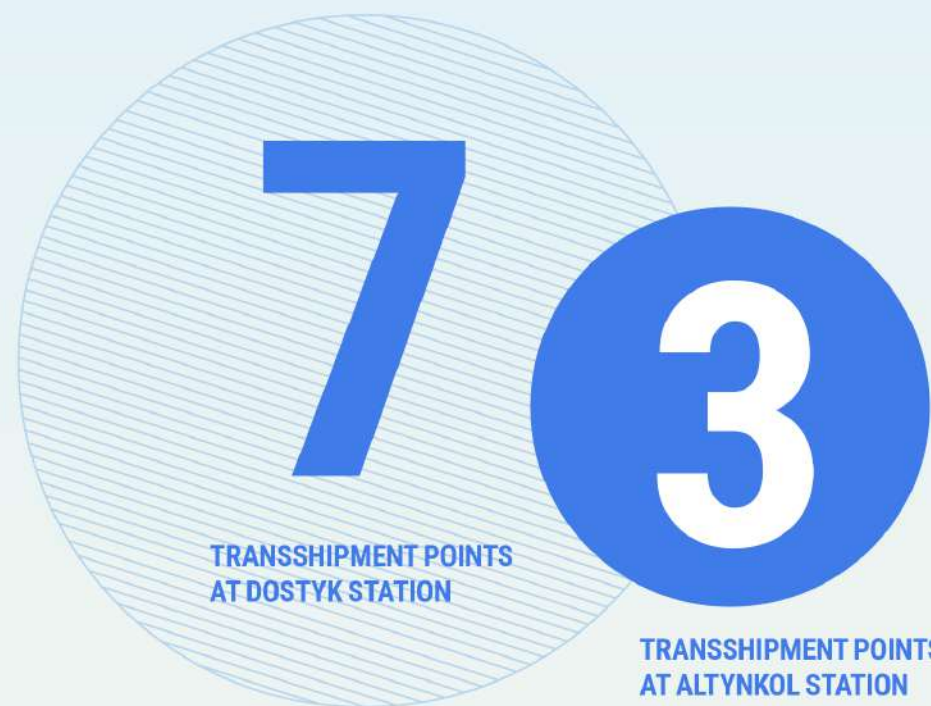
ABOUT THE COMPANY

GRI 2-1





Overloading at an interstate docking point



DESIGN
CAPACITY

1434
containers/day

THE LENGTH
OF THE TRACK
FACILITIES

78 km

LIST NUMBER
OF STAFF

1,7
thousand
people

STORAGE
AREAS

61,8
THOUSAND M²

Table 1 – Resources and assets of the Company

Overloading at an interstate docking point	Dostyk station – 7 transshipment places Altynkol station – 3 transshipment places
Square Terminals	- 285,2 ha - 18
Other information	
Storage areas	- 61,8 thousand m ²
Design capacity	- 1 434 containers/day
The length of the track facilities	- 78 km
List number of staff	- 1,7 thousand people





GEOGRAPHY OF PRESENCE

GRI 2-1

The Company has extensive multimodal, logistics terminals with a wide geographical presence in the Republic of Kazakhstan and abroad.

This is the largest network in Kazakhstan in terms of the volume of goods handled in wagons and containers.





COMPANY HISTORY

In compliance with the Resolution of the Government of the Republic of Kazakhstan dated December 11, 1997 No. 1750 «On Establishment of Republican State Enterprise «Kedentransservice», RSE «Kedentransservice» was established on the right of economic management for the implementation of customs support of goods and vehicles. The Customs Committee of the Ministry of Finance of the Republic of Kazakhstan was determined by the state administration body of RSE «Kedentransservice», as well as the body that performs functions of the subject of state ownership in relation to it.

01

In accordance with the Order of the Ministry of Transport, Communications and Tourism of the Republic of Kazakhstan No. 2461 dated May 26, 1999 «On the transfer of property of the RSE «Kazakhstan Temir Zholy» in RSE «Kedentransservice», RSE «Kedentransservice» transferred cargo yards in the amount of – 21 units.

In connection with the reorganization of the Ministry of Finance of the Republic of Kazakhstan pursuant to Decree No. 4114 of the President of the Republic of Kazakhstan dated October 12, 1998, the Customs Committee was transferred to the newly established Ministry of State Revenues of the Republic of Kazakhstan.

02

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated December 31, 1998 No 1374 «On Amendments and Additions to the Resolution of the Government of the Republic of Kazakhstan dated December 11, 1997 No 1750»,

the Ministry of State Revenues of the Republic of Kazakhstan was determined as the authorized body of RSE «Kedentransservice».

03

Under Resolution No. 864 of the Government of the Republic of Kazakhstan dated June 26, 1999 «On the Transformation of Republican State Enterprise «Kedentransservice»»,

RSE «Kedentransservice» was reorganised into «Kedentransservice» CJSC.

04

Taking into account the requirements of the Law of the Republic of Kazakhstan dated May 13, 2003 415 «On Joint Stock Companies»,

«Kedentransservice» CJSC was re-registered as «Kedentransservice» JSC on 15 June 2004.



**On June 15, 2004,
JSC "Kedentransservice"
was registered**



THE MAIN ACTIVITIES OF THE COMPANY

GRI 2-1, 2-6

Cargo transshipment at Dostyk and Altynkol stations of wagons and containers coming from China;

Terminal cargo handling in wagons and containers at the main railway stations of Kazakhstan, which includes loading, unloading and sorting operations;

Operating its own rolling stock;

Freight forwarding services.

Related types of services of the Company include:

storage services on the territory of the cargo terminal, including storage in open and closed warehouses;

Temporary storage warehouse services;

trucking services for door-to-door cargo delivery;

services of JSC «NC «KTZ» for the supply and cleaning of wagons to cargo terminals;

rental services for warehouses, administrative and household premises, outdoor areas;

other services.

BUSINESS MODEL

GRI 2-6

The formation of an optimal business model and the target structure of the Company's assets are defined by the Company's Development Strategy as a strategic initiative to improve the efficiency of the Company's activities.

01

KEY ACTIVITIES

Overloading of wagons and containers,
Terminal services

02

RESOURCES

The company has 17 regional terminals on the territory of the Republic of Kazakhstan with a total storage area of 52 thousand m², open areas of about 2.5 million m² and 78 km of track facilities, provides transshipment of wagons and containers at its own transshipment sites at Dostyk station (7 transshipment sites) and Altynkol station (3 transshipment sites).

03

VALUE PROPOSITIONS

Provision of high-quality terminal cargo handling services, transshipment at Dostyk and Altynkol border stations, container transportation on various routes

04

CUSTOMER RELATIONS

Digitalization of the Company's business processes through the introduction of a Customer Relationship Management system (CRM system), a Tariff calculator, and a Client's Personal Account.
Conducting video conferencing with shippers, improving the website and rebranding for Company recognition.

REGULATORY ENVIRONMENT

Tariffs for operations, forwarding and terminal services are regulated by the market. Transshipment tariffs are approved by the Committee of the Organization for Cooperation of Railways

CONSUMER SEGMENTS

Shippers, Consignees,
Freight forwarders

PARTNERS

Suppliers of goods and services
Transport and logistics companies

RELATIONSHIP WITH OTHER SUBSIDIARIES OF JSC «NC «KTZ»

Payment of the railway tariff, delivery and cleaning services of LLP «KTZ-Freight Transportation»,
Organization of container trains in cooperation with JSC «KTZ Express»,
Rental of transshipment places at Dostyk and Altynkol stations at the branch of JSC «NC «KTZ» - Directorate of the Backbone Network

05

06

07

08



KEY EVENTS OF THE YEAR

01

FEBRUARY

In February 2023, an inspection audit conducted by LLP «TÜV Rheinland Kazakhstan», which is the exclusive representative of TÜV Rheinland in the countries of the Eurasian Economic Union, was successfully completed. According to the audit results, the compliance of the Company's integrated management system with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 was confirmed.

02

MARCH

A fruitful stage of cooperation with CJSC «Baku International Sea Trade Port» has begun. The following issues were raised during the discussions:

- Creation of a joint venture on a parity basis;

03

MAY

On May 16, 2023, a joint venture LLC «China-Kazakhstan Trade and Logistics Company» was registered in Xi'an (China).

On May 18, 2023, a ceremony was held to launch the construction of a logistics center in the Dry Port of Xi'an, with the participation of the President of the Republic of Kazakhstan Kassym-Jomart Tokayev.

07

DECEMBER

In Xi'an (China), the Kazakhstan cargo terminal was put into operation in a test mode. The terminal was built in record time.

The President of the Republic of Kazakhstan Kassym-Jomart Tokayev expressed his support for the project in May 2023. On its first working day, the terminal received a container train with Kazakh barley from Kostanay.

05

SEPTEMBER

On September 6, 2023, the first container train was sent from Oktyabr station (Tayynshi district of North Kazakhstan region) to Xi'an city (China) with 1,300 tons of wheat. The shipment was organized under the auspices of the joint venture LLC «China-Kazakhstan Trade and Logistics Company», created by JSC «NC «KTZ» represented by the Company in cooperation with the International Dry Port of Xi'an.

On September 13, 2023, the LLC «China-Kazakhstan Trade and Logistics Company» joint venture organized the dispatch of a container train with a combined cargo from Xi'an city towards Central Asia.

The delivery time along the 4 700 km route was 12-14 days.

06

OCTOBER

On October 15, 2023, as part of the official visit of the Head of State to the People's Republic of China, a container train was dispatched under the auspices of the LLC «China-Kazakhstan Trade and Logistics Company» joint venture, dedicated to the 10th anniversary of the «One belt, one road» initiative.

As part of this train, more than 1 000 tons of combined cargo with a delivery time of 12-13 days were sent from Xi'an to Central Asia.

On October 27, 2023, the project for the construction of a logistics terminal and the creation of a modern platform for transport and logistics services and e-commerce in Almaty was launched.

The project is being implemented by JSC «NC «KTZ» together with the International Dry Port of Xi'an. The new terminal will be created on the basis of the cargo terminal of the subsidiary of JSC «NC «KTZ».

04

AUGUST

On August 24, 2023, the Company organized the dispatch of the first freight train with export cargoes from Kostanay station in the direction of Tajikistan and the first transit container train from China to Tajikistan.

More than 2 thousand tons of flour, 1 thousand tons of oilseeds and 2 thousand tons of consumer goods were shipped.


On May 18, 2023,
the construction
of a logistics center
in the Dry Port (Xi'an)
was launched

- Cooperation in the provision of terminal services in the ports of Aktau and Alat, including the operation of one operating general cargo berth in each port and the development of new terminal facilities at the second stage.



PARTICIPATION IN INTERNATIONAL ORGANIZATIONS, ASSOCIATIONS AND ADHERENCE TO INTERNATIONAL PRINCIPLES

GRI 2-28



2013

since 2013
Association of Legal Entities «The
Union of Transport workers of
Kazakhstan «KAZLOGISTICS»
Astana, Republic of Kazakhstan
www.kazlogistics.kz

2001

since 2014
National Chamber of Entrepreneurs
of the Republic of Kazakhstan «Atameken».
Astana, Republic of Kazakhstan
www.atameken.kz

2014

since 2001
The Kazakhstan Freight Forwarders
Association (KFFA)
Almaty, Republic of Kazakhstan
www.kffanek.kz



STRATEGIC REPORT



DEVELOPMENT STRATEGY

The Company's development strategy until 2032 defines the mission, vision and strategic goals of the Company, as well as strategic directions of development to achieve the set goals for a ten-year period.

THE MISSION

As a backbone transport company of the Republic of Kazakhstan, we meet the needs of the national economy and society in the management of terminal infrastructure.

VISION We are a leading Company providing terminal infrastructure services based on the principles of economic efficiency, safety, social and environmental responsibility.

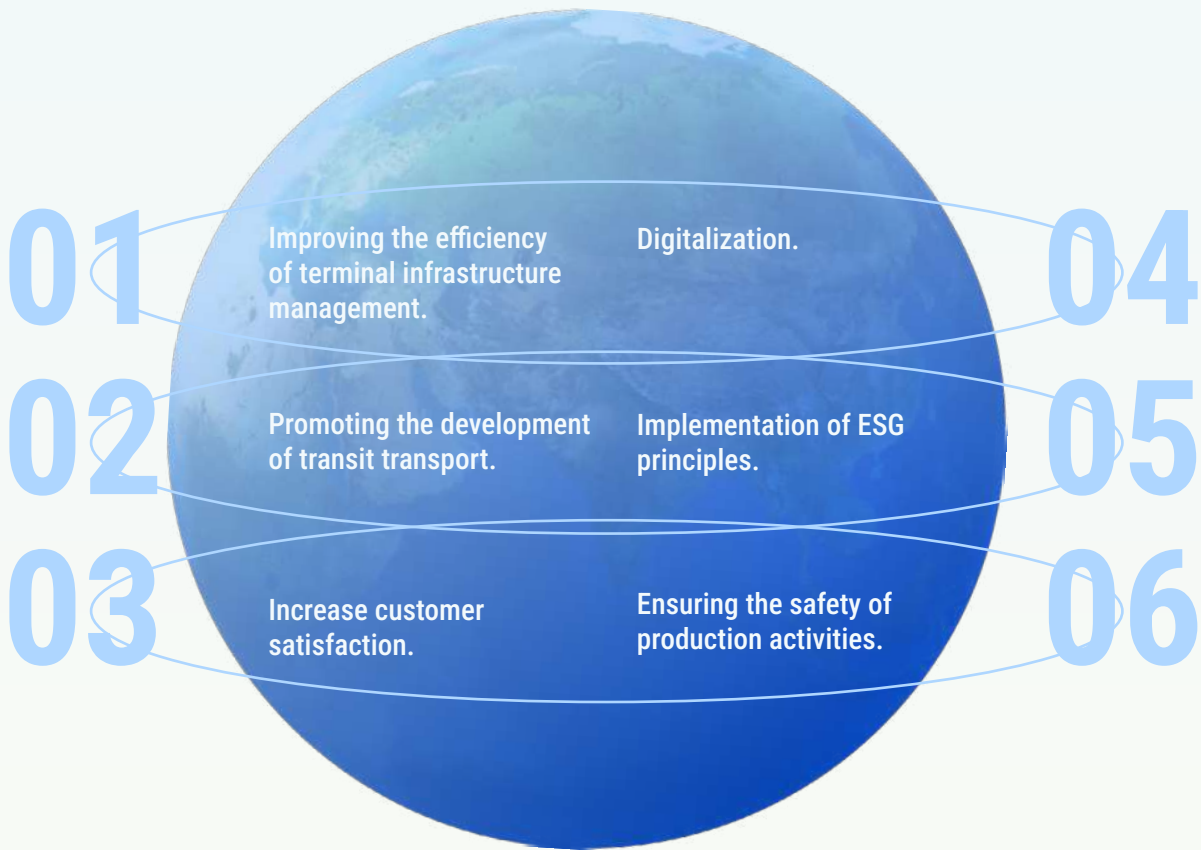


THE STRATEGIC GOAL

IS TO «INCREASE CAPITALIZATION BY INCREASING THE SCALE OF THE BUSINESS AND INCREASING THE EFFICIENCY OF OPERATIONS»



In order to achieve the Company’s target positioning by 2032, it proposes the implementation of the following strategic goals:



In order to achieve the Company’s strategic goals, an Action Plan has been developed and is being implemented to implement the Company’s Development Strategy until 2032. The progress report on the implementation of the Development Strategy is brought to the attention of the Company’s Board of Directors.

IMPLEMENTATION OF THE COMPANY’S STRATEGIC KEY PERFORMANCE INDICATORS

The measurement of the achievement of the set goals is carried out through the implementation of strategic key performance indicators (hereinafter referred to as KPIs).

The target efficiency values are set according to the approved Development Plan of the Company

Table 3 – Analysis of performance efficiency by the end of 2023

Name of the Kpi	Unit of measurement	Fact 2022	Plan 2023	Fact 2023	Changes 2023/2022 in %
EBITDA margin	%	47,2	28,3	33,9	-28
Execution of operating profit on the operation	thousand tenge	10 652 325	8 020 354	8 769 622	-18
Execution of operating profit on cargo transshipment	thousand tenge	3 057 024	4 580 807	1 859 655	-39
Customer satisfaction level	%	87,6	83,0	86,0	-2
The level of industrial safety	%	-	91,3	90,2	
The maximum level of accounts receivable (the ratio of accounts receivable to revenue) by the end of 2023	%	3,9	2,5	16,6	321
Social Stability Rating	%	77,0	-	68,0	-12

* Kpi in terms of the level of industrial safety and the rating of social stability were introduced in 2023.



THE COMPANY'S GOALS AND OBJECTIVES FOR 2024

The Company's management system has demonstrated its suitability, adequacy and effectiveness by the end of 2023. This fact was also confirmed by an external audit of the Company's management system for compliance with the requirements of international standards for management systems ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018.

As part of the functioning of the management system, activities were carried out to allocate the appropriate resources necessary to achieve the set goals, and information on opportunities for improvement and improvement of the Company's activities was also analyzed.

In 2024, the Company plans to implement a number of major events:

- | | |
|--|---|
| <p>01 Construction of a logistics complex at Almaty Freight Technical Station No. 2 (in cooperation with an investor);</p> | <p>02 Reserving terminal sites for the creation of transport and logistics complexes in Bakhty, Kazbek Bek (Almaty Bypass), Astana Perimeter, Kostanay Agro-Industrial Hub;</p> |
| <p>03 Development of terminal capacities in Xi'an. Expansion of terminal capacities in Russia, Uzbekistan, Azerbaijan, Hungary, Romania;</p> | <p>04 Development of container train services (in cooperation with FESCO) from 50,000 TEU/450 container trains to 70 000 TEU/630 container trains per year;</p> |
| <p>05 Development of a new container service for exports to China from 12 000 TEU/100 container trains to 15 000 TEU/120 container trains per year;</p> | <p>06 Increasing the company's share in rail transport on Russian Railways - South Asia (petroleum products, lumber, iron ore, and other goods) from 1 million tons to 3 million tons per year</p> |
| <p>07 Increasing the number of third-party operated railcars from 1 000 units to 3 000 units.</p> | <p>Also, in 2024, measures will be continued to improve activities and allocate appropriate resources to achieve the set goals.</p> |

The Company's tariff policy

GRI 2-6

Tariff policy plays a key role in ensuring the efficient operation of the Company in the field of terminal and transport activities. Annual review and adjustment of tariffs are necessary in order to take into account changes in the market, economic conditions and the cost of services provided. The constant updating of tariffs helps the Company to adapt to the changing costs of maintaining wagons, third-party services and maintaining infrastructure.

Tariffs are developed on the basis of a cost-based method, which allows you to ensure the return on costs associated with the provision of loading and unloading services, transportation and other operations.

Thanks to this approach, the Company maintains financial stability, guarantees stable quality of services and maintains competitive prices. The importance of correct tariff formation is due to the need to cover the costs of maintenance of rolling stock, infrastructure and equipment modernization, which allows the Company to effectively fulfill its obligations to customers and investors.

Tariffs for terminal activities cover all services related to loading and unloading of goods and containers, receiving and sending wagons. The calculation is carried out using a cost-based method that takes into account the full cost of services and profitability. Tariffs for the provision of wagons are formed based on the calculation of the cost of their maintenance, attraction, uncoupling repairs and preparation for loading containers (2 twenty-foot equivalents per wagon). Transshipment and securing of goods are charged according to the type of cargo and packaging (bulk, tare-piece), and are installed per 100 kg of cargo or per 1 container. For freight forwarding services, tariffs include additional charges for overloading, terminal costs and third-party services. The final tariff amount is based on all costs, including the freight forwarder's remuneration. The rates for the provision of fitting platforms are calculated according to container loading: for a forty-foot container, two twenty-foot

containers or half a forty-foot container. Tariffs are reviewed annually in case of changes in the cost of co-executors' services and market conditions.

In 2023, tariffs for the services of the operator of fitting platforms in the implementation of container transportation were differentiated in two directions: international communication and intra-republican communication. Within the framework of the intra-republican communication, tariffs were calculated taking into account the distance within the country.

Special attention was paid to routes from Dostyk and Altynkol stations, which had a separate tariff for transportation to intra-republican stations. This approach made it possible to take into account the specifics of each area and ensure a fair and economically reasonable cost of services.



Debt burden

As of December 31, 2023, the Company has no outstanding debt to JSC «NC «KTZ» or financial institutions

On December 4, 2023, Agreement No. 83-JSC was signed regarding the transfer of obligations between JSC «NC «KTZ», JSC «KTZ Express», and the Company for the amount of 21,848,328 thousand tenge, as well as the transfer of 4,401 fitting platforms.

The bond obligations amounting to 21,848,328 thousand tenge were transferred to JSC «KTZ Express».

Obligations on bonds in the amount of KZT

21 848 328

thousand were transferred to KTZ Express JSC

Transport and warehousing market overview¹

The index of the physical volume of services of the «Transport and Warehousing» section in January-December 2023 compared to the corresponding period last year amounted to 106,9%.

From January to December 2023, 980,7 million tons of cargo were transported in the Republic, which is 4.4% higher than the level in January-December 2022.

During this period, cargo turnover amounted to 501,3 billion ton-kilometers (an increase of 3,1% compared to January-December 2022).

At the regional level, from January to December 2023, an increase in cargo turnover was noted in the following cities and regions:

Shymkent (27,1%), Almaty (24,7%), Astana (15%), Pavlodar Region (26,4%), North Kazakhstan Region (12,6%), West Kazakhstan Region (12%), Kyzylorda Region (8,7%), Karaganda Region (6,3%), Aktobe Region (4,4%), and Kostanay Region (1,8%).

Increase in cargo turnover in January-December 2023 in the regional context

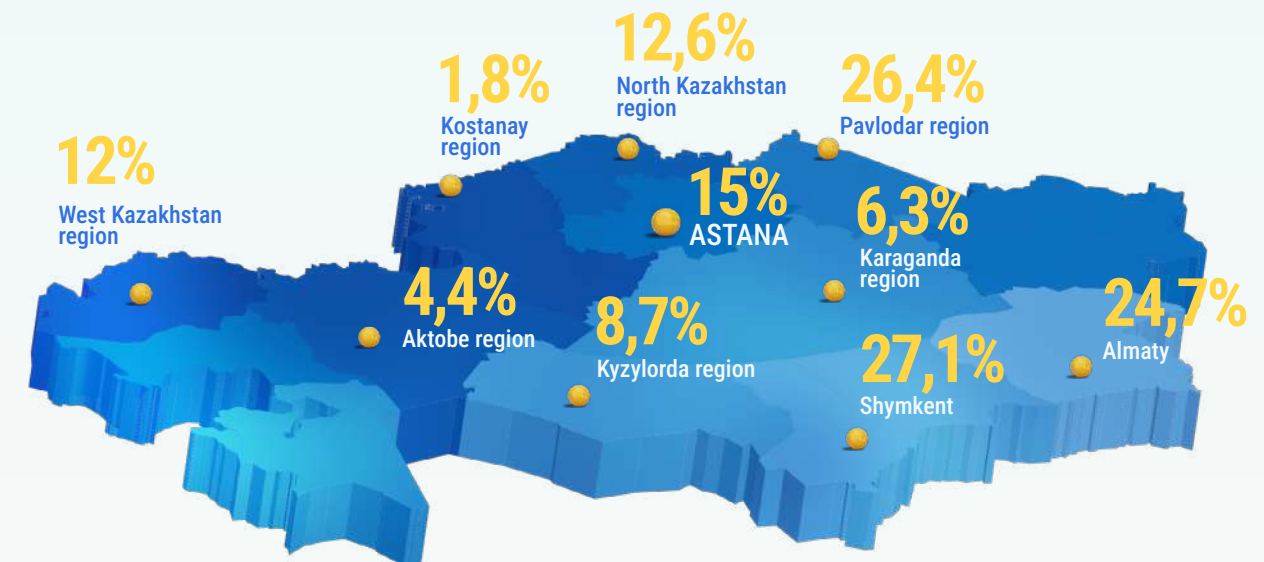
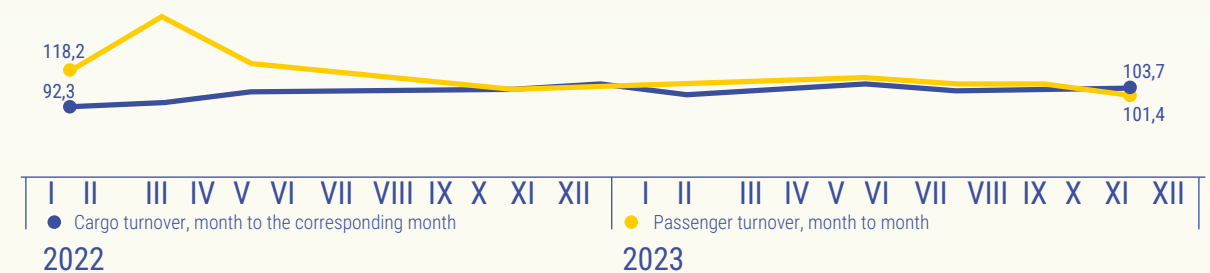


Chart 1 - Physical volume index «Transport and warehousing» (as a percentage of the corresponding period of the previous year)



Chart 2 - Cargo and passenger turnover of the Republic of Kazakhstan (as a percentage of the corresponding period of the previous year)



¹ The information in this section is based on data from the Bureau of National Statistics «Transport in the Republic of Kazakhstan (January-December 2023)». <https://stat.gov.kz/ru/industries/business-statistics/stat-transport/publications/113770/>

² Statistical data on the transport industry since January 2023 have been formed taking into account changes in the methodological approach to the formation of indicators of the activities of individual entrepreneurs engaged in commercial transportation of goods and passengers by road transport. In order to obtain comparable data with the same period last year, the main indicators of the Transport industry for 2022 have been reorganized.



Railway Transport

From January to December 2023, 416, million tons of cargo were transported by railway in the Republic of Kazakhstan, which is 2,8% more than in January-December 2022. The cargo turnover for this period amounted to 326,8 billion ton-kilometers (an increase of 4,8% compared to January-December 2022). A total of 19,8 million passengers were transported (2,1% more than in January-December 2022), with passenger turnover amounting to 16,1 billion passenger-kilometers (a decrease of 1,5% compared to January-December 2022).



Automobile and Urban Electric Transport

From January to December 2023, compared to the same period last year, there was an increase in cargo transportation and cargo turnover by automobile transport by 10,6% and 1,7%, respectively. Passenger transportation and passenger turnover also increased by 8,3% and 4,2%, respectively.



Pipeline Transport

From January to December 2023, 275 million tons of cargo were transported (0,8% more than in January-December 2022), and cargo turnover amounted to 143,7 billion ton-kilometers (a decrease of 0,2% compared to January-December 2022).



Air Transport

From January to December 2023, 13,3 million passengers were transported by air in the Republic of Kazakhstan (an increase of 20,7% compared to January-December 2022), with passenger turnover reaching 25,9 billion passenger-kilometers (an increase of 28,8% compared to January-December 2022).



Maritime and Coastal Transport

From January to December 2023, 1 325,4 thousand tons of cargo were transported by sea, reflecting an 11% increase compared to January-December 2022. Cargo turnover amounted to 859 million ton-kilometers, showing a 26% increase compared to January-December 2022.



Inland Water Transport

From January to December 2023, 762,2 thousand tons of cargo were transported by inland water transport (an increase of 9,5% compared to January-December 2022), and 121,1 thousand passengers were transported (a decrease of 15,4% compared to January-December 2022)³.

³ Statistical data on the transport industry since January 2023 have been formed taking into account changes in the methodological approach to the formation of indicators of the activities of individual entrepreneurs engaged in commercial transportation of goods and passengers by road transport. In order to obtain comparable data with the same period last year, the main indicators of the Transport industry for 2022 have been reorganized.

Production results

Results of activity on transshipment of wagons and containers at Dostyk and Altyntkol stations

The development of competitive terminals at Dostyk station and the suspension of terminal operations at Altyntkol station for capital repair until May 25, 2023, resulted in a reduction in container transshipment volumes by 28,7% compared to 2022, and by 57,6% compared to the plan.

Wagon processing volumes decreased by 13,2% compared to the actual figures in 2022, and by 28,3% compared to the plan, due to restrictions on the transportation of covered wagons.

Container processing volumes fell by 25,1% against the plan, due to the emergence of six private terminals at strategically important junctions, leading to a diversion of volumes historically handled by the Company's terminals.

Production Indicators for Dostyk Station

The activity of competitive terminals at Dostyk station led to a 15,5% decrease in container transshipment volumes compared to 2023, and by 52,4% against the plan.

Wagon processing volumes declined by 16,9% compared to actual 2023 figures, and by 38,7% against the plan. Container processing volumes dropped by 27,5% compared to the actual figures for 2023, and by 45,5% against the plan.

Production Indicators for Altyntkol Station

In 2023, the Company's market share for wagon transshipment decreased by 1 percentage point compared to the same period last year, amounting to 57% (2022: 58%).

The Company's market share for container transshipment decreased by 5 percentage points compared to the same period last year, amounting to 4% (2022: 9%).

Chart 3 – Overloading of wagons at Dostyk and Altyntkol stations, thousand tons

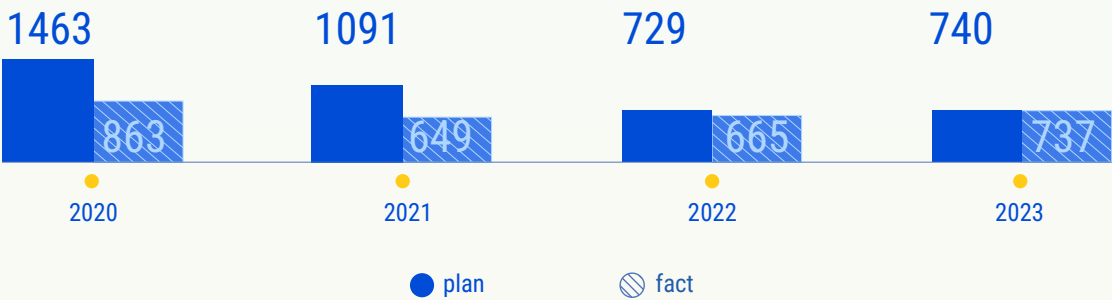
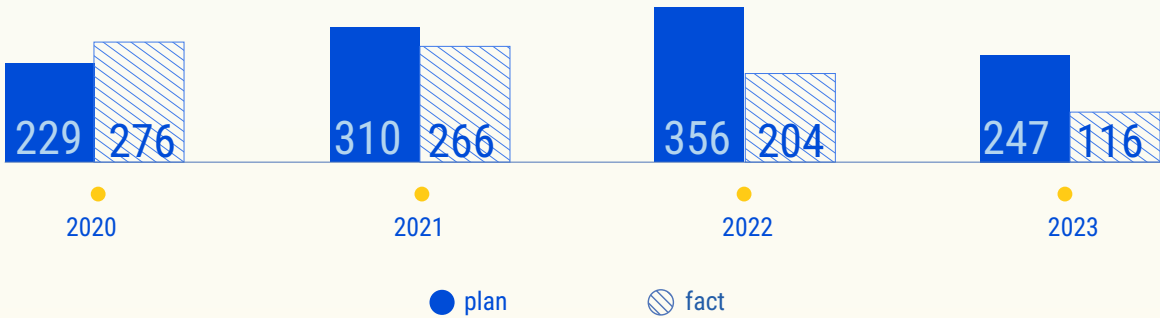


Chart 4 – Transshipment of containers at Dostyk and Altyntkol stations, thousand TEU





Results of rolling stock operations

Due to changes in the transportation structure and network load in 2023, the Company's market share in railcar operations decreased by 3 percentage points compared to the same period last year, amounting to 11% (2022: 14%). The volume of operations in TEU decreased by 19%, or by 52,7 thousand TEU, compared to the same period in 2022, and by 34,3%, or by 117,6 thousand TEU, compared to the 2023 plan, totaling 225 thousand TEU.

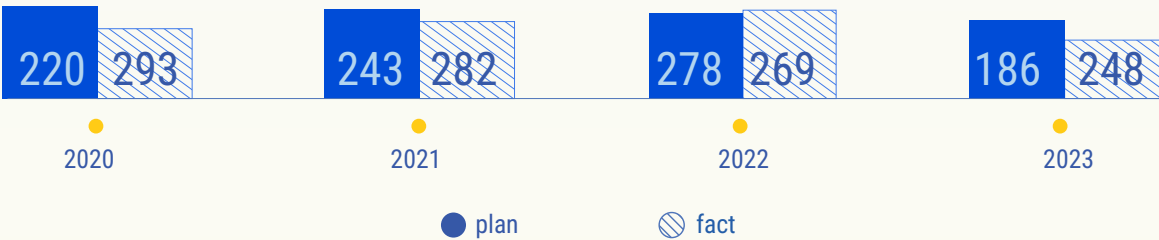
For reference:

During 2023, compared to the previous year, the following declines were recorded:

- Imports: decreased by 38% or 26,4 thousand TEU, including: China-Almaty hub: down by 42% or 18 thousand TEU, Other imports: down by 33% or 8,1 thousand TEU, China-Astana: down by 14% or 0,3 thousand TEU.
- Exports: decreased by 70% or 43,8 thousand TEU, including: Almaty hub-China: down by 66% or 0,8 thousand TEU, Other exports: down by 70% or 43,1 thousand TEU. Domestic shipments: decreased by 48% or 8,6 thousand TEU

Overall, during the period under review, an increase in transit traffic was observed, growing by 21% or 26,3 thousand TEU, including: China-UTI-China: up by 11% or 11,5 thousand TEU, China-Russia: up by 231% or 18,6 thousand TEU. However, there were declines in: China-Kyrgyzstan: down by 25% or 1,1 thousand TEU, Other transit routes: down by 23% or 2,6 thousand TEU.

Chart 5 – Rolling stock operation, thousand TEU



Results of terminal cargo handling in wagons and containers

By the end of 2023, the container terminal processing market amounted to 397 thousand TEU. The volume of terminal processing of the Company's containers amounted to 61 thousand TEU (15% share), which is 0,1% lower than the same period last year (61 thousand TEU). This is due to the following factors: :

- Temporary loading bans related to the train congestion situation of transit trains;

- Periodically imposed bans on the transportation of covered wagons and empty containers.

The market for terminal processing of wagons amounted to 36 844 thousand tons. The volume of terminal processing of wagons amounted to 1 077 thousand tons (a share of 3%), which is -13,2% lower than the same period last year (1 242 thousand tons).

Chart 6 – Terminal processing of wagons, thousand tons

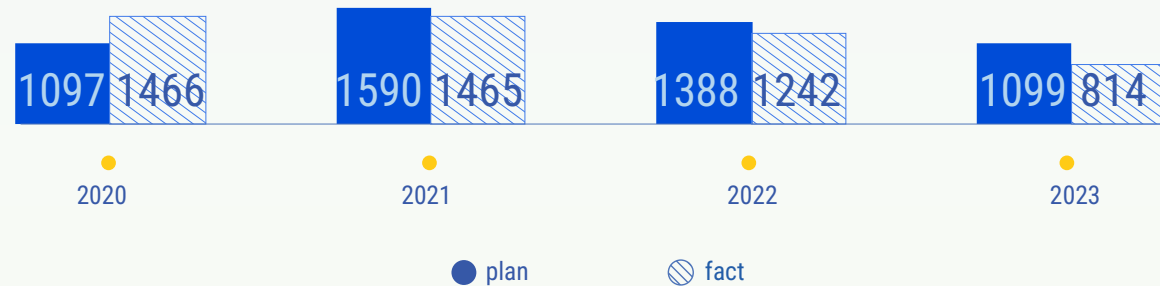
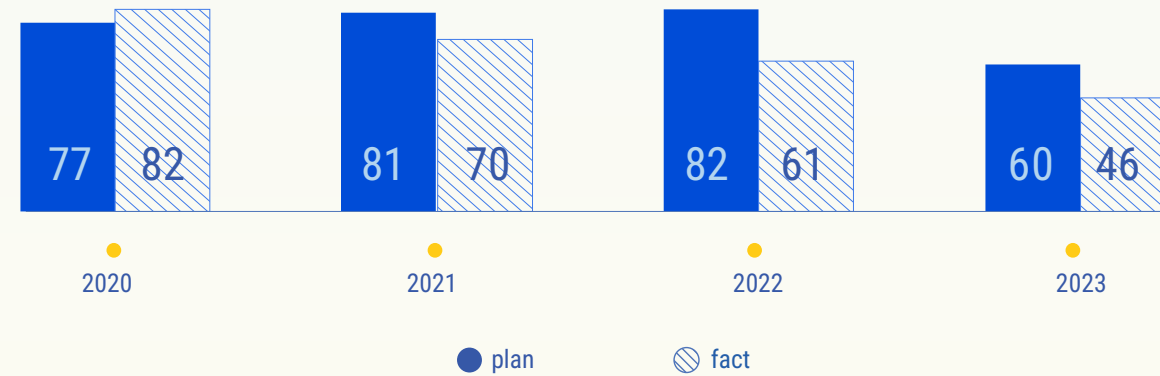


Chart 7 - Terminal processing of containers, thousand TEU



The decrease in the volume of handling wagons and containers is due to several factors. One of the main ones is the increased competition in key areas, which is caused by the emergence of private terminals and has led to the redistribution of cargo flows. Also, temporary restrictions on the transportation of certain types of wagons and containers had a noticeable impact on the decline in indicators. Additionally, the suspension of part of the infrastructure for major repairs had a negative impact on the overall capacity. As a result of these factors, processing volumes have significantly decreased compared to previous years and planned targets.

As part of the planned measures to improve the situation due to the reduction in the volume of handling wagons and containers, the Company plans to carry out major repairs and modernization of infrastructure.

Special attention will be paid to terminals and equipment, which will significantly increase their capacity and improve the quality of customer service. It is expected that updating the technical base will help restore production performance and ensure more stable operation in the future.

In addition, the Company intends to strengthen its position in the market by developing a number of strategic initiatives. These initiatives will be aimed at establishing partnerships with key players in the industry, as well as optimizing tariff policy to increase the attractiveness of services. This approach will allow the Company to effectively compete with other terminals and regain lost cargo volumes.

To improve the efficiency of logistics processes, it is planned to develop and implement measures that will reduce the downtime of wagons and containers. Attention will be paid to optimizing transportation schemes and cargo flow management, which will ensure faster and more coordinated work. This is expected to reduce costs and increase productivity.

Thus, the set of planned measures is aimed at achieving long-term stability and increasing the competitiveness of the company.

Financial indicators

Income from core activities in 2023 amounted to 46 339 385 thousand tenge, which is 5,2% higher than the fact of 2022. The increase is due to a 5% increase in revenue from freight transportation.

Income from core activities for 2023 amounted to (thousand tenge)

46 339 385



Chart 8 - Income from core business, thousand tenge



Revenues from freight transportation increased by



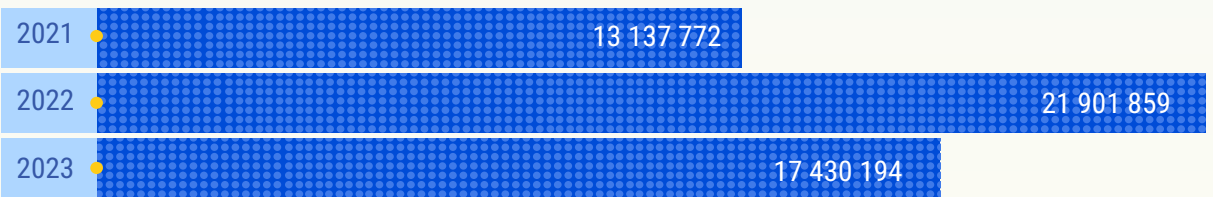
compared to the fact of 2022, mainly due to an increase in the volume of work on transshipment of wagons by 8,2%, an increase in revenues from changes in the average level of tariff increases, etc.

Chart 9 – Income from freight transportation, thousand tenge



EBITDA for 2023 amounted to KZT 17 430 194 thousand, which is 20,4% lower than the fact of 2022.

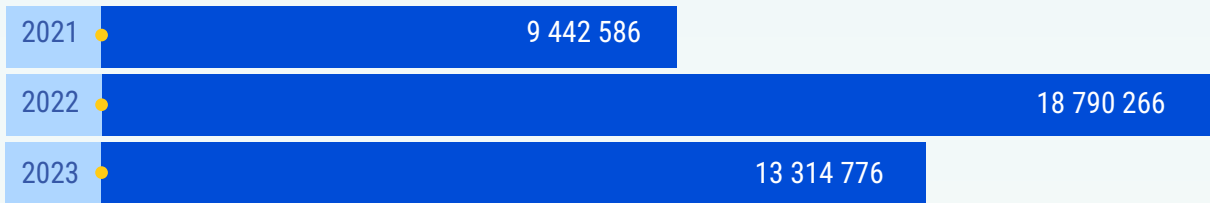
Chart 10 - EBITDA, thousand tenge



The operating profit for 2023 amounted to KZT 13 314 776 thousand, which is 29,1% lower than the fact of 2022.



Chart 11 - Operating profit,
thousand tenge



Net income attributable to the Shareholder for 2023 amounted to KZT 10 350 448 thousand, which is lower than the fact of the same period in 2022 by KZT 3 151 232 thousand, mainly due to an increase in cost by KZT 6 956 903 thousand

(26,7%) due to an increase in the volume of work on transshipment of wagons by 8,2%, an increase in wages to employees, changes in the inflation index, MCI, minimum wage and other macroeconomic indicators.

MD&A analysis. Analytical KPI

According to the results of 2023, the Company's net profit amounted to 10 350 448 thousand tenge, which is 1 867 000 thousand tenge higher than the approved plan (profit 8 483 000 thousand tenge) due to an increase in the volume of forwarding, which exceeds the planned figures by 142 thousand tenge. TEU or 79%.

The operating profit for freight forwarding services in 2023 amounted to KZT 3 231 354 thousand, which exceeds the planned figures by 63% or KZT 1 243 000 thousand due to:

- savings in general and administrative expenses by 16% or KZT 1 000 million;
- reduction of production costs by KZT 10 606 million.

01 The decrease in railcar fleet operations is due to:

- The measures taken for effective management of the railcar fleet, which led to a reduction in expenses related to empty mileage, idle time on tracks, and current uncoupling repairs;
- Reduction in expenses for depot repairs, related to the decision of the Development Committee of JSC «NC «KTZ» to transfer the entire railcar fleet to JSC «Kaztemirtrans» according to the roadmap program;

- Decrease in transit volumes due to the failure to meet the transportation plan for China-UTI (by -13%) and China-KRG (by -37%);
- Decrease in import transportation volumes for China-Almaty hub shipments (by -59%);
- Decrease in export transportation volumes for Almaty hub-China shipments (by -99%).

Operating profit for 2023 amounted to 8 770 million tenge, which exceeds the planned figures by 9% or 749 million tenge

02 In terms of transshipment activities, the decrease is due to:

- cost optimization (number control, materials, repairs);
- reduction of overload at Dostyk station by -59 thousand TEU. This factor is associated with an increase in the volume of cargo/container

transshipment at the Dostyk TransTerminal LLP transshipment terminal, which led to the loss of customers. The Dostyk TransTerminal transshipment terminal allows you to receive and reload an entire container train.

The operating profit for transshipment activities amounted to KZT 1 860 million, which is less than the planned figure by KZT 2 721 million or -59%.

03 The decrease in terminal activity is due to:

- cost optimization (prioritization of procurement of materials and services to ensure a smooth production process);
- a decrease in the volume of terminal processing of wagons by -28% and containers by -24%.

Operating profit from terminal activities for 2023 amounted to 300 million tenge, exceeding the planned figures by 12% or 34 million tenge.

A positive balance of 2 034 million tenge from non-core activities was achieved due to actual income received during 2023, which was not previously planned (including interest on deposits and current accounts, income from asset disposals, fines and claims, and other compensations), as well as the accrual of an allowance for expected credit losses on receivables and the share of losses from associated organizations.

Asset structure

The company is a leading operator of logistics terminals in the Republic of Kazakhstan, has 11 branches and 17 regional terminals in the territory of the Republic of Kazakhstan with a total area of 52 thousand m² of warehouses, open areas of about 2,5 million m² and 78 km of track facilities, and also provides services for transshipment of goods imported from China at the Dostyk and Altyntkol border stations.

As of December 31, 2023, the Company's assets are estimated at KZT 65 582 343 thousand.





Information about subsidiaries and affiliates

LLP Kazakhstan Transport Holding

KTH has been operating since January 28, 2005. The founder of KTH is a Company whose share in the authorized capital is 100%.

KTH provides the following types of services:

- provision of services for the provision of an access road for the passage of rolling stock, parking of rolling stock, shunting, loading and unloading and other technological operations of the transportation process;
- Temporary storage warehouse services;
- trucking services.



Provision of services for the provision of access roads

KTH provides services for the provision of 13,9 km of access roads in 8 cities of the Republic of Kazakhstan. On December 28, 2011, KTH was included in the State Register of Subjects of Natural Monopolies for the provision of access roads.



Provision of temporary storage warehouse services

KTH provides temporary storage warehouse services in the following cities: Astana, Almaty, Shymkent, Aktobe, Ust-Kamenogorsk, Uralsk.

The total area of warehouse space is about 25 thousand m².

Services provided by temporary storage warehouses:

- Warehouse space rental;
- loading and unloading operations;
- cargo storage in the control area;
- weighing of goods;
- participation in customs inspection, inspection and other control measures;
- preparation and execution of warehouse documentation for cargo placement.

The total area of warehouse space is about

25 thousand m²



Provision of motor transportation services

In order to develop road freight transportation in the domestic market, reduce cargo delivery time and reduce freight costs, KTH carries out the following work:

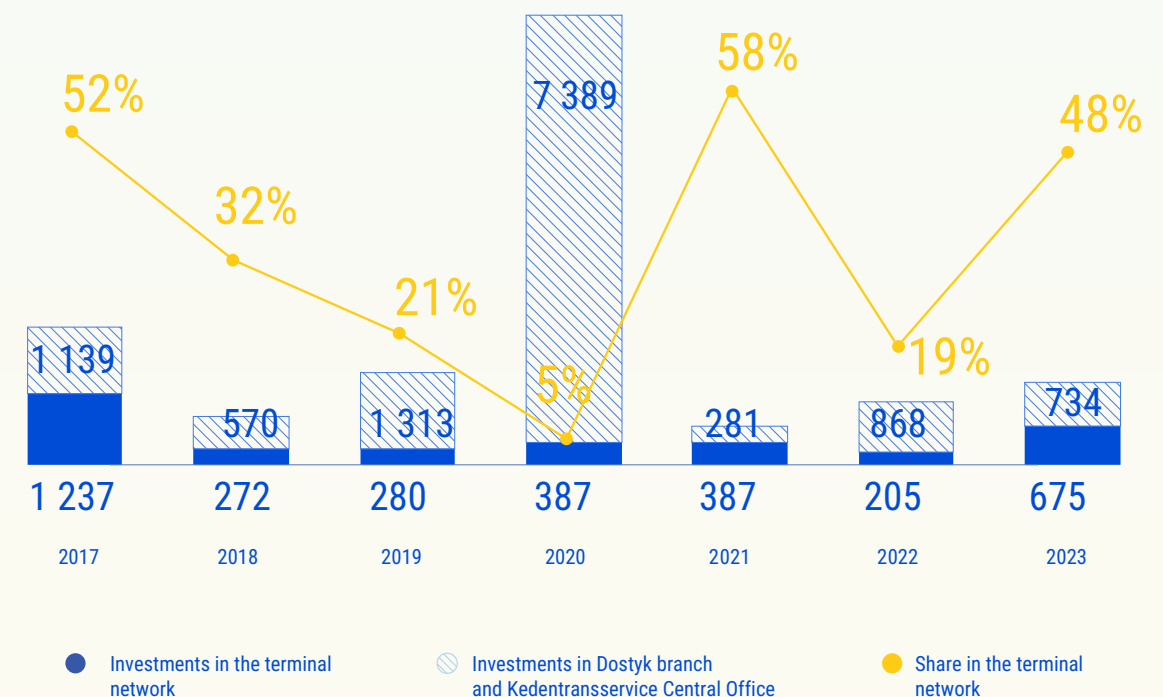
- strengthening sales through expanding the customer base, taking into account marketing analysis;
- increasing the volume of cargo handling and storage for major customers;
- Integration into logistics systems of centralized cargo search/selection;
- the involvement of local road carriers.

Investment activities

The Company's investment volume in previous years was primarily directed towards maintaining and restoring the technical condition of fixed assets (carrying out capital refurbishment), as well as their replacement. This was driven by significant

physical wear and tear combined with extended periods of operation (over 20 years) of major production facilities (gantry cranes, access roads, buildings, structures, etc.).

Chart 12 – The structure of investments in the development of the terminal network





The volume of investments in 2023 amounted to 1 409 million tenge, including major repairs of the container site at Altynkol station (with a total area of 17 200 m²) and 7 units of lifting mechanisms.

Purchased – a large-capacity loader of 1 unit, forklifts of 3 units, an automobile crane of 1 unit and a modular sanitary building of 1 unit.

To improve the efficiency of the terminal network and customer service at the branch according to art. Dostyk is working on the implementation of the «TOS» system.

Construction and installation work has begun on the reconstruction of PM-4 at Dostyk station.

Investments in the amount of KZT 3 236 million are planned in 2024 to carry out measures aimed at maintaining current operations in an uninterrupted mode and improving traffic safety, ensuring industrial and fire safety, reconstructing transshipment sites and improving working conditions.

Investments in the amount of
3236 million
tenge are planned in 2024

Development of terminal activities, major projects



Construction of the Almaty Logistics Complex GTS-2

On a 9.8-hectare plot, the construction of covered warehouses (Class A, B, and temperature-controlled warehouses) totaling 37 000 m² is planned, along with a 12 000 m² container yard and 2 kilometers of railway access tracks.

The estimated cost of the project is approximately 30,2 million USD.

Reservation of sites within the framework of the project «Construction of the 3rd border railway crossing of Bakhty»

(reservation of terminal sites for the creation of a transport and logistics center).

Throughout 2023, the contractor carried out design and survey work on reserving a land plot for the construction of the Bakty-Aktogay railway access roads and related infrastructure.

Reservation of land plots for Almaty-obvodnaya, Astana perimeter projects.



Plans for 2024 and the medium term

In 2024, it is planned to purchase 10 loaders for a total of 493 million tenge, 1 automobile crane for the amount of 105 million tenge, overhaul of 9 lifting cranes for the amount of 360 million tenge and 4 km of railway access roads for the amount of 892 million tenge.

It is also planned to carry out a number of measures aimed at maintaining current operations in an uninterrupted mode and improving traffic safety, including major repairs of the upper structure of the track, as well as renovation and overhaul of fixed assets.

Digital Transformation and Digitalization Program

Digital transformation

As part of the digital transformation, key tasks have been set:

- Providing business units with modern information services in accordance with the best practices of the railway industry, innovations and new technologies;

- increasing the degree of integration, standardization and unification of information systems and infrastructure, as well as their modernization, to increase the efficiency and efficiency of business processes aimed at sustainable development.

Key results for 2023

In accordance with the above tasks, the implementation of the project «Improving the efficiency of terminals» has been launched.

The main objectives of this project are to build an effective model of the processes of commercial function and interaction with customers in online services, as well as automation of the technological process of terminal management.

To date, the time for calculating bids and issuing a commercial offer has been optimized to 1 hour, when previously more than 4 hours were spent on the above tasks.

The conclusion of the contract and the protocol of the contract price became possible with the use of an electronic digital signature, and the formation of an order through a Personal account became faster and more convenient services for customers.

An Automated terminal Management System has also been introduced at the Almaty Transport and Logistics Center.

Based on the results of the launch:

- Paper media are excluded;
- 39 out of 67 technological process operations have been automated;
- the number of useful operations of loading and unloading equipment has been increased;



- An optimal technological process has been formed with the removal of 1 unit from the staffing table;
- To date, this system is being replicated to the Dostyk Transport Logistics Center, Altynkol and further to other Transport logistics centers of the internal network.

The TOS system at Dostyk and Altynkol branches will allow:

- Automate overload planning;
- planning the implementation of the work of the staff;
- optimize the time of loading and unloading operations at transshipment sites;
- automate the accounting of services rendered;
- provide up-to-date information about the cargo/container/wagon;
- the ability to process and transfer documents remotely.

As part of digitalization, the transition to the 1C: Integrated Automation and Implementation of Processes system has been carried out:

- Reports «Accounts Receivable» and «Accounts Payable»;
- Terminal activity planning, operation planning, CFO planning;
- Report «Salary Certificate», «Reconciliation with Branches»;
- Advance report, Reconciliation Act of mutual settlements;
- Key development, creation of HTTP service, algorithm development, user manual;
- Reflection of fixed assets modernization according to depreciation parameters;
- Filling in the counterparty's address in free form when uploading IRS;
- Creation of a new document «Inventory List of Off-Balance Sheet Inventory»;
- Reflection of fixed assets modernization according to depreciation parameters.

Digitalization

In the Company, in order to ensure effective management and flexibility of the business, all management and development work will be subordinated to the goals and objectives of the Company's development and will be based on the following approaches:

- reengineering of existing processes, providing for the revision and modification of processes in order to eliminate inefficient steps, corruption risks and reduce the time for the provision of services;

- technological improvement;
- increasing the degree of integration, standardization and unification of information systems and infrastructure, as well as their modernization, to increase the efficiency and efficiency of business processes aimed at sustainable development.

Plans for 2024 Development of a functional information technology development program for 2024-2028

The program includes recommended steps for taking measures to develop IT in the Company, taking into account not only the existing needs of

the Company's structural divisions, but also with a description of the risk areas in the IT infrastructure and proposals for their systematic minimization.



Implementation of the printing service

This project is aimed at installing and configuring a centralized printing system in an organization. The goal is to ensure efficient and convenient management of printing devices, optimize material consumption and increase the security of printing confidential documents.



Implementation of the Helpdesk

The launch of the Help desk system is aimed at creating a single point of contact for employees on all issues related to IT and technical problems. This project is aimed at improving the quality and speed of service to internal users, centralizing request processing and increasing the transparency of incident resolution and service request fulfillment processes.



Implementation of the ISMS (Information Security Management System)

The project includes the development and implementation of a set of measures and procedures aimed at protecting the Company's information assets from various threats. The implementation of ISMS provides for an audit of the information security status by 2023, determining the necessary levels of protection for various types of data and systems, developing security policies and training employees in the basics of safe handling of information.



Updating the computer park and office equipment:

The project for the purchase of laptops and monitors involves updating and expanding the company's computer equipment fleet to meet the current needs of employees and standards of technological equipment. The main goal is to provide employees with modern and high-performance devices to enhance their work and comfort, as well as to ensure compatibility with the latest software solutions and data security.

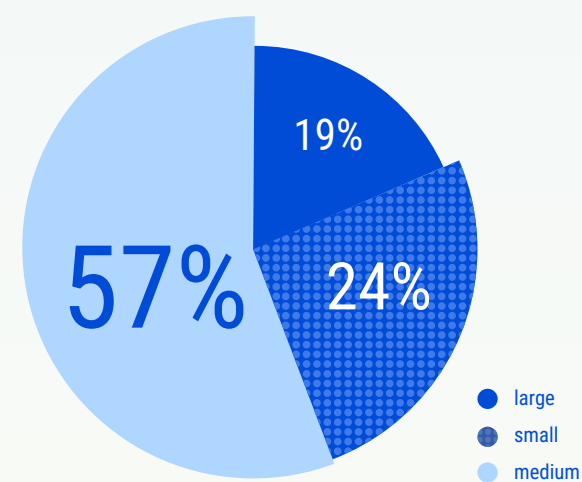


Customer satisfaction

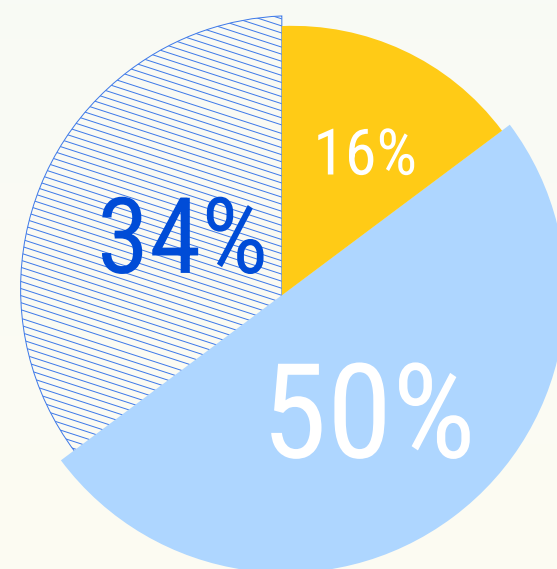
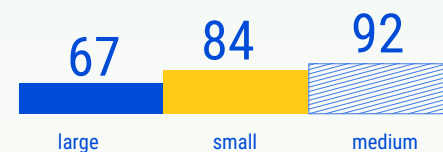
Regular assessment of customer satisfaction allows you to identify strengths and weaknesses in customer relationships and make timely decisions on further steps in the Company's development aimed at improving customer satisfaction and loyalty.

The customer survey is conducted by filling out a questionnaire posted on the Company's corporate website.

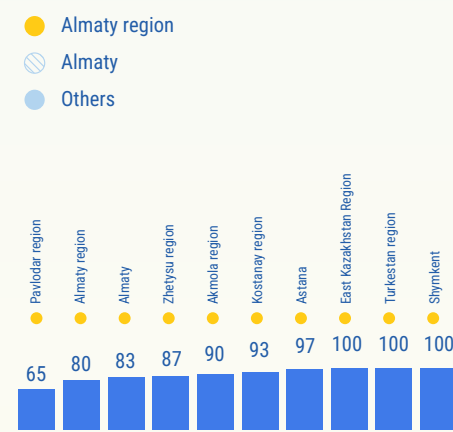
Chart 13 – Customer satisfaction level by the end of 2023



Percentage of respondents by business segment



Percentage of respondents by region



Regions with low activity (less than 4 respondents): Zhetysay region, Kostanay region, East Kazakhstan region, Turkistan region, Shymkent

Safety of movement of rolling stock

Ensuring the safety of rolling stock operations, safe working conditions, and the preservation of employees' health and lives is a key priority and the most important task of the Company.

The strategic initiative provided for in the Company's Development Strategy is to achieve the goal of zero injuries.

In 2023, the Company owned 4,403 freight wagons.

In order to ensure the safety of train operations, in 2023, depot repairs were carried out on 1,240

wagons, compared to the plan of 1,340 wagons, and 1,449 wagons underwent unscheduled repairs.

In 2023, no emergencies or incidents involving the derailment of wagons from railway tracks occurred with the Company's owned wagons.

In accordance with the agreement on the transfer of obligations, the Company's own fleet of freight wagons was transferred to the ownership of JSC «KTZ Express» as of December 1, 2023.

As of the end of 2023, the Company no longer owns a fleet of freight wagons.

Occupational safety and health

The Company's work in ensuring safety and labor protection is carried out in strict accordance with the requirements of the Labor Code of the Republic of Kazakhstan, internal regulations of JSC «NC «KTZ», as well as other regulatory and technical documents in this area. The absolute priorities of the Company are the safety of life and health of its employees.

In 2023, there were no cases of industrial injuries resulting in severe or fatal outcomes. Additionally, there were no cases of occupational diseases.

Employees are provided with special clothing, footwear, and personal protective equipment at the Company's expense. In 2023, purchases of these items amounted to a total of 54,7 million tenge.

Over the course of 2023, employees working in harmful conditions were provided with 12 000 liters of milk worth 4,8 million tenge.

In 2023, expenses for compensation to employees for working in harmful and difficult conditions amounted to 124.8 million tenge (including payment for additional vacation days and bonuses to tariff rates).

According to the Comprehensive Action Plan aimed at improving safety and labor protection conditions for 2023, approved by the Chief Engineer of JSC «NC «KTZ», 12 planned measures were implemented in 2023, totaling 161,4 million tenge.

Additionally, a modular sanitary and utility building was purchased for the Almaty Branch at a cost of 24,5 million tenge.

In accordance with the 2023 Industrial Safety Action Plan, the following measures were implemented:

- Within the investment budget, major repairs of 8 cranes were carried out at a cost of 140 million tenge;
- Within the operational budget, expenses for repairs to address identified industrial safety violations amounted to 24 million tenge.



In accordance with the 2023 Electrical Injury Prevention Plan, the following activities were conducted:

- Testing of electrical equipment was performed, totaling 2,8 million tenge;
- Maintenance of transformer substations was carried out, totaling 10,8 million tenge;

- Testing of personal protective equipment and tools was conducted, totaling 0,7 million tenge;
- Electrical tools for electrical personnel were purchased, totaling 0,7 million tenge.

Sustainable development

GRI 2-15, 2-23, 2-24

In order to ensure sustainable development, the Company is guided by the Sustainable Development Policy of JSC «NC «KTZ» (hereinafter referred to as the Policy), developed to implement a sustainable development management system that will enable the Company to consistently and continuously follow the principles of sustainable development and ESG, confirm the Company's commitment to sustainable development, as well as ensure a long-term sustainable trend of improving the Company's performance, maintaining a balance of stakeholders' interests.

The Policy is a fundamental document for improving the Company's activities in the field of sustainable development. The provisions of the Policy must be observed by all Company officials and employees and included in the system of business relations with customers, suppliers, and partners.

The key idea of the Company's sustainable development is to achieve the Company's strategic goals in the long term, taking into account the interests of various stakeholders. Sustainable development takes into account all aspects of the Company's activities, including economic, social, and environmental, and is in line with its corporate values.

The principles of sustainable development include openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, zero tolerance for corruption, the inadmissibility of conflicts of interest, and leading by personal example.

ESG risk management is carried out within the framework of the Company's corporate risk management and internal control system, which covers the management of corporate governance risks, social and environmental risks, including climate change risks.

To achieve the target values of strategic KPIs, initiatives, and the distribution of responsibility for their achievement among the members of the Board, the Company develops an Action Plan for the implementation of the Company's Development Strategy. The Action Plan for the implementation of the Development Strategy also includes measures to achieve KPIs and initiatives in the field of sustainable development.

The implementation of ESG principles is one of the Company's strategic goals, which is reflected in the Company's Development Strategy until 2032.

The Company adheres to the following sustainable development principles, such as:

01

«Ensuring environmental safety/
sustainability»

Responsible attitude to the use of natural resources is one of the key components of corporate social responsibility and an important factor in sustainable development. aims to minimize the environmental impact by reducing emissions, discharges of pollutants and reducing waste generation.

The Company will develop and approve Action Plans for the Company's environmental activities for the relevant years.

Within the framework of the above-mentioned initiative, it is planned to implement the following activities:

- for the protection of water resources;
- for the protection of land resources.

02

«Improving social stability and developing
human resources»

The improvement of social stability and the formation of an effective corporate culture aimed at achieving the key objectives and priorities of the Company will be achieved by:

- pdevelopment of corporate culture;
- implementation of transparent hiring;
- increasing the degree of trust in the employer.

The HR service will continuously analyze and monitor the needs of the staff in order to find and select employees in a timely manner. The Company's employees will be trained on an ongoing basis according to the approved training plan. It is planned to achieve a level of social stability in 2024-2032 of >81%.

03

«Improving corporate governance»

The Company will develop and approve Plans to improve the corporate governance of the Company for the relevant years. The Company must also be certified according to ISO 37001 «Anti-bribery Management System».



04

«Implementation of measures aimed at achieving zero injury conditions»

The Company will develop and approve Comprehensive Action Plans aimed at improving the Company's occupational safety and health conditions for the relevant years.

Within the framework of the above-mentioned initiatives, it is planned to implement the following activities:

- Improving the procedure for recording and investigating traffic accidents and other events, as well as the principle of separation of responsibilities;
- Accident prevention;
- to improve working conditions;
- to promote occupational safety.

Table 4 – The structure of sustainable development management

THE BOARD OF DIRECTORS		
Provides general management of the Company's activities		
COMMITTEES OF THE BOARD OF DIRECTORS		
PLANNING AND FINANCE COMMITTEE	AUDIT COMMITTEE	HR, REMUNERATION AND SOCIAL AFFAIRS COMMITTEE
Consideration of issues related to planning, financial stability, investment strategy and asset management	Consideration of issues in the field of financial reporting, external audit, risk management and internal control, corporate governance, internal audit and compliance functions	Consideration of issues in the field of personnel policy, appointments, performance evaluation, remuneration, corporate social responsibility and corporate governance
MANAGEMENT BOARD		
DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD FOR CORPORATE DEVELOPMENT AND PUBLIC RELATIONS	STRUCTURAL DIVISIONS	ALL EMPLOYEES OF THE COMPANY
Control over the preparation of the Integrated Annual Report, the implementation of efficiency measures in the field of sustainable development	Development of initiatives and activities in the field of sustainable development, their implementation	Implementation of principles and activities in the field of sustainable development and achievement of sustainable development goals through personal behavior and compliance with relevant policies and standards

Stakeholders and aspects

GRI 2-29

The Company is aware of the importance of its impact on the economy and the environment and strives to effectively implement its strategy and/or development plan. It ensures consistency of its economic, environmental and social goals for

sustainable development in the long term, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders contributes to the sustainable development of the Company.



Interaction with stakeholders

GRI 2-29

Stakeholders include all individuals, groups, or organizations that significantly influence or are influenced by decisions made by the Company (for example, Company employees, customers, competitors, partners, and others).

Identifying stakeholders and interacting with them is a tool to strengthen a Company's business reputation and establish effective, balanced relationships with all stakeholders.

The Stakeholder Map and the Table of Their Interests is a tool that allows you to most accurately identify stakeholders, structure and visualize information about the environment in which the Company operates, as well as develop an appropriate strategy for interacting with each of them. The structure of the stakeholder map is divided into three levels: on the first level is the Company itself, on the second level is the Sole Shareholder, subsidiaries and affiliates, management, staff, customers and partners who have a direct influence on the Company's activities. The third level houses government agencies, investors, suppliers, competitors and the media, which have an indirect impact on the Company's work.



There are three concentric zones on the stakeholder map, reflecting the degree of influence of the Company on each stakeholder:

01

Area of authority/
responsibility

In this zone there are interested parties who are directly subordinate to the Company (***)

02

The zone
of direct influence

Includes stakeholders who have a direct impact on the Company's activities (**)

03

Zone of indirect
influence

This zone includes stakeholders whose influence on the Company is indirect (*).

Thus, the stakeholder map serves as an important tool for building adequate and effective strategies for interaction with each group of stakeholders.

Table 5 – A map of interaction with stakeholders

Stakeholders	Area of interest					
	Strat. development	Finance	Quality	Legislation	Operational activities	Reputation
Single shareholder	•	•	•		•	
Subsidiary organization	•	•			•	
Dependent organization						
Management	•	•	•	•	•	•
Staff		•		•		•
Customers			•			
Partners			•			
Government agencies	•					
Investors	•				•	•
Suppliers					•	
Competitors	•	•	•	•	•	
MEDIA						

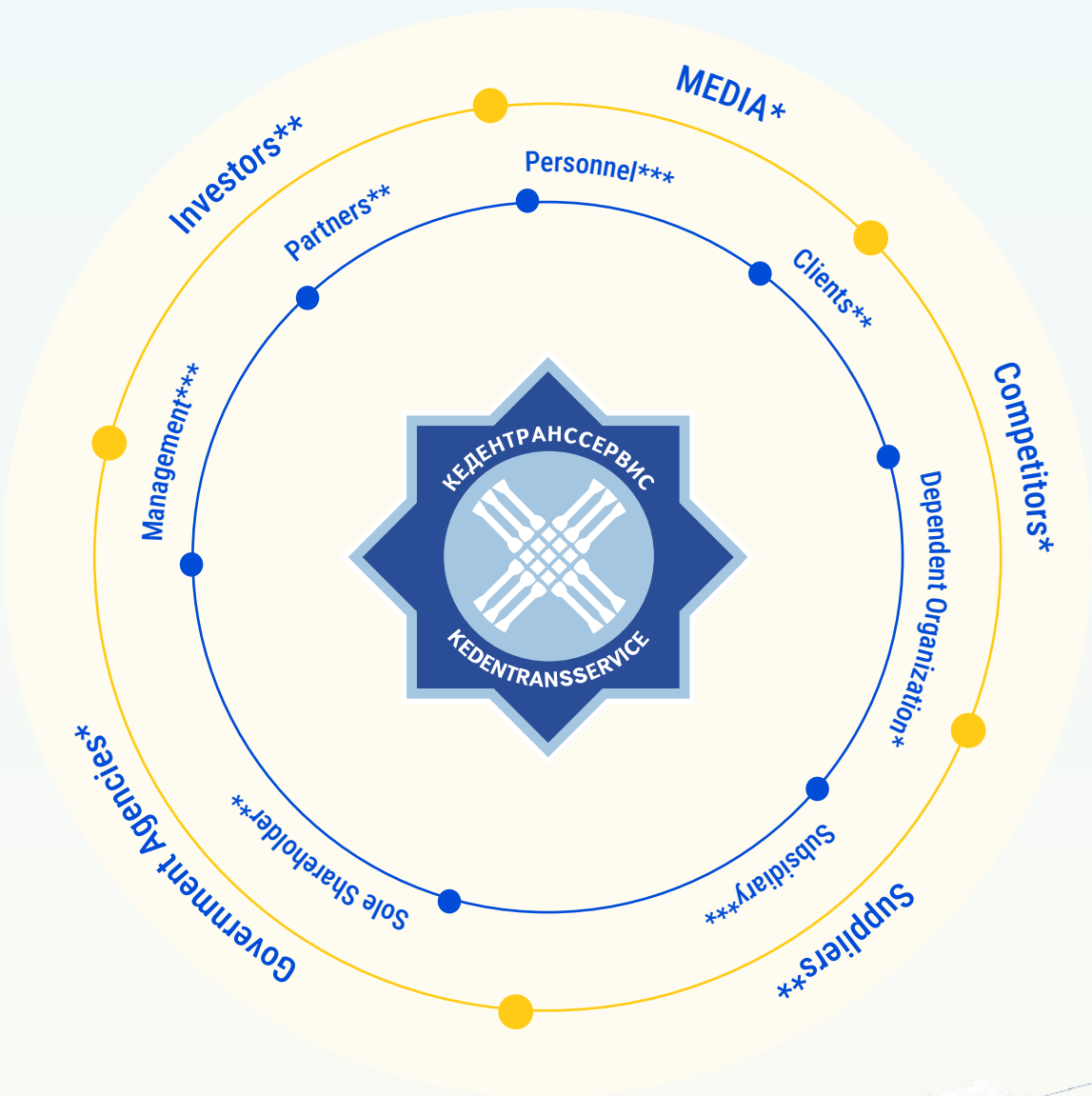
- High degree of influence

- Low degree of influence

•

- High degree of interest

Picture 2 – The Stakeholder Map





Economic impact

The company plays an important role in the development of the national economy, regions of presence and society, providing transport services



for many sectors of the economy and providing communication between different regions and settlements of Kazakhstan.

The most significant positive contributions of our Company include:

- Transportation of goods, including raw materials and finished products of industrial and commercial enterprises of various industries, such as oil and gas, coal, metallurgical and agricultural, contributes to the development of the economy and increases the volume of exports of goods;
- provision of jobs;
- Ensuring significant revenues to the country's budget through the payment of taxes;
- payment of wages to employees and their development;
- investments and other investments.

Table 6 - Direct economic value created and distributed between 2021 and 2023

Indicators	2021	2022	2023	Dynamics 2022/2021, %	Dynamics 2023/2022, %
Direct economic value created					
Total income, thousand tenge	37 991 403	44 016 528	46 339 385	15,9	5,3
Distributed economic value					
Total expenses, thousand tenge	32 545 374	30 514 848	35 988 937	- 6,2	17,9
Saved economic value					
Net profit attributable to the Sole Shareholder, thousand tenge	5 446 029	13 501 680	10 350 448	147,9	-23,3

Financial assistance received from the State Government subsidization of the interest rate

In August 2021, the Company entered into an agreement with the Transport Committee of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan to subsidize the interest rate on a credit line in the amount of KZT 6 236 million, opened in 2020 at the Subsidiary Bank of Sberbank JSC with an interest rate of 12,75% per annum and used to upgrade the fleet of freight wagons in the amount of 300 units of 80-foot-long fitting platforms.

The agreement stipulates the condition that the amount of subsidies should be provided for under the republican budget program No. 212 «Subsidizing the interest rate for lending and financial leasing for the purchase of wagons by passenger carriers

for socially significant messages and operators of wagons (containers).» Since the Company is the largest operator providing transport and logistics services, financing under this Program is accounted for as a state subsidy as part of financial income.

On May 6, 2022, due to the early repayment of the loan received from JSC «Subsidiary Bank of Sberbank», the subsidy agreement was also terminated. The total amount of subsidies under the agreement for 2021-2022 amounted to 299 775 thousand tenge. In 2023, the Company did not receive government subsidies, and financing of the Company's investment activities was carried out exclusively at its own expense.

Tax deductions

GRI 207-1

Tax Accounting Policy (TAP) Joint Stock Company «Kedentransservice», approved by the decision of the Company's Management Board, is the main document regulating the procedure for tax accounting in accordance with the Tax Code of the Republic of Kazakhstan.

This document defines the duties and responsibilities of the Company's employees involved in tax accounting, including the chief accountant, the chief tax manager, as well as employees responsible for accounting.

The main purpose of the TAP is to establish a tax accounting procedure that includes compliance with the requirements of the Tax Code for both the Company itself and its structural divisions. The

objectives of the policy are to develop a unified approach to the fulfillment of tax obligations, to create forms and procedures for tax reporting, as well as to ensure accuracy in determining the objects of taxation.

The company is a payer of various taxes, fees and deductions, including corporate income tax (IT), value added tax (VAT), social tax (ST), and vehicle tax (VT), land tax (LT), property tax (PT), land use fees, fees for negative environmental impact, fees for outdoor (visual) advertising, social contributions (SC) and contributions to MSHI (Compulsory social health insurance). The company also acts as a tax agent, withholding and transferring taxes such as individual income tax (IIT) and CIT from sources of payment.

The company is one of the largest taxpayers in the country, the amount of taxes and other mandatory payments paid

By the Company to the budget of the Republic of Kazakhstan in the reporting year, 8 502 539 thousand tenge (2022: 3 964 891 thousand tenge).

Chart 14 - Tax deductions of the Company in the period from 2021 to 2023, thousand tenge

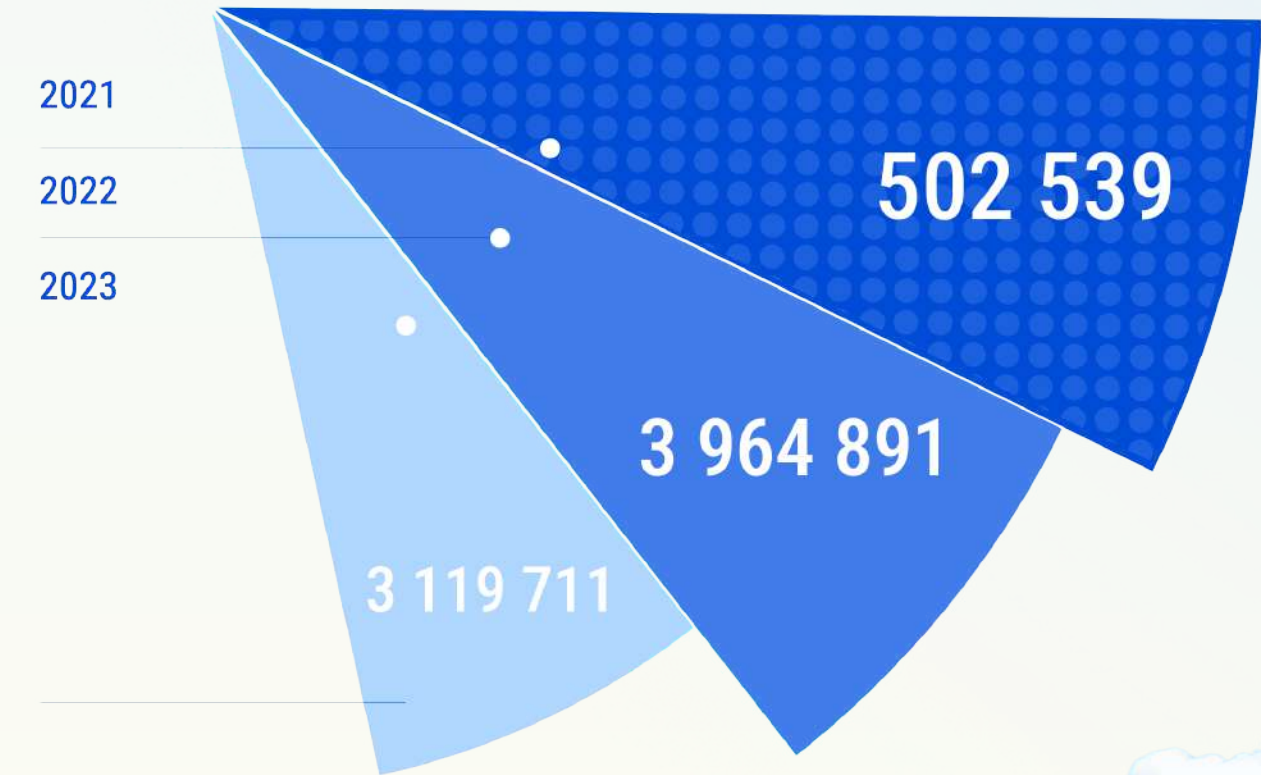




Table 7 – Taxes paid and other mandatory payments to the budget of the Republic of Kazakhstan for 2023 by region, thousand tenge

Regions	Total, thousand tenge	Share, %
TOTAL	8 502 539	100
Astana city	7 711 376	90,69
Almaty city	96 947	1,14
Shymkent city	28 562	0,34
Akmola region	3 590	0,04
Aktobe region	24 334	0,29
Almaty region	679	0,01
Atyrau region	21 324	0,25
East Kazakhstan region	44 230	0,52
Zhambyl region	719	0,01
West Kazakhstan region	18 939	0,22
Karaganda region	21 505	0,25
Kostanay region	12 424	0,15
Kyzylorda region	1 020	0,01
Mangystau region	379	0,004
Pavlodar region	26 916	0,32
North Kazakhstan region	-	-
Turkestan region	-	-
Abay region	5 677	0,07
Zhetysu region	483 918	5,69
Ulytau region	-	-

Procurement practice

When carrying out procurement activities, it is guided by the Law of the Republic of Kazakhstan “On Procurement of certain subjects of the quasi-public sector” and the Procurement Procedure of the Fund and organizations, fifty or more percent of voting shares (participation interests) of which directly or indirectly belong to the Fund on the right of ownership or trust management, approved by the decision of the Board of Directors of the Fund.

All information about purchases is posted on the Company’s corporate website <https://www.kdts.kz/ru/zakupki/>, as well as on a specialized procurement portal <http://www.zakup.sk.kz> and is available to all potential suppliers.

Thanks to the introduction of the e-procurement system, the efficiency of the procurement process has significantly increased, and the transparency of the process has significantly improved.

The system allows you to more accurately control the procurement process and improve interaction with potential suppliers.

The amount of contracts concluded with suppliers in 2023 amounted to KZT 14 186 706 thousand, of which the share of competitive purchases is 64,78%, intra-holding cooperation – 12,15%, purchases from one source – 23,07%.

Chart 15 - Purchases of the Company in the period from 2021 to 2023 by procurement methods, thousand tenge



In 2023, it was paid
(thousand tenge)

8 502 539

In 2023, contracts were concluded in
the amount of (thousand tenge)

14 186 706





Table 8 - Purchases of the Company in the period from 2021 to 2023 by region, thousand tenge

	2021	2022	2023
Total amount, thousand tenge	11 297 547	9 783 447	14 186 706
The Republic of Kazakhstan	2 421 830	1 649 759	4 279 028
Astana city	1 053 655	866 242	1 476 159
Almaty city	515 551	1 617 715	2 186 441
Shymkent city	1 179 914	70 570	70 556
Akmola region	28 180	65 789	88 659
Aktobe region	22 538	36 856	88 623
Atyrau region	65 653	68 714	46 710
East Kazakhstan region	254 369	179 835	247 590
West Kazakhstan region	111 181	80 930	45 325
Karaganda region	64 603	54 302	90 689
Kostanay region	1 484 270	943 193	282 737
Pavlodar region	34 712	166 996	54 510
Abay region		179	56 952
Zhetysu region	2 214 466	2 819 767	3 550 649
Non-residents	360	0	0

Development of local content

The company strives to develop local businesses by supporting local suppliers and contractors, which contributes to the development of the local economy and creates a favorable economic and social environment for the residents of the region.

A number of measures are being taken to implement this policy:

- The motivational indicator «the share of local content in the procurement of goods, works and services» is set for the Company's management staff, as well as subsidiaries on an annual basis;
- Long - term contracts are concluded with domestic producers;

- stimulating the creation of new products by creating new production facilities, as well as expanding the product range of existing production facilities, providing competitive domestic products;
- priority provision–procurement among commodity producers and organizations of disabled people engaged in entrepreneurial activities, for which a number of other preferences are also provided: exemption from making security for tenders, contract execution, refund of advance payment, settlement within 5 working days, advantage in case of equality of prices, etc., as well as purchases among software manufacturers and electronic industry products;

- when purchasing construction and installation works for which design and construction documentation is available, a requirement is established for the mandatory purchase of goods by the contractor of works from commodity producers.

In 2023, the share of local content in purchases was: 66% in goods, 84% in works and services. The increase compared to 2022 was by 6,2 and 3,3%, respectively.

Table 9 - The share of local content in purchases of goods, works and services in the period from 2021 to 2023, %

Indicators	2021	2022	2023	Dynamics 2023/2022, %	Dynamics 2022/2021, %
Products	49	57	66	13,6	14
Works and services	60	84	84	0	28

As part of the support for local businesses, offtake agreements totaling 220 thousand tenge were concluded in 2023. The purpose of concluding these offtake agreements is to achieve the following results: the creation of new enterprises, expanding the range of products at existing enterprises, creating new jobs, increasing the level of local content, increasing investments, tax revenues and stimulating the development of business entities.

Chart 16 – Offtake contracts for the period from 2021 to 2023, thousand tenge



Category purchases

Category management allows you to increase the efficiency of procurement activities through a more detailed analysis of costs and the external environment by category, determining the optimal approaches to procurement.

In 2023, the volume of category purchases amounted to over 55 365 million tenge. These strategies were also aimed at developing local suppliers, improving the quality of labor, reducing the complexity of procurement procedures and improving the reliability and timeliness of provision.



Anti-corruption

GRI 2-16, 2-25

Corruption in a Company can take various forms, including bribes, bribery, abuse of office and other illegal actions. Its consequences can be serious and affect various aspects of people's lives and the economy.

In particular, corruption can lead to a deterioration in the quality of services provided, violation of laws and safety standards, which in turn can lead to accidents and accidents. In addition, corruption can lead to increased costs for passengers and cargo owners, as corrupt schemes can increase ticket prices and fares, as well as damage the country's economy, hindering investment and economic growth.

The priority task of the Company is to combat corruption, which represents a serious barrier to the sustainable development of the Company - it reduces economic growth, distorts competition, undermines investor confidence, as it is associated with serious legal and reputational risks.

The activities of the compliance controller in the Company are regulated by the Regulation «On the Compliance Controller of the Joint-Stock Company «Kedentransservice», approved by the decision of the Board of Directors of the Company. The Compliance Controller ensures timely and proper consideration of all communications received through anti-corruption information channels, as well as provides timely communication and advice to Company officials and employees within its competence.

The Company has approved an Anti-Corruption Policy, which has been developed in accordance with the anti-corruption legislation of the Republic of Kazakhstan and establishes obligations for its implementation, as well as a set of measures to prevent and combat corruption in the Company.

The processes in which an employee and/or an associate expresses suspicions about the existence of committed or ongoing corruption

violations are formalized by the Company through the approval and practical application of the Confidential Information Policy in the joint-stock company «Kedentransservice», approved by the decision of the Board of Directors of the Company.

The specified Policy provides for the following risk areas and types of violations for which employees and associates can express their concerns about violations committed or being committed in the Company and improper behavior of the subject:

- Corruption
- Accounting violations
- Unequal conditions of employment and work
- Threat to health, safety and the environment
- Information leakage/destruction
- Disruption of operational activities

Consideration of appeals, applications from individuals and legal entities are subject to consideration by the Company, within the framework of the Administrative Procedural Code of the Republic of Kazakhstan.

In order to assist the Company's Board of Directors in building and effectively functioning a compliance control system, the Company has a full-time Compliance Controller unit.

The main tasks of the Compliance Controller are:

- identification of regulatory requirements and assessment of compliance risks;
- conducting training events and trainings for employees of the Company and its subsidiaries on anti-corruption legislation of the Republic of Kazakhstan, ethics and behavior;
- development and implementation of compliance procedures;
- Ensuring the proper functioning of confidential information channels;
- Conducting internal investigations, as well as developing and ensuring the adoption of corrective measures;

- conducting an audit of candidates to the management bodies and executive bodies of the Company's subsidiaries for the presence/absence of affiliation and conflict;
- coordination of purchases made using a single source method;

- Coordination of all materials submitted for consideration by the Management Board and the Board of Directors of the Company.

Results of the Company's Compliance Controller activity in 2023

GRI 205-2

01

Work has been carried out within the framework of the Action Plan to minimize corruption risks of JSC «NC «KTZ» and its subsidiaries for 2022-2023.

02

The Compliance Controller submits quarterly reports on its activities to the Company's Board of Directors for consideration.

03

In 2023, the Company's Compliance Controller conducted 11 official investigations (in 2022 - 5 official investigations).

04

Coordination of local acts – in 2023 – 21 (2022 - 15).

05

Employee training – in 2023 352 (2022 - 522).

06

The total number of purchases agreed by the Company's Compliance Controller from one source in 2023 is only 21 for a total amount of 3 031 393 598 tenge (2022 - 31 for the amount of 318 081 691,79 tenge).



Anti-corruption monitoring, analysis and assessment of corruption risks

As part of the fight against corruption, the Company's Compliance Controller evaluates corruption risks associated with the Company's activities.

In 2023, several factors were taken into account when assessing the residual risk, including the implementation of the Action Plan to Minimize Corruption Risks for 2022-2023, publications in the media and social networks, as well as acts of inspections and official investigations.

Based on the assessment, a Register and a Map of corruption risks for 2023 have been formed.

The Register includes 33 corruption risks related to procurement, personnel management, provision of services, occupational safety and health, and other areas of the Company's activities. In order to minimize the identified risks, an Action Plan has been developed, including measures to develop and update internal documents, implement control procedures, as well as undergo mandatory training and testing on anti-corruption legislation, ethics and behavior.

Formation of an anti-corruption culture

The Company's Compliance Controller conducts training seminars on anti-corruption, ethics and behavior on an ongoing basis. By the end of 2023, 352 employees were trained.

Also, the Company's Compliance Controller conducts consulting and explanatory work on anti-corruption and ethics of conduct on an ongoing basis. Consultations and clarifications are provided both in the form of written responses to requests, and orally when employees personally contact or by phone.

In 2023, the company was brought to administrative responsibility

18 times



The amount of fines for violation of customs legislation amounted to

2,8 million tenge

Compliance with laws and regulations

GRI 205-2

Compliance with laws and regulations is a key aspect of the Company's business. The Company adheres to all relevant rules and regulations related to safety, environmental standards, consumer rights, labor relations and other aspects of its activities.

In 2023, the company and its branches were brought to administrative responsibility 18 times, the amount of fines amounted to 2,8 million tenge for violations of customs legislation, derailment of

wagons due to the expansion of the track and for transporting goods without accompanying invoices (Articles 404, 283-1, 559 of the Administrative Code of the Republic of Kazakhstan), while part of violations of customs legislation (art. 16.1. The Administrative Code of the Russian Federation) is related to the provision of false information about the cargo by contractors who have been issued claims for reimbursement of expenses for the payment of fines.

Conflict of Interest Resolution Policy

GRI 2-15, 2-26, 2-27

The policy on preventing and resolving conflicts of interest between officials and employees of the Joint-Stock Company «Kedentransservice», approved by the decision of the Board of Directors of the Company, was developed in order to prevent situations where the personal interests of employees or officials may affect their professional duties and decisions. This document is an important part of the anti-corruption strategy and is aimed at protecting the Company's business reputation and the trust of all stakeholders.

The Policy is based on the principles of legality, protection of the Company's interests, transparency and accountability, objectivity, confidentiality, engagement, intolerance of conflicts of interest, personal example and personal responsibility. Each of these principles is aimed at ensuring fairness and impartiality in the performance of official duties, as well as maintaining high standards of corporate ethics.

All officials and employees of the Company are obliged to follow the provisions of this Policy, as well as comply with the requirements of the Code of Ethics and Conduct of JSC «NC «KTZ» and its subsidiaries and the Anti-Corruption Policy in the Joint Stock Company National Company Kazakhstan Temir Zholy. In the event of a conflict of interest, employees and officials should promptly

report them and take measures to resolve them.

The Policy covers a wide range of conflict of interest situations, including interaction with business partners, contractors and third parties. The Company expects all parties to establish fiduciary relationships based on honesty, integrity and loyalty, and takes comprehensive measures to prevent, identify and resolve conflicts of interest.

The Company's internal documents regulate the procedure for the creation and operation of working groups, the mechanism of interaction of structural units within the framework of conflict of interest management, as well as the responsibility of participants in the process. The Policy is subject to posting on the Company's corporate website, which ensures its accessibility to all employees and stakeholders.



Environmental responsibility

GRI 302-1, 303-5, 306-1, 306-2

The company, being a leading supplier of terminal and warehouse services and cargo transshipment services in the Republic of Kazakhstan, considers environmental protection and ensuring a high level of environmental safety at its production facilities one of the priorities. The Company is aware of the potential risks of the negative impact of its activities on the environment and strives to minimize these risks. It is important not only to provide high-quality services, but also to be responsible for the conservation of natural resources.

As part of its environmental policy, the Company strictly follows the requirements of the current legislation of the Republic of Kazakhstan, standards and rules in the field of environmental management, environmental protection and environmental safety. To improve environmental management, the Company is committed to strict compliance with the following internal regulatory documents:

- The standard "Identification of hazards and environmental aspects, their assessment and risk management in the field of industrial safety in the joint Stock Company «National Company

«Kazakhstan Temir Zholy» and its subsidiaries», approved by the decision of the Board of JSC «National Company «Kazakhstan Temir Zholy».

- Guidance on the environmental management system in JSC «National Company «Kazakhstan Temir Zholy» and its subsidiaries, approved by the decision of the Board of JSC «National Company «Kazakhstan Temir Zholy».

The purpose of the implementation and operation of these documents is to increase the level of environmental safety and ensure compliance with environmental protection requirements.

The Company's management is aware of its responsibility for the implementation of environmental policy and allocates the necessary resources to implement it. An important element of this policy is to increase the level of environmental knowledge and responsibility of each employee, as well as careful selection of suppliers and contractors who also share the principles of environmental safety.

Table 10 - Dynamics of energy consumption in 2019-2023

Type of resource	unit of measurement	2019	2020	2021	2022	2023
Electric power	thousand kWh	6 802,636	5 897,915	5 563,602	5 349,103	4 825,669
Heat energy	Gcal.	2 262,280	1 102,428	970,876	998,833	908,991
Greenhouse gases	thousand m ³	65,682	71,778	86,196	71,071	64,514
Coal	t	257,650	248,840	264,000	181,000	191,000
Diesel fuel	thousand liters	5,991	6,964	5,783	6,369	6,158
Gasoline	thousand liters	191,113	170,118	108,738	117,679	108,721
Diesel fuel	thousand liters	816,254	2 183,036	715,579	729,605	611,539
kerosene	thousand liters	19,826	29,079	29,170	29,430	27,080

Table 11 - Dynamics of water consumption in 2019-2023 by region (m³)

Branch	2019	2020	2021	2022	2023
Almaty	736,09	10 454,80	11 475,00	10 119,44	14 621,88
Karaganda	514,90	683,00	704,00	627,00	700,00
Atyrau	285,00	248,00	202,00	232,00	284,00
Uralsk	176,00	176,00	262,00	277,00	267,00
Aktobe	682,00	695,00	541,00	522,00	528,00
South Kazakhstan Region	1 439,00	4 614,00	1 440,00	1 440,00	1 440,00
Dostyk	17 567,87	1 440,00	17 924,00	16 899,00	17 860,00
Kostanay	101,00	182,00	66,00	63,00	92,00
East Kazakhstan Region	1 435,00	815,00	631,00	695,00	983,91
Astana	193,00	324,00	172,00	158,00	86,86
Pavlodar	377,00	861,00	862,00	248,00	240,00
Total	23 506,86	20 492,80	34 279,00	31 280,44	37 103,65

Action plan for energy saving and energy efficiency improvement

In 2021, the Company conducted an energy survey in accordance with the Law of the Republic of Kazakhstan dated January 13, 2012 No. 541-IV «On Energy Saving and Energy Efficiency Improvement». Based on the results of the survey, an Action Plan for energy conservation and energy efficiency improvement of the Company for 2022-2026 was developed.





Table 12 - Environmental Report

Key indicators	2023	2022	Absolute value	%
The volume of greenhouse gas emissions, thousand tons of CO2-eq	3,1	3,1	0	0
Environmental protection costs, million tenge	0,033	0,032	0,001	3
Volume of waste, thousand tons	3,7	3,8	0,1	-2,6

Emissions into the environment

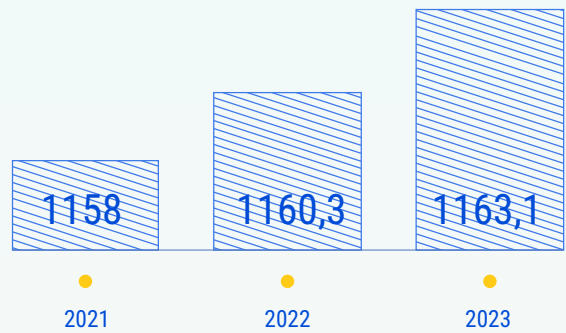
Minimizing the negative impact on the environment is achieved by the Company through the rational consumption of natural resources, consistent reduction of pollutant emissions, reduction of waste generation and their reuse.

Chart 17 – The volume of emissions of pollutants for the period from 2021 to 2023, tons



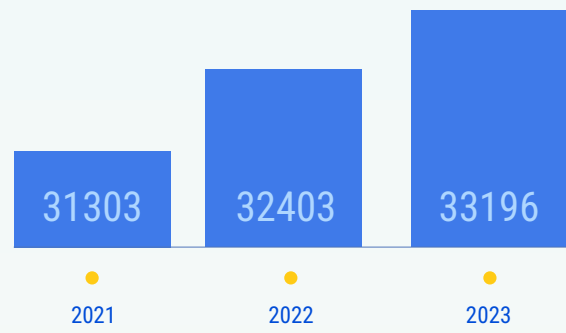
According to the Company, discharges of substances polluting the environment are not allowed.

Chart 18 – Dynamics of environmental payments made by the Company for the period from 2021 to 2023, thousand tenge



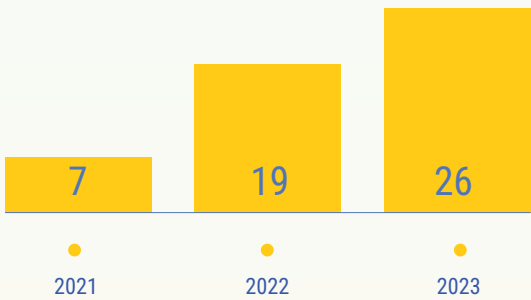
There were no punitive economic sanctions for environmental violations in the period from 2021 to 2023 for the Company.

Chart 19 - Dynamics of environmental protection costs for the period from 2021 to 2023, thousand tenge



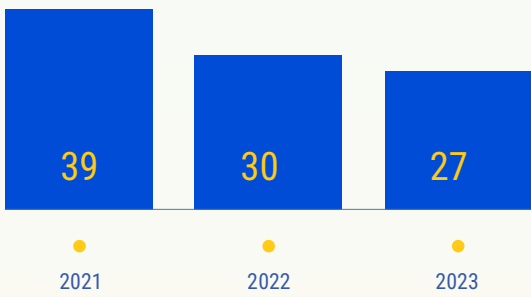
In the reporting year, 26 employees were trained in environmental safety and environmental protection.

Chart 20 – Number of trained environmental safety staff (people)



Based on the inspection reports of the Inspection for the Safety of production Processes of JSC «NC «KTZ», the Company was instructed to allocate staff units for ecologists with training in the field of environmental safety.

Chart 21 – The number of detected and eliminated violations in the field of environmental protection



The number of violations decreased in 2023 as a result of the appearance of a specialist in the field of environmental safety and training for environmentalists.



Table 13 - Dynamics of direct greenhouse gas emissions by type

	2022	2023	Changes 2023/2022, %
CO2, thousand tons	3,1	3,1	0
CH4, tons	18,2	16,9	-7
N2O, tons	34,8	36,2	4

Table 14 - SO2, NOx emissions from stationary sources in 2023, tons

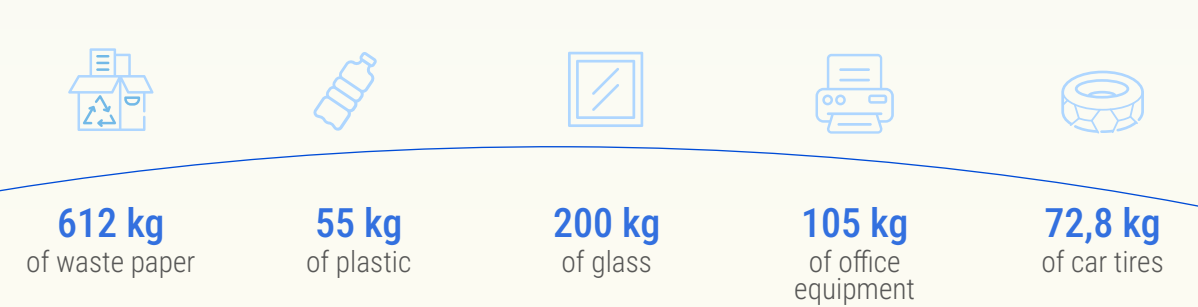
Emissions of pollutants	Volume
NOx	0,219
SO2	1,75
Solid particles	5,68
CO	5.39
Volatile organic compounds (VOCs)	0
Dangerous Air pollutants (CVS)	0
Persistent organic pollutants (pops)	0
TOTAL	7,6

As part of the campaign for the reuse of waste fractions, the Company's Branches have concluded 13 contracts for the sale of reusable waste fractions (paper, plastic, glass, batteries, tires).

According to the action «Hand over the battery – save the hedgehog», 15,1 kg of batteries were transferred to specialized organizations.

Also in the reporting year, in order to improve the environmental situation and improve the territory, an environmental campaign «Plant a tree - reduce the carbon footprint» was held. A total of 251 trees were planted.

Transferred to third-party organizations:



Social responsibility

GRI 2-7, 2-13

The company follows the principles of social responsibility and strives to create the most favorable conditions for the life and work of its employees, providing them with a full social package and the opportunity to study and improve professional skills.

In addition, the Company is guided by the following basic principles in its relations with employees:

- development and implementation of effective methods of material and moral incentives for employees to achieve the goals set for the Company;
- guarantee of favorable and safe working conditions for employees and implementation of social and medical support for employees within the framework of a collective agreement;
- adaptation of new employees in the workplace, as well as their professional development, providing all employees with equal opportunities for training and professional development, as well as professional and career growth.
- providing equal rights and opportunities to every employee, regardless of position, nationality, gender, age, religious beliefs and life values.

The purpose of the Company's HR policy is to ensure the Company's need for qualified personnel and the effective development of human resources.

The basis of the Company's personnel policy is the understanding that personnel is the main resource determining the effectiveness of the processes for achieving the Company's strategic goals.

The Human Resources Management Department of the Company is a structural unit responsible for the effective use and development of human resources, as well as the formation of social responsibility of the Company.

The structural unit responsible for the management of occupational safety and health, ecology, fire safety, industrial, electrical safety in the Company is the Department of Technical Policy and Industrial Safety.

In accordance with the established corporate governance practice, these structural divisions regularly inform the Company's top management about plans and results of activities in the social sphere and environmental protection in accordance with the established procedure.

Company Staff

GRI 2-7



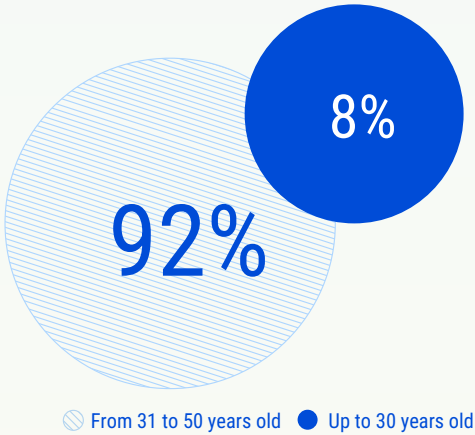
The list number at the end of 2023 was 1,725 people (2022 – 1 715 people). Taking into account the specifics of the Company's activities, the gender structure of the staff is represented by the main proportion of men, 80% of the total number. The proportion of women in 2023 was 20%.

Table 15 - The list number, broken down by gender in the period from 2022 to 2023, people

	2022	2023
Total, including:	1 715	1 725
Women	355	330
Men	1 360	1 395

Table 16 - The list number, broken down by category in the period from 2022 to 2023, people

	2022	2023
Total, including:	1 715	1 725
Administrative and managerial staff	515	518
Production staff	1 200	1 207



The main age group in the Company is employees from 31 to 50 years old. The proportion of young professionals under the age of 30 is a minority – 8% of the total number of staff.

Table 17 - The list number, broken down by age categories in the period from 2022 to 2023, people

	2022	2023
Total, including:	1 715	1 725
Up to 30 years old	213	140
old 31-50 years old	1 115	1 165
From 50 years old	387	420

The number of employees with whom employment relations were terminated during the reporting period amounted to

484 people



Chart 22 – Employees who left the Company by gender in 2023, %

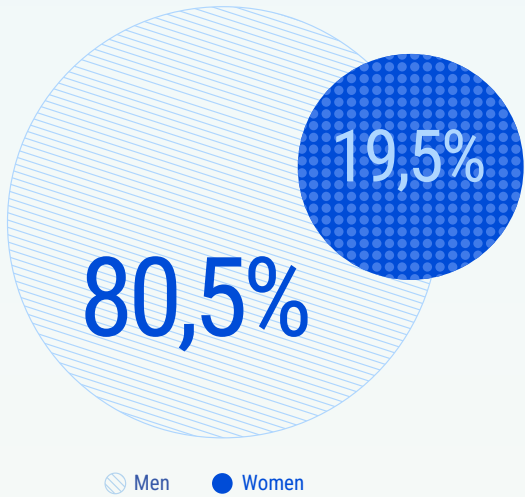


Chart 23 – The number of employees hired by the Company in 2023, by gender, people



Table 18 - Staff turnover in the period from 2022 to 2023, %

	2022	2023
Ratio	23,3%	28%

Note: the turnover coefficient takes into account the number of all dismissed (at the initiative of the employee, retirement age, at the initiative of the employer, death, etc.) from the list number.

In 2023, the total number of employees employed amounted to

494 people,

among them with higher education – 60 people, with technical /professional – 434 people.

The Company does not practice hiring freelance employees under civil law contracts and delegating their functions to such an employee.

Equal opportunities

The Company ensures equal access to employment and professional development opportunities for its employees, regardless of gender, age, nationality, disability and other characteristics.

Every employee has equal opportunities to improve their skills and training in order to develop their potential and gain new knowledge and skills.

There are no differences in the Company's base salary and remuneration system depending on gender differences. Wages are determined in accordance with the position, men and women in the same position receive the same salary and other payments in accordance with the rules of remuneration in the Company.



Employment of people with disabilities

The company provides jobs for people with disabilities. In total, 24 people are employed in the Company, of them by disability group: group 2 – 3 people, group 3 – 21 people.

The Company employs

24 people
with disabilities

Financial motivation

The issue of financial motivation of employees is of great importance for the Company, which is one of the key factors in maintaining social stability, improving living standards and strengthening their socio-economic situation.

Since 2021, a number of measures have been implemented to improve the financial motivation of employees, including:

- On January 1, 2021, the wages of production and support personnel were indexed by 10%;
- On August 1, 2021, the salary indexation of the administrative, production and support staff of the Company's branches in the amount of 10 was carried out once again%;
- On January 1, 2022, a differentiated salary increase was carried out (from 20 000 to 40 000 tenge);
- On February 1, 2023, wages for production and support personnel were indexed by 5%;
- On March 1, 2023, wage indexation was carried out on the graded wage system - by 10% for production workers and by 15% for support staff;

- Bonuses were paid to the Company's employees based on the results of 2021;
- one-time bonuses were paid to the Company's employees for the professional and public holidays Nauryz Meiramy, Independence Day of the Republic of Kazakhstan, Republic of Kazakhstan Day, Transport Workers Day;
- Bonuses were paid to the Company's employees based on the results of evaluating the activities of employees on the graded wage system;
- Starting from the 4th quarter of 2023, a bonus is paid to employees of production personnel using the labor participation coefficient (LPC).

As a result of the activities carried out, wage growth has been ensured.

Table 19 - Dynamics of changes in the indicators of the average monthly salary in the Company for 2021-2023

Type of activity	The fact for 2021 average.s/p, tenge per month	The fact for 2022 average.s/p, tenge per month	The fact for 2023 average.s/p, tenge per month
transportation	186 999	240 195	286 955
Administrative expenses.	451 257	532 064	663 389
IPA	359 408	415 445	335 736
Total:	294 823	356 823	399 615

Additional social guarantees

GRI 2-30

The main social guarantees provided to the Company's employees are fixed in the Collective Agreement and include:

- compulsory and collective voluntary medical insurance, which allows employees of the Company to receive medical care in medical institutions within the insured amount;
- life insurance for workers in the danger zone;
- organization of summer holidays for children;
- payment of financial assistance at birth, adoption/adoption of a child, in the amount of 2 minimum wage for the corresponding financial year, at the birth of 2 or more children from an employee – in the amount of 3 minimum wage for each child.
- payment of financial assistance to employees in connection with the death of the employee himself, spouse, parents, children, brothers (full-born), sisters (full-born), adopted children, adoptive parents, parents of spouse, employee, in the amount of 50 MW.
- payment of a one-time incentive for employees, in connection with the onset of anniversaries: 50-55-60 years, in the amount of a monthly tariff rate (salary).
- conducting children's matinees at the rate of at least 50 percent of the MW per child.
- purchase of New Year's gifts for children of employees up to and including the age of ten, worth at least 1 MW.
- the preservation of the donor workers' place of work (position) and the average monthly salary on the days of examination and blood donation for transfusion.
- providing women with children under the age of one and a half years, fathers (adoptive parents, adoptive parents) with additional paid breaks for feeding a child lasting at least thirty minutes every 3 hours of work.

The Company is aware that in modern business conditions, human resources and the way they are managed are becoming an increasingly important element in ensuring the competitiveness of enterprises compared to other traditional sources of success.

Human resources are the main productive force of the Company. In this regard, the Company pays great attention to ensuring stability, creating a healthy socio-psychological climate in the team, timely consideration of problematic issues, prevention and regulation of labor disputes and conflicts.

According to the Rules of Social Assistance in the Company, approved by Order No. 463-P dated December 13, 2021, and as part of the implementation of social policy in 2023, the Company paid additional benefits, services and social benefits to employees, including:

- financial assistance in case of death of employees and their close relatives in the amount of 11 902,50 thousand tenge;
- financial assistance in connection with the birth of a child, registration of marriage – 17 001,00 thousand tenge;
- financial assistance in case of termination of an employment contract upon reaching retirement age – 9 828,00 thousand tenge;
- additional payment in case of loss of income when going on maternity leave – 1 680,7 thousand tenge;
- organization of summer holidays for children;
- rest of employees in sanatoriums on preferential vouchers;
- Sports programs and initiatives, including the opportunity to practice various sports.



Personnel assessment

In 2023,
404 employees
were evaluated

In 2023, 404 employees of the Company were evaluated, including 217 men and 187 women.

Staff development

GRI 2-17

Development In the Company, in order to acquire new knowledge and skills, more effectively achieve the Company's goals, great importance is paid to the professional development of personnel.

Thus, in 2023, the personnel development program covered 1 725 employees of the Company, of which: 32 employees of the administrative and managerial staff took advanced training courses within the framework of business processes,

1 693 employees of the production staff underwent mandatory training in occupational safety and health.

In 2023, the Company's management decided to postpone the training procedure for members of the Company's Board of Directors until the completion of the self-assessment procedure of the Board of Directors.

Social stability

The Social Interaction and Communication Center of JSC «Samruk-Kazyna» conducted a study on the Social Stability Index within the group of companies of JSC «NC «Kazakhstan Temir Zholy» including the Company.

In 2023, the Company's Social Stability Index was 68%, marking a decline compared to 2022, when it was 77%.

The decrease in the index is linked to employees' dissatisfaction with their material compensation.

Based on the study's results, the Company is taking measures in areas requiring improvement, as outlined in action plans to enhance the level of social stability and employee engagement for the upcoming year.

In 2024, the Company will focus on ensuring comfortable and safe working conditions, introducing motivation tools, and maintaining healthy and constructive relationships in work teams to improve social stability and employee engagement.



CORPORATE GOVERNANCE REPORT

GRI 2-9

ONE OF THE STRATEGIC DIRECTIONS
OF THE COMPANY'S ACTIVITIES IS
TO IMPROVE THE EFFICIENCY OF
CORPORATE GOVERNANCE.

The Company operates on the premise that effective corporate governance is a fundamental condition for sustainable capitalization growth, reducing the likelihood of corporate conflicts, increasing the Company's attractiveness to investors, and positively impacting its image.



THE CORPORATE GOVERNANCE SYSTEM

The main principles and objectives of corporate governance in the Company

The goal of corporate governance is to ensure the effective operation of the Company, increase the value of its shareholders' equity, and protect shareholders' rights and interests.

The Company strives to balance the interests of shareholders, Company management, and stakeholders. The corporate governance system of the Company includes interaction across several levels of the corporate hierarchy:

The Sole Shareholder

The Board of Directors and its committees

The Executive Body of the Company – the Management Board

2. The principles of effective governance by the Board of Directors and the Executive Body

1. The principle of protecting shareholders' rights and interests

9. The principle of responsibility

3. The principles of transparency and objectivity of information regarding the Company's activities

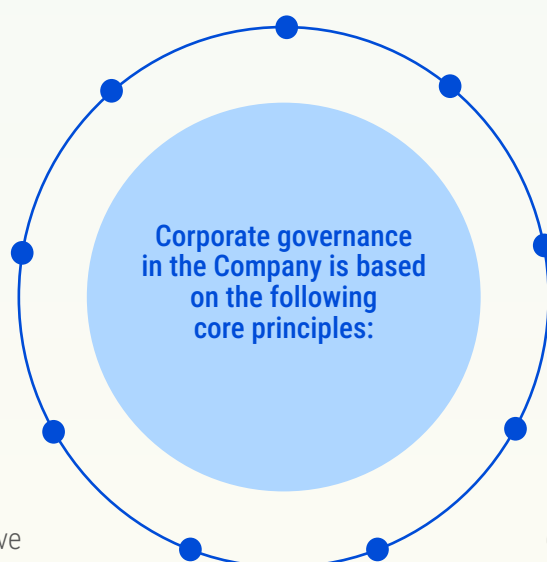
8. The policy for regulating corporate conflicts

4. The principle of legality and ethics

7. The principle of environmental protection

5. The principle of an effective dividend policy

6. The principle of an effective human resources policy



Share capital structure

As of December 31, 2023, 1 person was registered in the register of shareholders of the Company – JSC «NC «KTZ» (100%).

The rights and obligations of the Company's shareholder are defined in the Company's Articles of Association and the Company's Corporate Governance Code.

Dividends

The Company's dividend policy is based on the following principles:

- In the presence of net profit, the Company annually allocates part of this profit for the payment of dividends, using the remaining profit primarily to implement the Company's investment program and repay the Company's financial obligations due in the next period;
- Maintaining a balance between the interests of the Company and its shareholders;
- Striving to increase the Company's capitalization and its investment attractiveness;
- Adhering to the rights of shareholders as provided by the legislation of the Republic of Kazakhstan and best corporate governance practices;
- Ensuring transparency in procedures for determining and paying dividends.

- Dividends are paid within the period specified in the Company's Dividend Policy, which is no later than 90 calendar days from the date the General Meeting of Shareholders resolves to pay them.

The recommended amount of dividends to the General Meeting of Shareholders is determined by the Board of Directors based on the Company's financial results. The target level of the share of the Company's consolidated net profit (excluding income from the revaluation of financial investments) to be paid as dividends is set at no less than 50% and no more than 70% of the Company's consolidated net profit, depending on the financial and operational plans of the Company and the recommendations of the Board of Directors.

In 2023, the Company declared and paid dividends to the Sole Shareholder for 2022 in the total amount of 13 501 680 thousand tenge (2022: 2 723 014 thousand tenge).



In 2023, the Company paid dividends to the Sole Shareholder (thousand tenge)

13 501 680



The main documents ensuring compliance with the rights of shareholders:

01	The Charter of JSC «Kedentransservice»	06	Regulations on the HR, Remuneration, and Social Affairs Committee
02	The Corporate Governance Code	07	Regulations on Information Disclosure of JSC «Kedentransservice»
03	Regulations on the Board of Directors of JSC «Kedentransservice»	08	Policy on Prevention and Settlement of Conflicts of Interest for Officials and Employees of JSC «Kedentransservice»
04	Regulations on the Audit Committee	09	Regulations on the Preparation and Submission of Materials for Meetings of the Board of Directors of JSC «Kedentransservice»
05	Regulations on the Strategic Planning Committee	10	Regulations on the Dividend Policy of JSC «Kedentransservice»

THE BOARD OF DIRECTORS

GRI 2-11, 2-12, 2-14

The formation of the Board of Directors, including the election of independent members, the payment of remuneration, and the reimbursement of expenses to the members of the Board of Directors, is carried out based on the Rules for the Formation of Boards of Directors/Supervisory Boards and the Payment of Remuneration and Reimbursement of Expenses to Members of Boards of Directors/Supervisory Boards of Subsidiaries of JSC «NC «KTZ» approved by the Board of Directors of JSC «NC «KTZ»

The process of electing members of the Board of Directors and the Chairperson of the Board of Directors is carried out in accordance with the procedure established by the Law of the Republic of Kazakhstan «On Joint-Stock Companies» the Corporate Governance Code, and the Company's Charter.

When selecting independent directors, the Sole Shareholder and the Company are guided by the requirements of the legislation of the Republic of Kazakhstan, the Corporate Governance Code, the Company's Charter, and the internal acts of the Sole Shareholder, which define the procedure for searching and selecting candidates for the position of independent directors on a competitive basis.

The Board of Directors is responsible for the strategic management of the Company and its long-term sustainable development. The Board of Directors defines the vision, mission, strategic goals, and key performance indicators of the Company.

The competence of the Board of Directors is outlined in the Company's Charter and is clearly separated from the competence of the executive bodies, which are responsible for managing the day-to-day operations of the Company.

One of the most important functions of the Board of Directors is the formation of an effective executive body and oversight of its activities. The Board of Directors exercises effective control over the activities of the executive bodies by regularly monitoring the achievement of strategic goals and the implementation of business plans. The Board of Directors is responsible for electing members of the executive body, terminating their powers, determining their salaries, working conditions, and bonuses.

The Board of Directors approves policies in the areas of internal control and risk management and ensures the functioning of risk management and internal control systems. In defining risk management policies, the Board of Directors seeks to achieve a reasonable balance between the Company's risks and returns. The Board of Directors is also responsible for improving the system and practice of corporate governance in the Company and approves plans for enhancing corporate governance.

Additionally, the Board of Directors bears responsibility for the Company's corporate social responsibility, the formation of its corporate culture, and business ethics. The Board of Directors monitors and, where possible, eliminates potential conflicts of interest at the level of officials and shareholders, including the misuse of the Company's assets and abuses in transactions where there is a vested interest. It also oversees the effectiveness of corporate governance practices in the Company.



Remuneration of members of the Board of Directors

GRI 2-19, 2-20, 2-21

In accordance with the Regulations on the Board of Directors, approved by the Management Board of JSC «NC «KTZ» and the Corporate Governance Code, members of the Company's Board of Directors may receive remuneration and/or reimbursement for expenses related to the performance of their duties. The amounts and procedures for remuneration and reimbursements for independent and other

directors are determined by the decision of the Sole Shareholder. The terms of remuneration are specified in the contracts concluded with the members of the Board of Directors. In this regard, if the Chairperson of the Management Board is elected to the Board of Directors, they do not receive remuneration for their work in this body.

The process of evaluating the activities of the Board of Directors

GRI 2-18

The process of evaluating the performance of the Company's Board of Directors is governed by the Regulations on the Board of Directors, approved by the Management Board of JSC «NC «KTZ» The evaluation is conducted annually and covers both the activities of the Board of Directors itself, its committees, and each individual Board member.

Initiation of the evaluation process:

The process begins with the decision to conduct the evaluation, which is approved at a Board of Directors meeting. The Chairperson of the Board of Directors is responsible for organizing and overseeing the evaluation, as well as selecting the approach and methodology that align with the Regulations on the Board of Directors and the Company's internal documents.

Methodology and evaluation criteria:

The Regulations on the Board of Directors establish the criteria and indicators for conducting the evaluation. These criteria should allow for an assessment of the contribution of the Board of Directors and each of its members to the long-term value growth and sustainable development of the Company. The main criteria include regularity, comprehensiveness, continuity, realism, and confidentiality.

Conducting the evaluation:

The annual evaluation can be conducted internally by the Company or, at least once every three years, with the involvement of an independent professional organization to ensure objectivity and thoroughness. The evaluation covers all aspects of the Board's activities, including the work of its committees and the effectiveness of each member's participation.

Discussion of results:

After the evaluation is completed, the results are discussed at a Board of Directors meeting. If shortcomings or areas requiring improvement are identified, the Chairperson of the Board of Directors initiates the development of an Action Plan for improvement, which must be implemented in the following period. The evaluation results may also serve as the basis for revising the composition of the Board of Directors or changing the remuneration of its members.

Actions based on the evaluation results:

In case of significant deficiencies in the performance of individual Board members, the Chairperson consults with the Company's Sole Shareholder. The Sole Shareholder may, in turn, initiate its own evaluation, either independently or with the involvement of an independent consultant. Based on the results of the evaluation, decisions may be made to terminate the powers of certain members and elect new Board members.

Thus, the performance evaluation process of the Board of Directors, regulated by the Regulations on the Board of Directors, is an important management and development tool aimed at enhancing the

effectiveness of the governing body and ensuring the long-term sustainable development of the Company.

The procedure for forming the composition of the Board of Director

GRI 2-10

According to the Regulations on the Board of Directors of the Company dated October 11, 2022, only an individual who meets the established requirements for members of the Board of Directors can be a member of the Board. The Board of Directors consists of the Chairperson and members elected by the Sole Shareholder. Members of the Management Board, except for the Chairperson of the Management Board, are not eligible to be elected to the Board of Directors, and the Chairperson of the Management Board cannot serve as the Chairperson of the Board of Directors.

The election and appointment of members of the Board of Directors are carried out by the Sole Shareholder, and no person may participate in decisions concerning their own appointment, election, or re-election. When re-electing or terminating the powers of individual members or the entire Board, the criteria defined by the Rules for the Formation of Boards of Directors and

Supervisory Boards, as well as the provisions on the payment of remuneration and reimbursement of expenses approved by the Sole Shareholder, are taken into account. The Chairperson of the Board of Directors, on behalf of the Company, enters into contracts with independent and other directors in the prescribed form.

The Board of Directors approves induction programs for new members and professional development programs for each Board member, while the Corporate Secretary ensures their implementation. New members of the Board are introduced to their rights and obligations, key aspects of the Company's activities, and documents, including issues related to the highest risks. To ensure the continuity of activities and renewal of the Board's composition, the Company develops and approves succession plans, which are endorsed by the Board of Directors itself.

Composition of the Board of Directors as of December 31, 2023:

Koishibaev Erlan Khamardinovich

Dair Adilbekovich Kusherov

Smolina Alexandra Alexandrovna

Mukhamedrakhimova Aigerim Shakhtybaevna

Urazbekov Marat Zhanabergenovich –

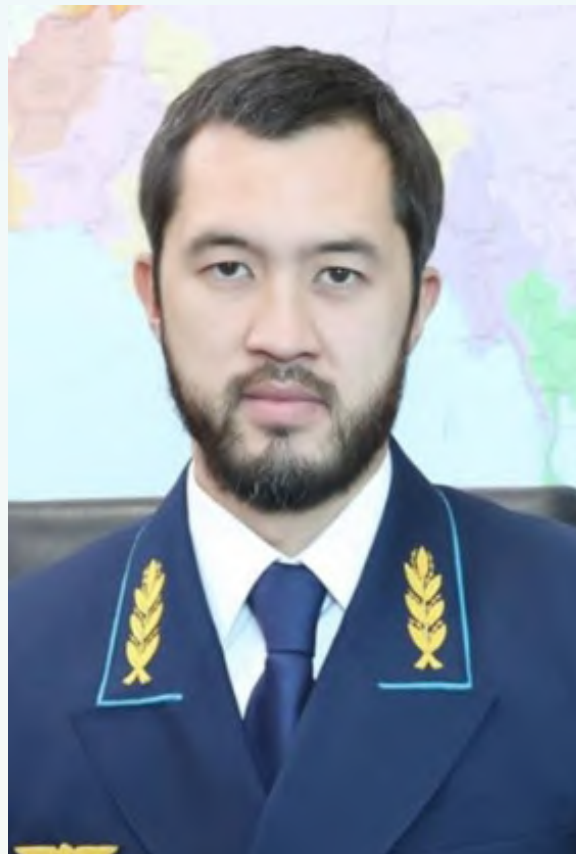
Independent Director

Akhanzaripov Nurlan Zamanbekovich –

Independent Director

Note:

During the reporting period, the powers of Board member A.M. Kassymbek were terminated early (Board decision of JSC «NC «KTZ» dated April 27, 2023), as well as the powers of Board member A.A. Argingazin (Board decision of JSC «NC «KTZ» dated July 24, 2023).



KOISHIBAEV Eran Khamardinovich

Member of the Board of Directors
Chairman of the Board of Directors

He has been a member of the Board of Directors since 2021

Year of birth: 1985

Citizenship: The Republic of Kazakhstan

Education:

American University in Dubai, Bachelor of Finance and Banking

Kazakh Academy of Transport and Communications, Master's in Logistics

Russian Academy of National Economy and Public Administration under the President of the Russian Federation, Master of Business Administration

Work experience:

He began his career in 2007 as an assistant to the Minister of Finance of the Republic of Kazakhstan.

From 2010 to 2011, he served as the Director of the Department of Investment Projects at «Samruk-Kazyna Invest» LLP.

From 2011 to 2013, he was the Vice President of the National Center for Transport Logistics Development JSC.

From 2013 to 2018, he held leadership positions in subsidiaries of JSC «NC «Kazakhstan Temir Zholy»: President of «Center for Transport Services» JSC and Vice President for Logistics at «KTZ Express» JSC.

From 2018 to 2019, he served as the Deputy Chairman of the Board of «Kazakhstan Institute for the Development of Industry» JSC.

From 2019 to April 2021, he was the Deputy Akim (Mayor) of Kostanay Region.

From May 2021 to the present, he has been the Deputy Chairman of the Board for Logistics and Managing Director for Logistics at JSC «NC «Kazakhstan Temir Zholy».



KUSEROV Dair Adilbekovich

Member of the Board of Directors

He has been a member of the Board of Directors since 2019.

Committee Membership: Audit Committee

Year of birth: 1977

Citizenship: The Republic of Kazakhstan

Education:

University of Indiana, USA, Bachelor of Finance.

Kazakh State Academy of Management with a degree in International Economics.

Work experience:

From 1998 to 2000 - Deputy Chief Accountant, Director of the Internal Audit Department at «Ak-niyet» CJSC.

From 2000 to 2005, he held positions such as Deputy Chief Accountant, Risk Manager, Head of Department, Portfolio Manager, Chief Portfolio Manager at «ABN AMRO Asset Management» JSC.

From 2005 to 2006 - Deputy Director, Director of the Corporate Finance Department at «Intergaz Central Asia» JSC.

From 2006 to 2008 - Director of the Corporate Finance Department at «KazTransGas» JSC.

From 2008 to 2012 - Chief Financial Officer at «KazTransOil» JSC, Managing Director for Economics and Finance at «KazTransGas» JSC.

From 2012 to 2018 - Deputy General Director for Economics and Finance at «KazTransGas» JSC.

From December 2018 to the present - Deputy Chairman of the Board for Finance, Managing Director for Finance at «NC Kazakhstan Temir Zholy» JSC.



SMOLINA Alexandra Alexandrovna

Member of the Board of Directors

She has been a member of the Board of Directors since June 2022.

Year of birth: 1986

Citizenship: The Republic of Kazakhstan

Education:

Kazakh Humanitarian Law University, Bachelor of International Law.

Kazakhstan-British Technical University, Master of Business Administration (MBA) in Strategic Management in the International Oil and Gas Corporation.

Russian State University of Oil and Gas named after I.M. Gubkin, Master of Business Administration (MBA) in Strategic Management of International Oil and Gas Corporations.

Work experience:

From 2008 to March 2019, she held positions such as Senior Lawyer, Senior Counsel, Director of the Department of International Contracts, and Director of the Department of Legal Support for Major Oil and Gas Projects at «NC KazMunayGas» JSC.

From April 2019 to May 2020, she served as Executive Director, Director of the Legal Department, and Member of the Board at «Passazhirskie Perevozki» JSC.

From June 2020 to April 2022, she held the position of Director of the Department of International Contracts and Deputy Director of the Department of Legal Support at «NC Kazakhstan Temir Zholy» JSC.

Since April 2022, she has held the position of Head of the Legal Service and Director of the Department of Legal Support at «NC Kazakhstan Temir Zholy» JSC.



ARGINGAZIN Arman Anuarbekovich

Member of the Board of Directors, Independent Director

He has been a member of the Board of Directors since July 24, 2023.

Year of birth: 1965

Citizenship: The Republic of Kazakhstan

Education:

Semipalatinsk State University named after Shakarim, specialties «Accountant-economist», «Accounting»;

KIMEP University, MBA;

Satbayev University, specialty «Geophysics».

Work experience:

Held leadership positions in the oil and gas sector and was a member of the Governing Board of the Kazakhstan Taxpayers Association «KTA», the Expert Council of the «KAZENERGY» Association, and the Association of Independent Directors of the Russian Federation (AID RF). Also served as an Independent Director and Board Member of companies such as JSC «SB AlfaBank Kazakhstan», JSC «National Kazakhstan Engineering», JSC «High Technology Fund Ariket», and JSC «Engineering and Technology Transfer Center».

Currently, he is an Independent Board Member of JSC «KEGOC» and JSC «AstanaGas KMG».



URAZBEKOV Marat Zhanabergenovich

Member of the Board of Directors,
Independent Director

He has been a member of the Board of Directors since December 9, 2021.

Year of birth: 1960

Citizenship: The Republic of Kazakhstan

Education:

Almaty Institute of Railway Transport Engineers, majoring in Electromechanical Engineering.

Academy of Public Administration under the President of the Republic of Kazakhstan, majoring in Public and Municipal Administration.

Work experience:

He began his career in 1986 as a master, senior master, chief technologist, and chief engineer at the locomotive depot in Arystan.

From 1994 to 2008, he worked in managerial positions at the Ministry of Transport and Communications of the Republic of Kazakhstan and also held the positions of Chairman of the Board of Directors at «Yrysty AEVRZ» JSC (Almaty) and «Center for Transport Services» JSC.

From 2008 to 2016, he was the Director of Transport Asset Management at «Samruk-Kazyna» JSC. During the same period, he served as a member of the Board of Directors at JSC «NC «Kazakhstan Temir Zholy», «Air Astana» JSC, Chairman of the Board of Directors at «Aktobe» and «Atyrau» airports, and «Qazaq Air» JSC.

From 2017 to the present, he has been the Deputy General Director of «LRT Construction Directorate» LLP.



MUKHAMEDRAKHIMOVA Aigerim Shaktybayevna

Member of the Board of Directors

He has been a member of the Board of Directors since April 27, 2023.

Year of birth: 1982

Citizenship: The Republic of Kazakhstan

Education:

Taraz Regional University named after M.Kh.Dulaty;

Kazakh Humanitarian Institute named after D.A. Kunayev.

Work experience:

Aigerim Shaktybayevna began her career at JSC «NC «KTZ» in 2005 as a Chief Specialist in the Marketing Department of the Corporate Development Division. Over the years, she has held the positions of Head of the Division and Department in the Marketing and Logistics Department of JSC «NC «KTZ».

Currently, she holds the position of Director of the Marketing and Transit Policy Department at JSC «NC «KTZ».



In 2023, the Board of Directors held 12 meetings, 10 in-person and 2 in absentia (corporate governance – 17, transactions – 4, development plan, budget and performance – 6, HR policy and staffing issues – 6, activities of services accountable to the Board of Directors – 4, standard reports (including financial) – 9, risk management – 7, other issues – 10), during which 63 issues were considered.

In total, in 2023, the Board of Directors held

12 meetings,
63 issues
were considered

Key issues considered by the Board of Directors in 2023:

As part of fulfilling its main functions and tasks in 2023, the Board of Directors approved the following:

- The Risk Register and Risk Map, the risk response plan, key risk indicators, and risk tolerance levels for 2023;
- The list of documents regulating the internal activities of the Company;
- The list of especially important issues within the competence of the Company's Board of Directors;
- The Company's Development Plan for 2024–2028;
- The organizational structure and staff size of the Company's central office;
- The Company's Annual Report for 2022;
- Job descriptions of the Chairman and members of the Company's Management Board;
- The Company's Development Strategy up to 2032;
- Elected the senior independent director of the Company's Board of Directors, members of the Management Board, and formed the composition of committees;
- Reviewed the report on the activities of the Company's Board of Directors for 2022;
- Gave preliminary approval for the Company's participation in the establishment of a legal entity in Xi'an, People's Republic of China, and the investment program for the joint venture;

- Reviewed quarterly reports on the implementation of the Company's Budget and the realization of investment projects;
- In accordance with the legislative acts of the Republic of Kazakhstan, preliminarily approved the Company's annual financial statements;
- Paid special attention to risk management and internal control issues: quarterly review and approval of reports; approved the Company's Risk Management and Internal Control Policy;
- Made the decision to close the Company's representative offices in the Republic of Belarus, the Republic of Uzbekistan, and the Xinjiang Uyghur Autonomous Region of the People's Republic of China.

Planning and Finance Committee

The competence of the Planning and Finance Committee includes the most significant planning issues, issues related to financial stability and issues in the field of investment strategy and asset management.

In 2023, the members of the Committee:

1. **Urazbekov Marat Zhanabergenovich** – Chairman of the Committee;
2. **Argingazin Arman Anuarbekovich**.
3. **Mukhamedrakhimova Aigerim Shakhtybaevna**.

In 2023, 7 meetings of the Company's Finance Committee were held, during which 16 issues were considered and corresponding recommendations were provided:

7 meetings
on 16 issues

- The report on the execution of the Company's Budget for 2022 and the quarters of 2023 was reviewed;
- The report on the implementation of the Company's investment projects for 2022 and the quarters of 2023 was reviewed;
- The report on transactions in which the Company has an interest for 2022 was preliminarily reviewed;
- The Company's positions as a shareholder in its subsidiary were preliminarily determined for subsequent voting at the general shareholders' meeting;
- The issue of closing the Company's representative offices in the Republic of Belarus, the Republic of Uzbekistan, and the Xinjiang Uyghur Autonomous Region of the People's Republic of China was preliminarily considered;
- The main parameters of the Company's treasury portfolio were reviewed and recommended for approval;
- The Company's Development Strategy until 2032 was preliminarily reviewed;
- The Company's Development Plan for 2024–2028 was preliminarily reviewed.

Audit Committee

The competence of the Audit Committee includes issues in the field of financial reporting, external audit, risk management and internal control, corporate governance, internal audit, as well as compliance functions.

In 2023, the members of the Committee:

1. **Argingazin Arman Anuarbekovich** – Chairman of the Committee;
2. **Urazbekov Marat Zhanabergenovich**
3. **Dair Adilbekovich Kusherov**.

In 2023, 4 meetings of the Audit Committee (AC) were held, during which 16 issues were considered and corresponding recommendations provided:

4 meetings
on 16 issues

- Review of the Risk Register and Risk Map, the risk response plan, key risk indicators, and the Company's risk tolerance levels for 2023 and 2024;
- Review of the Company's annual (consolidated and standalone) financial statements for the year ended December 31, 2022, and the distribution of net income for the reporting period;
- Preliminary review of the Corporate Governance Improvement Plan for 2023–2024;
- Review of the Company's Risk Management and Internal Control Policy;

- Review of the Company's risk reports for 2022 and the quarters of 2023;
- Preliminary review and approval of the Company Compliance Officer's quarterly activity reports, the Compliance Officer's work plan, the preliminary assessment results of the Compliance Officer's performance, and the performance evaluation sheet of the Compliance Officer.

Committee on Human Resources, Remuneration, and Social Issues

The Committee on Human Resources, Remuneration, and Social Issues considers matters related to HR policy, appointments, performance evaluations, remuneration, corporate social responsibility, and corporate governance.

In 2023, the Committee members were:

1. **Urazbekov Marat Zhanabergenovich** – Chairman of the Committee;
2. **Argingazin Arman Anuarbekovich;**
3. **Mukhamedrakhimova Aigerim Shakhtybaevna.**

In 2023, 5 meetings of the Committee were held, during which 13 issues were considered and corresponding recommendations provided:

**5 meetings
on 13 issues**

- Review of the job descriptions for the Chairman and members of the Company's Management Board;
- Review of the motivational key performance indicator (KPI) maps for the Company's senior management for 2023;
- Discussion of the key findings from the self-assessment of the Company's Board of Directors' performance for 2022;
- Review of the maximum short-term remuneration, KPI maps with actual values and overall performance results for the Company's senior management for 2022, and the amount of short-term remuneration for senior management for 2022;
- Early termination of powers and election of members of the Supervisory Board of LLP «Kazakhstan Transport Holding»;
- Provision of recommendations on the appointment of the General Director of LLP «Kazakhstan Transport Holding», defining the term of office, salary, and conditions for remuneration and bonuses.



THE MANAGEMENT BOARD

GRI 2-11, 2-12, 2-14

The Management Board is the executive body of the Company, playing a key role in its management by ensuring:

- Achievement of the strategic goals and objectives set by the Company's Board of Directors;
- Implementation of long-term plans and programs for the Company's activities;
- Execution of decisions made by the Board of Directors and the General Meeting of Shareholders;
- Creation and maintenance of an effective risk management and internal control system;

- Personnel management, employee motivation, and long-term human resource planning;
- Management of the Company's branches and subsidiaries.
- The Management Board is led by the General Director of the Company, who also serves as the Chairman of the Management Board.

As of the period from January to December 2023, the Company's Management Board consists of 6 members.

The procedure for forming the Management Board of Directors

GRI 2-10

According to the Regulation «On the Board of the Joint-Stock Company «Kedentransservice», the term of office of the Board is three years. The Chairman and members of the Management Board are elected for a term of up to three years, while the terms of office of the members of the Management Board, with the exception of the Chairman (CEO), coincide with the term of office of the Management Board as a whole. The number of Board members should not be less than three.

Both representatives of the Sole Shareholder and employees of the Company can be members of the Management Board. When electing candidates for the positions of members of the Management Board, the Board of Directors follows the provisions of internal documents defining the qualification requirements and the election procedure. In accordance with the established procedure, the Board of Directors may also terminate the powers of the members of the Management Board. Proposals on candidates for the positions of members of the Management Board are submitted to the relevant

committees of the Board of Directors by the Chairman of the Management Board (CEO). In case of repeated rejection of the candidate proposed by the Chairman, the right to make a proposal for this candidate passes to the Board of Directors.

The appointment of members of the Management Board is carried out on the basis of transparent and clearly defined procedures established by the Board of Directors. The determination of the quantitative composition, terms of office, election and early termination of powers of members of the Management Board (except for the Chairman of the Management Board) takes place in accordance with the legislation of the Republic of Kazakhstan and the Company's Charter, and is also coordinated with the relevant committees of the Board of Directors. As for the Chairman of the Management Board (CEO), his appointment, determination of the term of office and early termination of powers are carried out by the Sole Shareholder of the Company in accordance with the established procedure.



Remuneration of Board members

The salary for members of the Company's Management Board is set by the Board of Directors based on the recommendation of the Committee on Human Resources, Remuneration, and Social Issues, within the salary range determined by the job evaluation.

To financially reward members of the Management Board for their achievements, they may receive remuneration based on the results of the reporting year. The payment of remuneration to Management Board members is carried out in accordance with

the Rules for Compensation and Bonuses for Senior Executives, employees of the Corporate Secretary's Office, and the Compliance Officer, approved by the Board of Directors on November 2, 2021.

The main conditions for the payment of remuneration are:

- 1) The presence of consolidated net profit for the reporting period;
- 2) Achievement of the Company's approved financial performance targets for the year.

Composition of the Management Board as of December 31, 2023:

Sultanov Arman Turlykhanovich – Chairman of the Management Board;
Dyusembinov Nurzhan Shaikslyamovich;
Zhumatayev Elnar Erikovich;
Kutpanbayev Dauren Bakitzhanovich;
Baiturenov Marat Rymbaevich;
Tsoi Maxim Timofeevich.



DYUSEMBINOV Nurzhan Shaikslyamovich

Member of the Management Board

He has been a member of the Management Board since 2020.

Date of Birth: December 3, 1970

Place of Birth: Kazakh SSR; Pavlodar Region

Education, Specialization (Qualification), Licenses:

S. Seifullin Akmol Agricultural University (1997)
Specialization: «Accountant-Economist»
Kazakh Humanitarian Legal University (2002)
Specialization: «Jurisprudence»
KIMEP University (2018)
Specialization: «Executive MBA»

Work Experience:

Tax Accountant, Head of the Labor Protection and Industrial Safety Department at Pavlodar Oil Pipeline Management of JSC «KazTransOil» (2002-2006);
Deputy Chief Accountant, Head of the Planning Department, Director of the Department of Economics and Finance of JSC «KazTransGas-Almaty» (2006-2009);
Deputy Director of the Budget Planning Department, Head of the Labor and Salary Organization Service, Director of the Budget Planning Department of JSC «KazTransGas» in Astana (2009-2016);
Deputy General Director of JSC «KazTransAimak», Astana, Member of the Board of Directors of JSC «KazTransGasAimak» (since October 2019) (August 2016-April 2020);
Deputy General Director for Economics and Finance of JSC «Kedentransservice» (since September 2, 2020).



**ZHUMATAYEV
Elnar Erikovich**

Member of the Management Board

Board of Directors since September 2, 2020.

Date of Birth: June 25, 1986

Place of Birth: Almaty

**Education, Specialization (Qualification),
Licenses:**

Kazakh Economic University named after T. Ryskulov (2008)

Specialization: «Finance»

Kazakh Academy of Transport and Communications named after Tyynyshpayev (2017)

Specialization: «Master of Logistics»

Russian Presidential Academy of National Economy and Public Administration (2018)

Specialization: «MBA in Regional and Municipal Management»

Work Experience:

Inspector at the Public Service Center of Almaty District (2008-2009)

Deputy Sales Director at LLP «RCKU-Taraz» (2011-2012)

Head of Internal Control Department at LLP «GasTechnology» (2012-2012)

Director at LLP «TechSell» (2012-2013)

Logistics Manager at LLP «EuroTransitComex» (2013-2013)

Director at LLP «EuroTransitComex» (2013-2014)

Manager, Chief Manager of the Railway Transportation Department, Director of the Sales and Transportation Planning Department at JSC «KTZ Express» (2015-2019)

Director of the Tariff Calculation Department, Director of the Logistics Department at JSC «Kaztemirtrans» (2019-2020)

Deputy General Director for Logistics at Joint-Stock Company «Kedentransservice» (2020-present).



**KUTPANBAYEV
Dauren Bakitzhanuly**

Member of the Management Board

He has been a member of the Management Board since 2023.

Date of Birth: 09/20/1975

Place of Birth: Almaty

**Education, Specialization (Qualification),
Licenses:**

AL-Farabi Kazakh National university (1998), specialty «Jurisprudence»;

Academy of Logistics and Transport (2005), specialty «Economics and management at the enterprise».

Work Experience:

Senior and Lead Legal Counsel at the National Bank of the Republic of Kazakhstan (1998–2000);

Group Manager, Head of the Marketing Department, Head of the Corporate Development Division, Deputy Director, Vice President of JSC «NC Aktau Sea Commercial Port» (2000–2014);

Senior Managing Partner at LLP Central Asian Law Firm (2016–2019);

Advisor at JSC «Transtelecom» (2019);

Deputy General Director at JSC «Suburban Transportation» (2019–2020);

Director of the Corporate Development Department at JSC «Kedentransservice» (2021–2023); Acting Deputy General Director for Development at JSC «Kedentransservice» (2023); Deputy General Director for Development at JSC «Kedentransservice» (2023 – present).



**BAITURENOV
Marat Rymbaevich**

Member of the Management Board

He has been a member of the Management Board since 2023.

Date of Birth: 08.03.1973

Place of Birth: Pavlodar region

Education, Specialization (Qualification), Licenses:

Narxoz University (1996), specialty «Economics-marketing»;

International University of Transportation and Humanities (2008), specialty «Organization of transportation and management of railway transport».

Work Experience:

Commercial Director of the «Children's Rehabilitation Center» in Pavlodar (1996–1997);

Economist at JSC «Birlik» (1997–1998);

Auditor at the Financial Control Committee of the Pavlodar Regional Department of the Ministry of Finance of the Republic of Kazakhstan (1998–1999);

Chief Treasurer at the Treasury of Lebyazhinsky District, Pavlodar Region (1999–2000);

Marketing Expert at LLP «Kazakhoil-Trans» (2000–2001);

Manager of the Transport Logistics Department at LLP «Kazakhoil-Products» (2001–2002);

Head of the Transport and Forwarding Service Department at JSC «Kaztransservice» (2002–2004);

Assistant to the President of JSC «Kaztransservice» (2004–2006);

Head of the Marketing Department at JSC «Kaztransservice» (2006);

Deputy Director of the «Northern» Branch of JSC «Kaztransservice» (2006–2007);

Head of the Container Transport Organization Department at JSC «Kaztransservice» (2007–2009);

Chief Technologist of the «Northern» Branch of JSC «Kaztransservice» (2009–2010);

Executive Director of the «Northern» Branch of JSC «Kaztransservice» (2010–2011);

Deputy Director of the Department for Operations at Dostyk Station at JSC «Kedentransservice» (2011);

First Deputy Director of the Astana Branch of JSC «Kedentransservice» (2011–2012);

Vice President for Production at JSC «Kaztransservice» (2012–2015);

Vice President for Logistics at JSC «Kaztrans-service» (2015–2017);

Deputy Director for Container Transport at JSC «KTZ Express» – «KTZE Operator» (2017–2018);

Deputy Director for Logistics and Sales at the Astana Branch of JSC «Kedentransservice» (2018);

Executive Director for Rolling Stock Repair at JSC «Wagonservice» (2018–2019);

Deputy General Director for Production at JSC «Suburban Transportation» (2019–2020);

First Deputy General Director at JSC «Kedentransservice» (2021);

Deputy Head of the Representative Office in the Xinjiang Uyghur Autonomous Region, China, at JSC «Kedentransservice» (2021–2022);

Head of External Relations and PR Group at JSC «Kedentransservice» (2022–2023);

Acting Managing Director for Terminal Operations and M&R at JSC «Kedentransservice» (2023);

Managing Director for Terminal Operations and M&R (2023 – present).



**TSOI
Maxim Timofeevich**

Member of the Management Board

He has been a member of the Management Board since 2023.

Date of Birth: 19.10.1991

Place of Birth: Almaty region

Education, Specialization (Qualification), Licenses:

Chang'an University (2010-2014), specialty «International Economics and Trade»

Work Experience:

Manager of the Client Relations Department, Manager of the Corporate Development and Asset Management Department, Senior Manager of the Railway Transport Department, Senior Manager of the External Relations Department at JSC «KTZ Express» (2015);

Representative of the General Director for the Western Branch of JSC «KTZ Express KTZ Operator Western» (2018–2019);

Representative of the General Director for the Aktobe Branch of JSC «Kaztemirtrans» (2019);

Director of the Marketing Department at JSC «Kaztemirtrans» (2019);

Senior Manager of the Tariff Policy and Marketing Department at JSC «Kaztemirtrans» (2019–2020);

Director of the Logistics and Tariff Policy Department at JSC «Kedentransservice» (2020–2024);

Managing Director for Sales at JSC «Kedentrans-service» (2024 – present).



In 2023, 25 meetings of the Management Board were held, during which 193 issues were considered, including: 59 issues referred to the Board of Directors, 21 related to the approval of Rules, Regulations, Procedures, and Instructions, 66 related to interested-party transactions, 13 related to the approval of staffing schedules, and 34 categorized as other matters.

**25 meetings
on 193 issues**

Committees under the Management Board:

- 1) Development Committee;
- 2) Budget Committee;
- 3) Committee on Tariff Policy;
- 4) Working Capital Committee;
- 5) Technical and Economic Council.

The Management Board operates according to a work plan approved for each half-year, taking into account the work plans of the Board of Directors' committees and the proposals from the Company's management.

INFORMATION ON COMPLIANCE WITH THE REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE

Corporate Governance Code

The Corporate Governance Code of JSC «NC «KTZ» (hereinafter referred to as the Code) was approved by the decision of the Management Board of JSC «Samruk-Kazyna.»

The Code was developed in accordance with the legislation of the Republic of Kazakhstan, internal documents of JSC «Samruk-Kazyna» and with consideration of the evolving corporate governance practices both in Kazakhstan and globally. The provisions of this Code apply to organizations in which more than fifty percent of the shares are

directly or indirectly owned by the Fund and are implemented in accordance with the specifics provided for by the legislation of the Republic of Kazakhstan.

The goals of the Code are to improve corporate governance in JSC «Samruk-Kazyna» and its organizations, ensure transparency in management, and confirm the commitment of JSC «Samruk-Kazyna» and its organizations to adhere to high standards of corporate governance.

Information on Compliance with the Corporate Governance Code

The responsibility for ensuring compliance with the provisions of the Corporate Governance Code lies with the Company's Board of Directors. In accordance with the provisions of the Code, the Corporate Secretary prepared a Report on Compliance/Non-Compliance with the principles and provisions of the Corporate Governance Code.

Based on the analysis conducted, 81,07% of the Code's provisions are fully observed in the Company, 4,12% of the provisions are partially observed, 0,82% are not observed, and 34 provisions of the Code are not applicable to the Company.

Risk Management and Internal Control Risk Management System

Risks have been identified and assessed to detect potential risks affecting the Company's goals, and they have been updated in the form of a Risk Register and Risk Map. The Company's Board of Directors has approved the Risk Register and Risk Map, the risk response plan, key risk indicators, and risk tolerance for 2023.

The Company's Risk Management and Internal Control Service has developed and approved the following: a business process ranking matrix as part of the internal control system for 2023, and a work schedule for the development of flowcharts, risk matrices, and control mechanisms.

Risk and control matrices and flowcharts have been prepared and approved by the supervising Risk Management and Internal Control Service (RMICS). The approved projects were sent to the Internal Audit Service (IAS) and the Central Risk Management Service of JSC «NC «KTZ» for control testing.

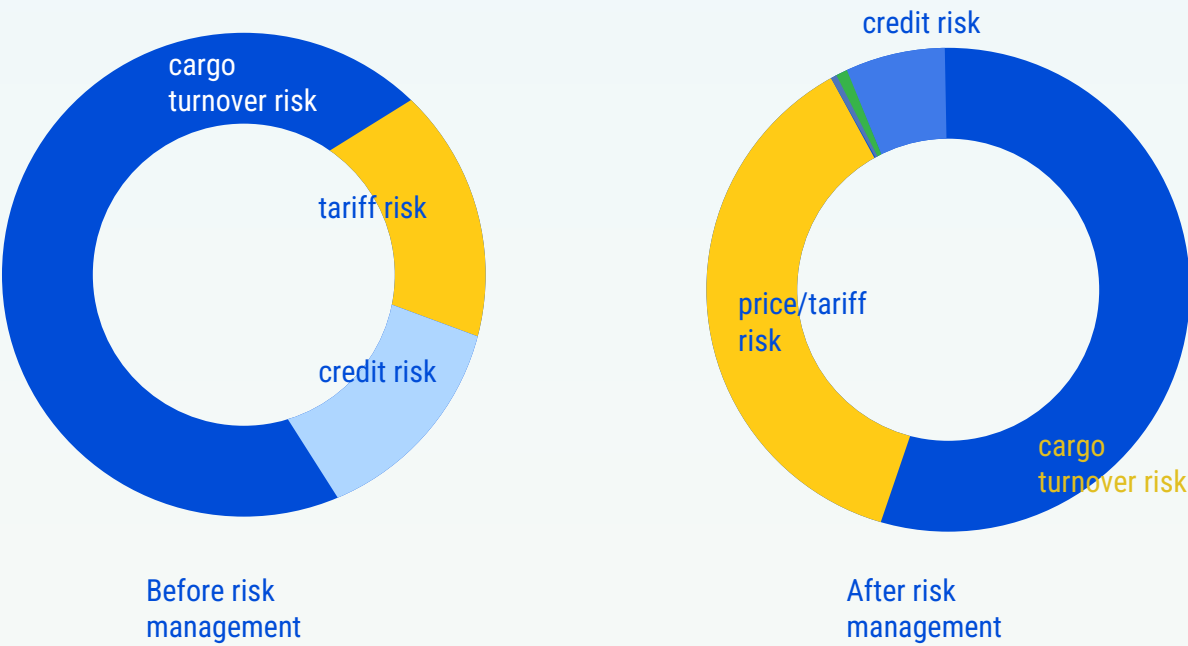
The number of identified and documented risks is 23. The number of documented control procedures (with their design evaluated for effectiveness and recommendations provided for improvement) is 55.

Appropriate measures have been reviewed and implemented following the quarterly reports on risk management, which include descriptions and analyses of key risks, as well as updates on the implementation of risk mitigation plans and programs.

Based on the report by the IAS of JSC «NC «KTZ» following the corporate governance diagnostics conducted for the Company in 2021 and Q1 of 2022, in the area of «Risk Management, Internal Control, and Audit» the Company was assigned a BB rating.



Picture 3 – Key risk analysis for 2023



01

INHERENT RISKS

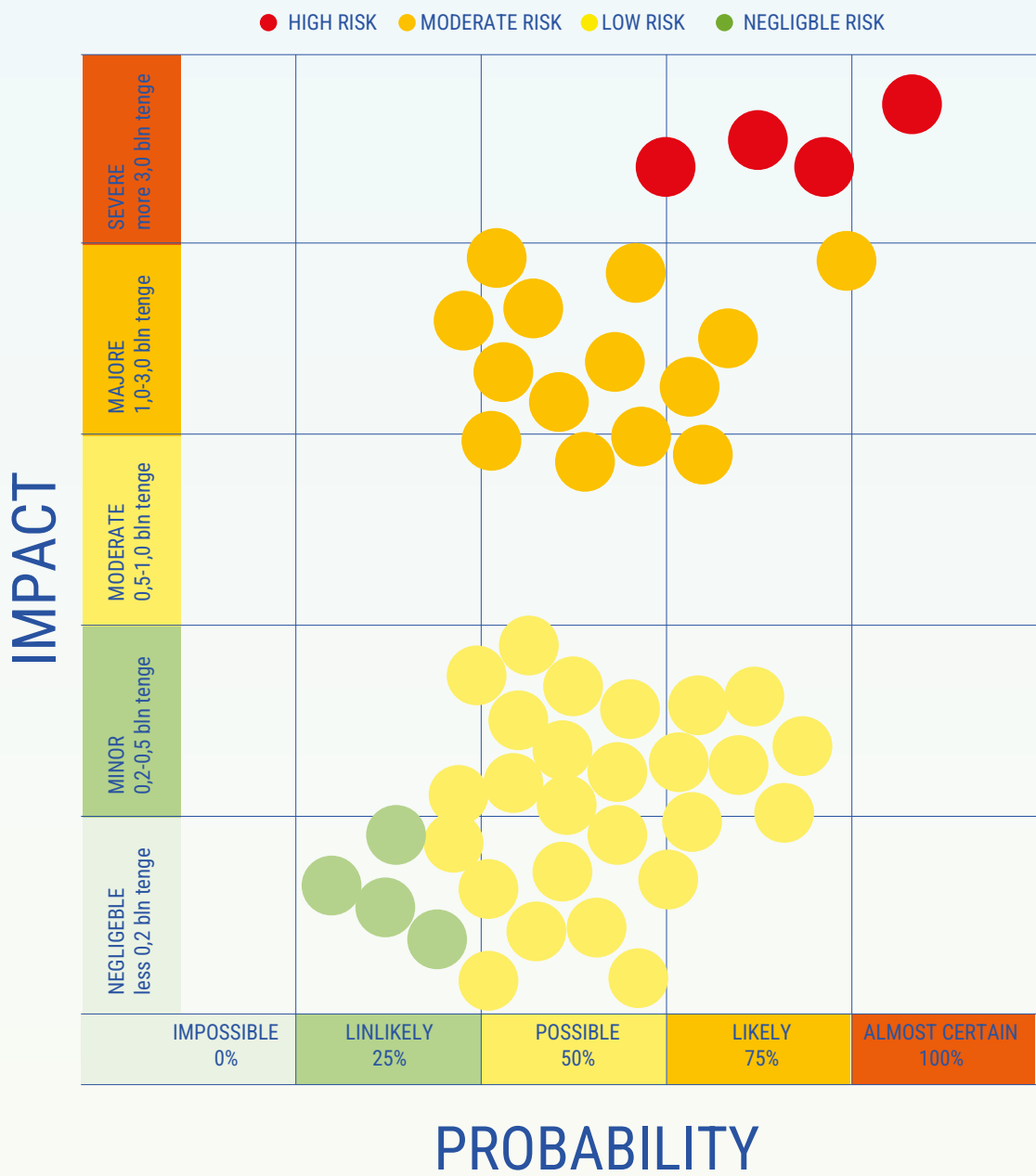
- Inherent risk is the assessed level of untreated risk, meaning the natural level of risk inherent to a process or activity without any actions taken to reduce the likelihood or mitigate the severity of an event, or the level of risk before the application of control measures to reduce the risk.
- Approximately 70-80% of risks are covered by mitigation actions or controls. However, only a portion of these measures are effective and sufficient.

02

RESIDUAL RISKS

- Residual risk is the amount of risk or danger associated with an action or event remaining after natural or inherent risks have been reduced by risk controls.
- The general formula for calculating residual risk is: $\text{Residual Risk} = (\text{Inherent Risk}) - (\text{Impact of Risk Management Measures})$, where the overall concept of risk is defined as $\text{expected losses} = \text{severity} \times \text{likelihood}$.

Picture 4 – A forecast risk map taking into account the Company's migration



CODE	Description of risk categories
CARGO TURNOVER RISKS	
CTR-1	Risks associated with transshipment activities at interstate junction points.
CTR-2	Risks associated with cargo handling at regional terminals
CTR-3	Risks associated with operating fitting platforms
CREDIT RISK	
CR-2	Non-repayment of accounts receivable (formation of problematic accounts receivable)



Table 20 - Key forecast risks for 2023

CODE	DESCRIPTION OF RISK CATEGORIES	PROBABILITY	IMPACT (million tenge)	EXPECTED LOSSES (million tenge)	CHARACTERISTICS OF THE INFLUENCE
CTR-1	Risks associated with transshipment activities at interstate junction points.	80%	- 3 276	- 2 106	High: The risk of competition from large companies and the private sector (main competitors: LLP «KTZE-Khorgos Gateway», LLP «Eurotransit-KTS» at Altynkol Station; LLP «Dostyk Trans Terminal», LLP «Tengri Dostyk», LLP «DOSTYK CARGO SERVICE» at Dostyk Station).
CTR-2	Risks associated with cargo handling at regional terminals	80%	- 1 651	- 1 193	High: The risk of competition from large companies (main competitors: in Astana – LLP «Astana Cargo Terminal», LLP «Continental Logistics», «USKO International», «DAMU Contract Logistics-Astana» Logistics Center; in Almaty – «Tau Terminal» Transport Logistics Center, «DAMU-Almaty» Industrial and Logistics Center, JSC «Astana-Contract»; in Shymkent – LLP «Continental Logistics»; in Karaganda – Global City Wholesale and Distribution Logistics Center).
CTR-3	Risks associated with operating fitting platforms	64%	- 9 198	- 5 886	High: The risk of competition from private companies and the growth of alternative modes of transport. Competitors include Atasu Logistics, PTC Holding, Trans Container, Istcomtrans, LogBox, TransCom. In import, export, and domestic routes, competitors are Atasu Logistics, Istcomtrans, TransContainer, Olzha, Asia Express Logistics, Global Logistic KZ, TSW-Energy.
CR-2	Non-repayment of accounts receivable (formation of problematic accounts receivable)	75%	- 2 085	- 1 564	High: The risk of non-fulfillment of contractual obligations. As of December 31, 2023, the total accounts receivable amounted to 7,682 million tenge. The total provisions for accounts receivable in accordance with IFRS-9 as of December 31, 2023, amounted to 2,085 million tenge.

Key Activities to Improve Efficiency in Risk Management in 2023

Identify potential risks for each business process, develop control procedures to prevent/mitigate possible risks, and introduce regulations for the implementation of the developed control procedures.

Develop and update the methodology for internal control, including defining control procedures for primary and auxiliary business processes in risk and control matrices and business process flowcharts.

Monitor the effectiveness of activities aimed at minimizing key risks and provide recommendations for improving the risk management and internal control system, based on identified discrepancies and deficiencies in the risk management and internal control system.

Conduct a large-scale employee survey to assess the risk management culture and knowledge in the field of risk management and internal control.

Test the effectiveness of control procedures for the main identified business processes in order to address identified significant deficiencies and weaknesses in control.

Update the Internal Control System Manual and the Rules for Identifying and Assessing Risks, and develop the Business Continuity Management Policy for the Company.



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CONSOLIDATED FINANCIAL STATEMENTS FOR 2023





Kedentransservice JSC

Consolidated financial statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Properly selecting and applying appropriate accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the requirements of IFRS are 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;
- Making an assessment of the group's ability to continue as a going concern.

The Group's management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, across 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 information about the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking all reasonably available measures to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

These consolidated financial statements for the year ended 31 December 2023 were approved on 20 February 2024 by the management of Kedentransservice JSC.

On behalf of Management of the Group

N.S. Dyusembinov
Acting General Director/Deputy
General Director of Economics and
Finance



20 February 2024

A.T. Kerimbayeva

Chief Accountant - Accounting
Department Director

20 February 2024



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Independent auditor's report

To the Shareholder and the Board of Directors of Kedentransservice JSC

Opinion

We have audited the consolidated financial statements of Kedentransservice JSC and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Responsibilities of management and the audit committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP



Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ 0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi Ave., 77/7, Esentai Tower

20 February 2024



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2, № 0000003, issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005



Kedentransservice JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

In thousands of tenge	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property and equipment	6	14,961,036	40,223,638
Intangible assets	9	261,558	259,041
Investment property	7	4,453,005	4,504,132
Investments		5,136,468	-
Right-of-use assets	8	326,644	628,429
Other non-current assets		471,831	3,643
Total non-current assets		25,610,542	45,618,883
Current assets			
Inventories	10	1,304,394	796,046
Trade receivables	11	5,586,911	1,735,389
Accounts receivable from related parties	31	5,078,895	1,486,002
Income tax prepaid	29	976,744	581
Advances paid	12	1,160,697	372,872
Advances paid to related parties	31	13,234,471	3,966,728
Taxes recoverable	13	1,298,422	953,300
Other accounts receivable		211,392	124,421
Short-term financial investments	14	394,142	6,992,567
Cash and cash equivalents	15	10,725,733	16,448,381
Total current assets		39,971,801	32,876,287
Total assets		65,582,343	78,495,170
Equity			
Share capital	17	3,401,430	1,255,242
Foreign currency translation reserve		(33,732)	-
Retained earnings		37,505,064	40,509,431
Total equity		40,872,762	41,764,673
Liabilities			
Non-current liabilities			
Non-current bond liabilities	23	-	21,848,328
Deferred income - non-current portion		-	277,791
Non-current liabilities on employee benefits	21	101,401	296,700
Deferred income tax liabilities	29	811,468	2,821,271
Lease liabilities	22	268,076	602,392
Total non-current liabilities		1,180,945	25,846,482
Current liabilities			
Current portion of lease liabilities	22	242,007	240,796
Trade accounts payable	18	3,216,900	2,453,156
Accounts payable to related parties	31	565,866	454,354
Current liabilities on employee benefits	21	12,097	28,449
Current portion of bond liabilities	23	-	533,311
Corporate income tax payable		-	102,222
Taxes payable		176,119	56,462
Deferred income - current portion		-	9,731
Contract liabilities with customers	20	16,430,110	5,054,403
Contract liabilities with related parties		1,300,269	21,994
Other accounts payable and accrued liabilities	19	1,585,268	1,929,137
Total current liabilities		23,528,636	10,884,015
Total liabilities		24,709,581	36,730,497
Total liabilities and equity		65,582,343	78,495,170

N.S. Dyusembinov

Acting General Director/Deputy
General Director of Economics and
Finance

20 February 2024

A.T. Kerimbayeva

Chief Accountant - Accounting
Department Director

20 February 2024

The explanatory notes to the accounting policies on pages 6 to 41 are an integral part of these consolidated financial statements.

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Kedentransservice JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

In thousands of tenge	Note	2023	2022
Revenue from operating activities	24	46,339,385	44,016,528
Other operating income		411,097	458,011
Operating expenses	25	(33,000,868)	(26,043,965)
Foreign exchange (loss)/gain		(434,838)	359,692
Finance costs	27	(2,033,973)	(2,296,059)
Finance income	28	1,834,374	513,431
Accrual of provision for expected credit losses	26	(85,135)	(79,009)
Share in loss of an associate		(26,288)	-
Profit before taxes		13,003,754	16,928,629
Income tax expenses	29	(2,653,306)	(3,426,949)
Profit for the year		10,350,448	13,501,680
Other comprehensive income			
<i>Items that will subsequently be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(33,732)	-
<i>Items that will not subsequently be reclassified to profit or loss:</i>			
Reassessment of post-employment benefit obligations		164,689	(21,019)
Other comprehensive income/(loss) for the year, net of taxes		130,957	(21,019)
Total comprehensive income for the year, net of taxes		10,481,405	13,480,661

N.S. Dyusembinov
Acting General Director/Deputy
General Director of Economics and
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20 February 2024

A.T. Kerimbayeva
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Department Director

20 February 2024

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Kedentransservice JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

<i>In thousands of tenge</i>	Note	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
Balance as of 1 January 2022		1,255,242	–	29,751,784	31,007,026
Profit for the year		–	–	13,501,680	13,501,680
Total other comprehensive loss		–	–	(21,019)	(21,019)
Total comprehensive income for the year		–	–	13,480,661	13,480,661
Dividends	17	–	–	(2,723,014)	(2,723,014)
Balance as at 31 December 2022		1,255,242	–	40,509,431	41,764,673
Profit for the year		–	–	10,350,448	10,350,448
Total other comprehensive income		–	(33,732)	164,689	130,957
Total comprehensive income for the year		–	(33,732)	10,515,137	10,481,405
Contribution to the charter capital		2,146,188	–	(17,824)	2,128,364
Dividends	17	–	–	(13,501,680)	(13,501,680)
Balance as at 31 December 2023		3,401,430	(33,732)	37,505,064	40,872,762

N.S. Dyusembinov
Acting General Director/Deputy
General Director of Economics and
Finance

20 February 2024



A.T. Kerimbayeva
Chief Accountant - Accounting
Department Director

20 February 2024

The explanatory notes to the accounting policies on pages 6 to 41 are an integral part of these consolidated financial statements.

Kedentransservice JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

<i>In thousands of tenge</i>	Note	2023	2022
Operating activities:			
Profit before taxes		13,003,754	16,928,629
Adjustments for:			
Finance costs	27	2,033,973	2,296,059
Finance income	28	(1,834,374)	(513,431)
Depreciation and amortization	25	2,403,345	2,798,725
Accrual of provision for expected credit losses	26	85,135	79,009
Reversal of provision for unused vacations and bonuses		(538,798)	(115,068)
Loss from impairment of non-financial assets		187,597	94,980
Loss from disposal of property, plant and equipment		133,060	5,946
Employee benefit obligations		–	(21,019)
Share in loss of an associate		26,288	–
Foreign exchange loss/(gain)		434,838	(359,692)
		15,934,818	21,194,138
Adjustments of working capital			
Change in trade receivables and receivables from related parties		(2,960,839)	(362,128)
Changes in advances paid and advances paid to related parties		(10,032,415)	(1,060,157)
Change in taxes recoverable		(242,327)	(133,914)
Change in other accounts receivable		(5,695)	(47,344)
Change in inventories		(666,338)	(68,118)
Change in trade payables and payables to related parties		406,983	674,492
Change in other accounts payable and liabilities charged		166,188	270,011
Change in liabilities under contracts with customers		12,653,982	2,892,406
Change in taxes payable		17,435	(10,155)
Change in other assets		1,151	(14,340)
		15,272,943	23,334,891
Income tax paid		(5,516,146)	(1,304,876)
Interest paid		(2,023,095)	(2,174,505)
Interest received		1,280,230	412,123
Net cash flows from operating activities		9,013,932	20,267,633
Investing activities:			
Purchase of property, plant and equipment and advances paid for property, plant and equipment		(1,900,200)	(1,609,437)
Purchase of intangible assets		–	(119,660)
Financial aid given	14	(2,643,539)	(13,528,120)
Financial aid repaid	14	9,248,996	7,000,000
Investments in an associate		(5,196,488)	–
Proceeds from sale of other non-current assets		–	425,350
Other		–	1,000
Net cash flows used in investing activities		(491,231)	(7,830,867)
Financing activities:			
Dividends paid	17	(13,501,680)	(2,723,014)
Repayment of borrowings		–	(5,064,317)
Repayment of lease liabilities	22	(367,101)	(307,835)
Net cash flows used in financing activities		(13,868,781)	(8,095,166)
Net change in cash and cash equivalents		(5,346,080)	4,341,600
Cash and cash equivalents, beginning		16,448,381	11,659,227
Effect of changes in expected credit loss allowance		247	(14)
Effect of exchange rate changes on balance of cash and cash equivalents in foreign currency		(376,815)	447,568
Cash and cash equivalents, ending		10,725,733	16,448,381

The explanatory notes to the accounting policies on pages 6 to 41 are an integral part of these consolidated financial statements.

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Kedentransservice JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**Non-cash transactions:**

During 2023, the Group transferred bond obligations in the amount of 21,848,328 thousand tenge and property and equipment in the amount of 26,502,913 thousand tenge. As a result of this transaction, the Group recognized accounts receivable from related parties in the amount of 4,654,585 thousand tenge (Notes 6).

During 2023, the Group received property and equipment with a fair value of 2,128,364 thousand tenge as a contribution to the charter capital (Note 6 and 17).

On behalf of Management of the Group:

N.S. Dyusembinov
Acting General Director/Deputy
General Director of Economics and
Finance

20 February 2024



A.T. Kerimbayeva

Chief Accountant - Accounting
Department Director

20 February 2024

The explanatory notes to the accounting policies on pages 6 to 41 are an integral part of these consolidated financial statements.

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Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

I. GENERAL INFORMATION

Kedentransservice Joint Stock Company (the "Company") was incorporated on 11 December 1997 according to resolution of the Government of the Republic of Kazakhstan #1750 in the form of a state republican enterprise. According to resolution of the Government of the Republic of Kazakhstan # 864 dated 26 June 1999 the state republican enterprise was transformed into a closed joint stock company Kedentransservice. On 15 July 2004, the Company was re-registered into a joint stock company.

The Company holds a 100% stake in a subsidiary of Transport Holding of Kazakhstan LLP. The subsidiary provides transshipment services and carries out other activities related to railway transportation in the Republic of Kazakhstan.

The Company and its subsidiary (jointly the "Group") perform the following types of operating activities:

- Transport and forwarding services;
- Handling of railcars;
- Terminal services;
- Rent;
- Other.

The Company has 14 branches located in Nur-Sultan, Karaganda, Kostanay, Pavlodar, Ust-Kamenogorsk, Shymkent, Atyrau, Kyzyl-Orda, Taraz, Uralsk, Aktobe, Almaty, Dostyk station, Aktogai, 3 representative offices in в XUAR (China) in the Republic of Uzbekistan and in the Republic of Belarus.

The Company is the parent of the subsidiary operating in the Republic of Kazakhstan:

Entity's name	Principal activity	Company's share interest	
		31 December 2023	31 December 2022
Transport holding of Kazakhstan LLP	Activity in the area of the railway industry	100%	100%

As at 31 December 2023 and 2022 NC Kazakhstan Temir Zholy JSC is the Company's sole shareholder. The ultimate controlling party is the Government of the Republic of Kazakhstan.

The Company's head office is at: 18, Dostyk St., Astana, Republic of Kazakhstan.

Operating environment

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of securities in the market. Ongoing political tension in the region, volatility of exchange rate has caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

Additionally, the transport sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Group's control.

War in Ukraine

The war in Ukraine, which began in 2022, triggers a number of IFRS accounting considerations affecting the financial statements. A number of countries have imposed and continue to impose new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Belarus, the situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or with Russia, Belarus or Ukraine.



Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**1. GENERAL INFORMATION (continued)****War in Ukraine (continued)**

The war itself and its direct or indirect effects can affect not only entities directly related to the warring countries, for example, through fluctuations in commodity prices and exchange rates, as well as through a protracted economic downturn. The overall effect of a continuing war and the imposition of new sanctions remains uncertain. Because it is also highly dependent on the nature of the activities of a particular entity, this consolidated special purpose financial information does not provide examples of possible effects.

The management is unable to foresee either the level or the period of changes in Kazakhstan economy, or to assess their possible influence on the financial position of the Group in future. Management believes that it is taking all necessary actions to maintain the sustainability and growth of the Group's business in current circumstances.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared on a historical cost basis except as described in the accounting policies and the notes to these consolidated financial statements.

These consolidated financial statements are presented in Tenge and all monetary amounts are rounded to the nearest thousand tenge, except when otherwise indicated.

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the International Accounting Standards Board ("IASB").

Preparation of the consolidated financial statements in accordance with IFRS requires to use certain critical accounting estimates as well as requires the management to use judgements on assumptions in the course of application of the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

Currency of presentation

The presentation currency of the Group is the national currency of the Republic of Kazakhstan - Kazakhstani Tenge ("Tenge"). The tenge exchange rates against other currencies as at 31 December 2023 were as follows: USD/KZT - 454.56, EUR/KZT - 502.24, RUB/KZT - 5.06 (31 December 2022: USD/KZT - 462.65, EUR/KZT - 492.86, RUB/KZT - 6.43).

3. MATERIAL ACCOUNTING POLICY INFORMATION**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Parent and its subsidiary as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee;
- ▶ The ability to use its power over the investee to affect its returns;

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all significant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee;
- ▶ Rights arising from other contractual arrangements;
- ▶ The Group's voting rights and potential voting rights.

Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Basis of consolidation (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investment in an associate

The Group's share in profit or loss of an associate and a joint venture is shown directly in the statement of profit or loss beyond the operating profit. It represents profit or loss after taxes and accounting of non-controlling interests in subsidiaries of an associate or a joint venture.

The financial statements of an associate or a joint venture are prepared for the same reporting period as the Group's financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are revalued in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External appraisers are engaged to evaluate significant assets such as investment properties. Involvement of external appraisers is decided upon annually by the Group's management. Knowledge of the market, goodwill, independence, and conformity with professional standards are used as selection criteria. The Group's management decides, after discussions with the external appraisers, which valuation techniques and inputs to use for each case.

At each reporting date the Group's management analyses changes in the cost of assets and liabilities that should be reanalysed or reassessed in accordance with the Group's accounting policy. As a part of such analysis, the management of the Group checks main inputs used at the latest evaluation by comparing information used at evaluation with agreements and other relevant documents.

The management of the Group also compares changes in the fair value of each asset and liability with relevant external sources in order to determine the change relevancy. On an interim basis, the Group's management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the *Note 32*.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments – initial recognition and subsequent measurement (continued)***Financial assets(continued)**Initial recognition and measurement (continued)*

For a debt financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, receivables from related parties and a loan to a parent included within other non-current financial investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



Kedentransservice JSC

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments - initial recognition and subsequent measurement (continued)****Financial assets (continued)****Impairment**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group used a provisioning allowance matrix based on its past experience of incurring credit losses, adjusted for forward-looking factors specific to the debtors and the general economic environment.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated by the Group as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, payables to related parties, loan and bond liabilities.

Subsequent measurement

For purposes of subsequent measurement financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at amortized cost (loans and borrowings).

This category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of profit or loss.

This category mainly includes interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments - initial recognition and subsequent measurement (continued)****Financial liabilities (continued)****Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation. The cost of acquired property, plant and equipment represents the cost of the funds paid for the acquisition of the related assets, as well as other directly attributable costs incurred in delivering the assets and making the necessary preparations for their intended use.

Subsequent costs are recorded in the carrying amount of an asset or recognized as a separate asset accordingly only when it is highly probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Repairs and maintenance costs are charged to expenses of the current period. Expenditures for replacement of large units of components of PPE are capitalized together with simultaneous write-off of components to be replaced.

As at the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of fair value less costs to dispose an asset and its value in use. The carrying amount of an asset is reduced to the recoverable amount; the impairment loss is recorded in profit or loss for the year. An impairment loss recognised for an asset in prior periods is reversed (when necessary) if there has been a change in the accounting estimates used to determine the asset's value in use or its fair value less costs to dispose.

Gains or losses from disposal of property, plant and equipment shall mean the difference between the proceeds from sale and their carrying amounts and are recorded in profit or loss for the year.

Depreciation

Land is not depreciated. Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful life of these assets as follows:

	Useful life (years)
Buildings	10-140 years
Constructions	10-100 years
Transfer units	15-59 years
Machinery and equipment	3-35 years
Vehicles, including	
- mobile transport	10-40 years
- automobile transport	4-15 years
Other property, plant and equipment	2-20 years

Construction in progress includes costs directly associated with the construction of property, plant and equipment, including corresponding allocation of directly related variable overhead expenses, incurred during construction. Depreciation of such assets is accrued on the same basis as for other property, plant and equipment and commences upon commissioning. Construction in progress is reviewed regularly to determine whether its carrying value is fairly stated and whether impairment losses should be recognized.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Property, plant and equipment (continued)****Investment property**

An investment property shall be recognised as an asset when, and only when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- The cost of the investment property can be measured reliably.

An entity evaluates under this recognition principle all its investment property costs at the time they are incurred. These costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service a property.

An investment property shall be measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The cost of self-constructed investment property is the cost as of the date of completion of construction or reconstruction. Earned rental income is reflected in profit or loss for the year as other operating income.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at initial cost less any accumulated amortisation and any accumulated impairment losses.

Amortization is calculated on a straight-line basis over the estimated useful lives of these assets, which range from 2 to 7 years.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal (i.e., on the date on which its recipient acquires control), or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net asset disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Impairment of property, plant and equipment and intangible assets

At each reporting date the Group assesses whether there is any evidence of possible impairment of the current value of property, plant and equipment and intangible assets. In case of detection of any evidence, the Group makes an estimate of an asset's recoverable amount to assess the impairment loss (if any). If an estimate of the recoverable value for an individual asset is not possible, the Group determines the recoverable amount of a cash generating unit to which an asset belongs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Intangible assets (continued)****Impairment of property, plant and equipment and intangible assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its current amount, the current amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is immediately recognized as an expense.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventory is determined based on weighted average cost method. Net realizable value is the expected selling price of something, less the costs of completion, marketing, selling, and transportation.

Value added tax (VAT)

Value added tax related to sales is payable to the budget on the earlier of: (a) the date of collection of receivables from customers or (b) the date of delivery of the goods or services to customers. VAT incurred on purchases may generally be recovered through offset against VAT related to sales upon receipt of a vendor's invoice. The tax authorities permit the settlement of VAT on a net basis. VAT payable and VAT paid is disclosed in the consolidated statement of financial position separately within assets and liabilities. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Share capital

~~Common shares for which dividends are declared at the discretion of the sole shareholder are recorded as equity.~~ Incremental costs relating directly to the issue of new shares are recorded in equity as a decrease (net of tax) of the amount received from the issue. Any excess of the fair value of consideration received over the par value of shares issued is recognised in equity as share premium.

Income tax

Income tax has been provided for in these consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. Income tax expenses/(income) comprise current and deferred taxes and are recognized in profit or loss for the year, unless they are required to be recognized in other comprehensive income or directly in equity because they relate to transactions that are also recognized in other comprehensive income or directly in equity in the same or in any other reporting period.

Current tax is the amount expected to be paid to or recovered from the tax authorities in respect of taxable profit or loss for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are approved prior to the filing of the relevant tax returns. Taxes, apart from income tax, are recorded within operating expenses.

Deferred income tax is provided using the liability method on tax losses carry-forward and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilized. Deferred tax assets can be offset against tax liabilities only as part of each separate entity of the Group. Deferred tax assets for all deductible temporary differences and tax loss carry forwards are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

The Group controls reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their sale. The Group does not recognize deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the tax asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date. Measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, as at the reporting date, to recover or settle the carrying amount of its assets/(liabilities).

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised directly in other comprehensive income or in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity.

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a consistent approach to the recognition and measurement of all leases, except for short-term leases and leases of low value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group leases various office premises, railroad platforms and vehicles. The contracts may include both lease and non-lease components. The Group allocates contract consideration between the lease and non-lease components based on their relative stand-alone transaction prices.

Assets arising from lease contracts are initially measured at present value.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs,
- The cost of restoring the asset to the condition required under the terms of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset: If the Group has a reasonable assurance that the purchase option will be exercised, the Group depreciates the right-of-use asset over the useful life of the underlying asset. The Group calculates depreciation of right-of-use assets on a straight-line basis over the estimated useful life, as follows:

	Useful life (years)
Buildings	7
Vehicles	7

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Right-of-use assets (continued)

Lease liabilities

Liabilities arising from lease contracts are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a call option, provided that the group has reasonable assurance that the option will be exercised;
- Payments of termination penalties if the lease term reflects the Group's exercise of that option.

A number of the Group's leases include renewal and termination options. These terms are used to provide maximum operational flexibility in managing the assets used by the Group for its operations. Most of the renewal and termination options can only be exercised by the Group and not by the respective lessor. Renewal options (or time period beyond the period specified in the terms of the termination options) are included in the lease term only if there is reasonable assurance that the contract will be renewed (or will not be terminated). The estimate of the liability also includes lease payments to be made under renewal options if the renewal of the lease is reasonably certain.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for leases held by the Group, the Group uses the incremental borrowing rate, which is the rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate, the Group:

- Where possible, uses information about recent third-party financing received by the Group as a baseline and adjusts it for changes in financing terms over the period since the third-party financing was received;
- Uses a build-up method where the valuation begins with a risk-free interest rate adjusted for credit risk;
- Makes lease-specific adjustments, such as lease term, country, currency and collateral.

The Group is exposed to potential increases in variable lease payments that depend on an index or rate, which are not reflected in the lease liability until they become effective. When changes in the lease payments that depend on an index or a rate become effective, the lease liability is remeasured with an adjustment to the value of the right-of-use asset.

Lease payments are separated into the liability's principal amount and finance costs. Finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments for short-term leases of equipment and vehicles and leases of any low-value assets are recognized as expenses in profit or loss on a straight-line basis. A short-term lease is a lease not exceeding 12 months. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Revenue recognition**

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognized to the extent of the transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of discounts and value added tax. In the arrangements where the Group acts as an agent, third party expenses, including railway tariff, are excluded from both revenues and cost of sales (*Note 4*).

The Group recognizes revenue when contract liabilities are fulfilled based on the approved documents between the respective parties. On an annual basis, the Group performs an analysis of the effect of revenue recognition as services are provided. The carry-over effect on revenue on an annual basis overlaps incoming and outgoing balances to a greater extent. Management does not believe that this effect has a material impact on these consolidated financial statements.

The Group provides the following types of services:

Freight forwarding services are those that represent multiple performance obligations, in each individual buyer's application, because they are distinct, identifiable and there is no significant integration between them. For third-party services, including transportation services, management believes that the Group acts as an agent in these arrangements. Accordingly, the Group records revenue from customers on a net basis. In the arrangements where the Group acts as an agent, third party expenses, including railway tariff, are excluded from both revenues and cost of sales (*Note 4*).

Operation of rolling stock - revenue from providing containers and cars for use is recognized in the reporting period as the services are rendered at the rates (prices) set out in the services agreement. Payment is made by the Customer in accordance with the terms and conditions of the contract for the operation of rolling stock;

Transshipment and securing of loads at Dostyk station - ensuring transshipment of cargo between rail cars, adapted for different gauge. Income from transshipment and cargo securing services is recognized in the reporting period, in which the services are provided;

Terminal activities - terminal services for cargo in cars and containers, including loading and unloading operations and other services. Income from terminal services are recognized in the reporting period in which the services are provided;

Lease - leasing freight yard infrastructure and railcars. Rental income is recognized in the reporting period in which the services are provided;

Warehousing and storage - provision of storage services for cargo, containers, and railcars at cargo terminals and temporary storage warehouses. Income from the storage of goods is recognized in the reporting period, in which services are provided.

Financing components

The Group does not expect to enter into contracts where the period between the delivery of the promised goods or services to the customer and the payment by the customer exceeds one year. Consequently, the Group does not adjust transaction prices for the effect of the time value of money.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

The Group offers its employees post-employment benefits (lump-sum retirement benefits, financial aid to retired employees) and other long-term employee benefits (financial aid to employees in case of disability, anniversaries and death) in accordance with the provisions of the collective agreement. Eligibility for post-employment benefits is generally based on the length of time remaining until retirement and whether the employee has a minimum number of years of service.

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Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Employee benefits (continued)**

The Group's post-employment benefits are unfunded defined benefit plans and are measured in accordance with IAS 19 *Employee Benefits*. Actuarial and investment risks for unfunded defined benefit plans are borne by the Group.

When estimating unfunded defined benefit pension plans, the amount of benefits due to employees for their service in the current and prior periods is initially determined and actuarial assumptions are made. The present value of defined benefit obligations and current service cost are then determined using the projected unit credit method.

The Group recognizes in profit or loss:

- Cost of services rendered in the current period;
- The cost of any past services, and the gain or loss arising on the settlement of plan liabilities; and
- Net interest related to liability of defined benefit pension plan.

The Group recognizes actuarial gains or losses on the remeasurement of the net defined benefit liability in other comprehensive income. Eligibility for other long-term employee benefits is contingent on the employee having a minimum length of service. Other long-term employee benefits are measured over the course of the employee's service using the same methodology that is used to calculate unfunded defined benefit pension plans.

In respect of other long-term employee benefits, the Group recognizes current and past service cost, net interest on net liability, actuarial gains or losses (revaluation of net liability) in profit or loss. In accordance with the legislative requirements of the Republic of Kazakhstan, the Group makes payments amounting to 10% of employee benefits, but not more than 350,000 tenge per month from 1 January 2023 to 31 December 2023 (300,000 tenge per month from 1 January 2022 to 31 December 2022), as contributions to the Unified Accumulative Pension Fund. Mandatory pension contributions are withheld from employee benefits. The Group does not have any other obligations on pension payments.

Foreign currencies

The Group's consolidated financial statements are presented in Tenge, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising from repayment or restatement of monetary items are included in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI, or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the current exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts of advance consideration, the Group determines the transaction date for each payment or receipt of advance consideration.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***New and amended standards and interpretations*

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise specified). The Group has not early applied standards, interpretations or amendments that have been issued but are not yet effective.

- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*
- Amendments to IAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12 – *International Tax Reform – Pillar Two Model Rules*
- IFRS 17 *Insurance Contracts*

The above standards and interpretations did not have a material impact on the Group's consolidated financial statements of special purpose.

Standards issued but not yet effective

- Amendments to IFRS 16 - *Lease Liability in a Sale and Leaseback* (effective for accounting periods beginning on or after 1 January 2024);
- Amendments to IAS 1 - *Classification of Liabilities as Current or Non-Current* (effective for accounting periods beginning on or after 1 January 2024);
- Amendments to IAS 7 and IFRS 7 - *Supplier Finance Arrangements* (effective for accounting periods beginning on or after 1 January 2024);

The Group now evaluates the impact of the adoption of the amendments.

Critical accounting estimates and professional judgments in applying accounting policies

The Group uses estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are subject to constant analysis and are based on the past experience of the management and other factors including expectations regarding future events, which, as deemed, are reasonable in the existing circumstances. In applying accounting policies, management also uses judgments, other than those related to estimates. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Recognition of revenue from freight forwarding services

Freight forwarding services are those that represent multiple performance obligations, in each individual buyer's application, because they are distinct, identifiable and there is no significant integration between them. For third-party services, including transportation services, management believes that the Group acts as an agent under these arrangements and on that basis recognizes revenue in the net amount of consideration to which the Group is entitled in exchange for its services as an agent.

In the arrangements where the Group acts as an agent, third party expenses, including railway tariff, are excluded from both revenues and operating expenses. As a result of such accounting, the amount of railway tariff and third party services directly related to these types of services excluded from both revenue and operating expenses was 165,686 thousand tenge for the year ended 31 December 2023 (2022: 42,856,772 thousand tenge).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***Component accounting*

The Group evaluates components of property, plant and equipment for separate accounting purposes based on the principle of materiality of the cost of the component and based on significant differences in the remaining useful life of the component.

According to the instruction for maintenance of railcars and fitting platforms in operation, the Group performs capital repairs on a regular basis, due to the fact that capital repairs to restore serviceability and full or near full recovery of the asset's resource, capital repairs are a capitalizable type of repair. Therefore, costs of capital repairs are recognized as a component of property, plant and equipment when the costs are incurred. The cost of wheelsets is expensed when installed on a fixed asset; such wheelsets are accounted for as inventories in accordance with the Group's accounting policy.

4. CRITICAL ACCOUNTING ESTIMATES AND PROFESSIONAL JUDGEMENTS IN APPLICATION OF ACCOUNTING POLICIES*Impairment of non-financial assets*

The Group analyzes indicators of impairment of property, plant and equipment at each reporting date. Indicators of possible impairment of the current value of property, plant and equipment are identified as a result of planned inventories performed before the reporting date by the Group's technical services. In case of detection of any evidence, the Group makes an estimate of an asset's recoverable amount to assess the impairment loss (if any). If an estimate of the recoverable value for an individual asset is not possible, the Group determines the recoverable amount of a cash generating unit to which an asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its current amount, the current amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment loss is immediately recognized as an expense of the period.

Based on the analysis performed the management of the Group did not identify any indicators of impairment of non-financial assets at the level of the cash generating unit as at 31 December 2023, however a loss on specific single impairment in the amount of 187,597 thousand tenge (2022: was recognized: 94,980 thousand tenge).

Determining the lease term of contracts – Group as lessee

The Group defines the lease term as a lease period not prematurely terminated, together with the periods for which the renewal option is provided, if it is reasonably certain that it will be exercised, or the periods for which the termination option is provided, if it is reasonably certain that it will not be exercised.

The Group has several lease contracts that include a termination option. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate. That is, it considers all relevant factors that create an economic incentive for it to exercise the option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. CRITICAL ACCOUNTING ESTIMATES AND PROFESSIONAL JUDGEMENTS IN APPLICATION OF ACCOUNTING POLICIES (continued)*****Provision for expected credit losses of trade accounts receivable and contract assets***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Information about the ECL for trade receivables of the Group and the assets under the contract is disclosed in *Note 11*.

Useful lives of property, plant and equipment

The Group assesses the remaining useful lives of property, plant and equipment at each reporting date and, if expectations differ from previous estimates, the changes are accounted for prospectively as changes in the accounting estimates in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Measurement of financial instruments at fair value

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation models including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. For more details on the discontinued operation refer to *Note 32*.

5. SEGMENT INFORMATION

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The chief operating decision maker is the person or group of persons who allocates resources and assesses the performance for the entity.

(a) Description of products and services from which each reportable segment derives its revenue

The Group has 4 operating segments. These are based on the information contained in reports, which are regularly reviewed by shareholders in order to allocate funds as well as to measure their performance:

- Terminal services;
- Transport and forwarding services;
- Handling of railcars;
- Lease.

(b) Factors that management used to identify the reportable segments

The Group tracks several profitability metrics, including profit before tax. Profit before tax is the measure used for the purpose of resource allocation and assessment of segment performance. Other operations of the Group mainly include the sale of inventory and other support services provided along with transportation services, neither of which is sufficiently material to be presented separately.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. SEGMENT INFORMATION (continued)*****(c) Geographical information***

Analysis of revenue by geographical location of customers:

	2023	2022
Kazakhstan	31,525,563	36,701,153
Germany	14,431,940	1,642,035
Russia	310,770	2,179,772
Lithuania	28,180	112,817
Belarus	25,450	–
Kyrgyzstan	5,965	230,918
Georgia	7,344	207,792
Latvia	–	2,900,433
Other countries	4,173	41,608
Total	46,339,385	44,016,528

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the year ended 31 December 2023 is set out below:

<i>In thousands of tenge</i>	Terminal services	Transport and forwarding services	Handling of railcars	Lease	Other ¹	Total
Revenue from operating activities	13,115,963	3,231,354	28,634,660	1,149,566	207,842	46,339,385
Operating expenses	(11,835,757)	–	(17,779,725)	(46,813)	(3,338,573)	(33,000,868)
Other operating income	–	–	–	–	411,097	411,097
Foreign exchange loss	–	–	–	–	(434,838)	(434,838)
Finance costs	(57,254)	–	(1,894,353)	–	(82,366)	(2,033,973)
Finance income	49,245	–	287,522	–	1,497,607	1,834,374
Loss from impairment of financial assets	–	–	–	–	(85,135)	(85,135)
Share in loss of an associate accounted for under the equity method	–	–	–	–	(26,288)	(26,288)
Profit before taxes	1,272,197	3,231,354	9,248,104	1,102,753	(1,850,654)	13,003,754
Other key segment information						
Depreciation of property, plant and equipment and other non-current assets	(819,257)	–	(1,357,946)	–	(226,142)	(2,403,345)
Capital expenditures	166,229	–	–	–	–	166,229
Loss from impairment of non-financial assets (<i>Note 25</i>)	(187,597)	–	–	–	–	(187,597)

¹ Other segments include retained earnings such as other operating income, foreign exchange difference, which are analyzed at the Group level as a whole and are not allocated to operating segments.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. SEGMENT INFORMATION (continued)

(d) Information about reportable segment profit or loss, assets and liabilities (continued)

Segment information for the reportable segments for the year ended 31 December 2022 is set out below:

<i>In thousands of tenge</i>	Terminal services	Transport and forwarding services	Handling of railcars	Lease	Other ²	Total
Revenue from operating activities	13,018,195	3,851,913	25,948,144	1,191,683	6,593	44,016,528
Operating expenses	(10,050,578)	–	(12,823,222)	(264,875)	(2,905,290)	(26,043,965)
Other operating income	–	–	–	–	458,011	458,011
Foreign exchange gain	–	–	–	–	359,692	359,692
Finance costs	(65,276)	–	(2,158,679)	–	(72,104)	(2,296,059)
Finance income	–	–	9,476	–	503,955	513,431
Loss from impairment of financial assets	–	–	–	–	(79,009)	(79,009)
Profit before taxes	2,902,341	3,851,913	10,975,719	926,808	(1,728,152)	16,928,629
Other key segment information						
Depreciation of property, plant and equipment and other non-current assets	(897,681)	–	(1,658,395)	–	(242,649)	(2,798,725)
Capital expenditures	243,677	–	–	–	–	243,677
Loss from impairment of non-financial assets (Note 25)	(94,980)	–	–	–	–	(94,980)

² Other segments include retained earnings such as other operating income, foreign exchange difference, which are analyzed at the Group level as a whole and are not allocated to operating segments.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023 and 2022, property, plant and equipment comprise the following:

<i>In thousands of tenge</i>	Land	Buildings	Construc- tions	Transfer devices	Machinery and equipment	Railway transport	Motor vehicles	Other	Construc- tion in progress	Total
Cost										
Cost as at 1 January 2022	331,230	3,568,415	7,611,447	251,952	6,184,146	31,924,649	1,566,581	339,325	1,115,256	52,893,001
Acquisitions	–	2,871	12,530	–	435,067	–	–	–	687,678	1,138,146
Disposals	–	–	(20,804)	–	(19,047)	–	–	(2,171)	–	(42,022)
Transfer from/to investment property	–	(7,049)	–	–	–	–	–	–	–	(7,049)
Internal transfers	–	–	168,697	–	41,400	33,580	–	–	(243,677)	–
As at 31 December 2022	331,230	3,564,237	7,771,870	251,952	6,641,566	31,958,229	1,566,581	337,154	1,559,257	53,982,076
Accumulated depreciation and impairment										
As at 1 January 2022	–	(813,308)	(2,052,741)	(157,100)	(3,642,362)	(2,335,511)	(982,157)	(222,489)	(1,055,513)	(11,261,181)
Deprecation charge for the year	–	(93,401)	(195,530)	(4,506)	(373,139)	(1,665,054)	(77,660)	(26,236)	–	(2,435,526)
Provision for impairment	–	–	(9,211)	–	(46,819)	–	(43,157)	–	–	(99,187)
Disposals	–	–	2,153	–	18,430	–	–	2,073	–	22,656
Transfer from/to IP	–	1,513	–	–	–	–	–	–	–	1,513
Reversal of impairment	–	–	13,287	–	–	–	–	–	–	13,287
As at 31 December 2022	–	(905,196)	(2,242,042)	(161,606)	(4,043,890)	(4,000,565)	(1,102,974)	(246,652)	(1,055,513)	(13,758,438)
Carrying amount										
As at 31 December 2022	331,230	2,659,041	5,529,828	90,346	2,597,676	27,957,664	463,607	90,502	503,744	40,223,638



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In thousands of tenge</i>	Land	Buildings	Construc- tions	Transfer devices	Machinery and equipment	Railway transport	Motor vehicles	Other	Construc- tion in progress	Total
Cost at										
1 January 2023	331,230	3,564,237	7,771,870	251,952	6,641,566	31,958,229	1,566,581	337,154	1,559,257	53,982,076
Acquisitions	62,697	2,044,331	22,666	–	352,395	–	126,970	157	863,611	3,472,827
Disposals	–	(358,521)	–	–	(40,059)	(31,842,961)	–	(3,725)	(59)	(32,245,325)
Transfer from/to investment property	(1,737)	–	–	–	–	–	–	–	–	(1,737)
Internal transfers	–	10,900	–	–	155,330	–	–	–	(166,230)	–
As at 31 December 2023	392,190	5,260,947	7,794,536	251,952	7,109,232	115,268	1,693,551	333,586	2,256,579	25,207,841
Accumulated depreciation and impairment										
As at 1 January 2023	–	(905,196)	(2,242,042)	(161,606)	(4,043,890)	(4,000,565)	(1,102,974)	(246,652)	(1,055,513)	(13,758,438)
Deprecation charge for the year	–	(58,880)	(171,749)	(3,914)	(358,069)	(1,364,464)	(84,386)	(26,590)	–	(2,068,052)
Provision for impairment	–	–	(1,145)	–	(11,233)	–	–	–	(17,230)	(29,608)
Disposals	–	278,270	–	–	33,596	5,293,742	–	3,685	–	5,609,293
As at 31 December 2023	–	(685,806)	(2,414,936)	(165,520)	(4,379,596)	(71,287)	(1,187,360)	(269,557)	(1,072,743)	(10,246,805)
Carrying amount										
As at 31 December 2023	392,190	4,575,141	5,379,600	86,432	2,729,636	43,981	506,191	64,029	1,183,836	14,961,036



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

In November 2023, the Company's share capital was increased by 42,142 shares (*Note 17*). Property, plant and equipment in the amount of 2,128,364 thousand tenge were transferred from branches of NC KTZ-Directorate of the Main Network JSC to pay for the purchased shares.

On 20 December 2023, the Group purchased a self-propelled wheeled loader for 257,349 thousand tenge.

On 4 December 2023, KTZ NC JSC, KTZ Express JSC and the Group signed an agreement on the transfer of the Group's obligations in the amount of 21,848,328 thousand tenge to KTZ Express JSC and the transfer of fitting platforms in the number of 4,401 units with a carrying amount of 26,502,913 thousand tenge. As a result of this transaction, the Group recognized accounts receivable from related parties in the amount of 4,654,585 thousand tenge.

During 2023, the Group capitalized the costs for reconstruction of PM-4 transshipment sites in the amount of 154,338 thousand tenge, for capital repairs of container yard at Altynkol station in the amount of 74,789 thousand tenge, for capital repairs of the administrative building in the amount of 463,344 thousand tenge, as well as for other capital repairs of tracks, fences and gantry cranes from other contractors.

As at 31 December 2023, the cost of fully depreciated property, plant and equipment amounted to 1,794,430 thousand tenge (31 December 2022: 2,113,372 thousand tenge).

7. INVESTMENT PROPERTY

In thousands of tenge

Buildings

Carrying amount as at 1 January 2022	4,905,114
Transfer from PPE	7,049
Carrying amount as at 31 December 2022	4,912,163
Accumulated depreciation as at 1 January 2022	(353,768)
Accrued for the year	(52,750)
Disposals	(1,513)
Accumulated depreciation as at 31 December 2022	(408,031)
Carrying amount as at 31 December 2022	4,504,132

In thousands of tenge

	Land	Buildings	Total
Carrying amount as at 1 January 2023	–	4,912,163	4,912,163
Transfer from PPE	1,737	–	1,737
Internal transfers	–	59	59
Carrying amount as at 31 December 2023	1,737	4,912,222	4,913,959
Accumulated depreciation as at 1 January 2023	–	(408,031)	(408,031)
Accrued for the year	–	(52,923)	(52,923)
Accumulated depreciation as at 31 December 2023	–	(460,954)	(460,954)
Carrying amount as at 31 December 2023	1,737	4,451,268	4,453,005

The Group's investment property comprises commercial real estate in Astana and Almaty, as well as warehousing facilities in the Group's branches.

The largest investment property is a business center in Astana, which is not currently occupied, but is held for operating lease. Investment property in Almaty comprises a business center that is leased to the U.S. Consulate General by AP Property Management Company, based on a real estate trust management agreement dated 28 September 2018.

The Group engaged an accredited independent external appraiser Business Partner Consult LLP, who determined the market value of assets in the amount of 7,289,037 thousand tenge as at 31 December 2023 (31 December 2022: 6,924,363 thousand tenge).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7. INVESTMENT PROPERTY (continued)**

Profit from investment properties for the year ended 31 December 2023 is as follows:

In thousands of tenge	2023	2022
- Proceeds from lease of investment property	1,149,564	864,339
- Direct operating expenses (including repairs and maintenance) that resulted in rental income (included in the cost of sales)	(73,245)	(80,077)
- Direct operating expenses (including repairs and maintenance) that did not result in rental income (included in the cost of sales)	(123,830)	(124,278)
Profit from investment property	952,489	659,984

No restrictions on the sale of its investment property is imposed on the Group. The Group has contractual obligations for the improvement of investment property, namely, the Group incurred costs for capital repair of business center in Astana in the amount of 493,935 thousand tenge, the repairs are still ongoing as at 31 December 2023.

Information on fair value hierarchy with respect to the investment property is disclosed in *Note 32*.

8. RIGHT-OF-USE ASSETS

The Group leases various office premises and vehicles, which normally have lease terms of 7 years.

Movement of right-of-use assets for the year ended 31 December 2022 is presented as follows:

In thousands of tenge	Buildings
Carrying amount as at 1 January 2022	854,597
Disposals	(21,245)
Modification	3,478
Depreciation	(208,401)
Carrying amount as at 31 December 2022	628,429

Movement of right-of-use assets for the year ended 31 December 2023 is presented as follows:

In thousands of tenge	Buildings
Carrying amount as at 1 January 2023	628,429
Disposals	(111,737)
Modification	14,496
Depreciation	(204,544)
Carrying amount as at 31 December 2023	326,644

9. INTANGIBLE ASSETS

Movement of intangible assets for the year ended 31 December 2022 is presented as follows:

In thousands of tenge	Computer software	Other	Total
Cost			
1 January 2022	989,166	1,923	991,089
Disposals	(3,293)	–	(3,293)
As at 31 December 2022	985,873	1,923	987,796
Accumulated depreciation and impairment			
1 January 2022	(628,077)	(1,923)	(630,000)
Accrued for the year	(102,048)	–	(102,048)
Disposals	3,293	–	3,293
As at 31 December 2022	(726,832)	(1,923)	(728,755)
Carrying amount			
As at 31 December 2022	259,041	–	259,041



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9. INTANGIBLE ASSETS (continued)**

Movement of intangible assets for the year ended 31 December 2023 is presented as follows:

<i>In thousands of tenge</i>	Computer software	Other	Total
Cost			
1 January 2023	985,873	1,923	987,796
Additions	80,343	–	80,343
As at 31 December 2023	1,066,216	1,923	1,068,139
Accumulated depreciation and impairment			
1 January 2023	(726,832)	(1,923)	(728,755)
Accrued for the year	(77,826)	–	(77,826)
As at 31 December 2023	(804,658)	(1,923)	(806,581)
Carrying amount			
As at 31 December 2023	261,558	–	261,558

10. INVENTORIES

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
Materials	1,039,086	659,332
Fuel	119,732	50,207
Spare parts	56,072	13,838
Goods for sale	4,014	1,952
Other	85,490	70,717
Total inventory	1,304,394	796,046

11. TRADE ACCOUNTS RECEIVABLE

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
Trade accounts receivable	7,630,304	3,647,722
Less: provision for expected credit losses	(2,043,393)	(1,912,333)
Total trade accounts receivable	5,586,911	1,735,389

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

<i>In thousands of tenge</i>	Loss rate	Gross carrying amount	Lifetime expected credit losses
As at 31 December 2023			
Trade accounts receivable			
- current	–	–	–
- less than 30 days overdue	1.16%	5,072,353	(58,912)
- 30 to 60 days overdue	2.03%	184,741	(3,750)
- 60 to 90 days overdue	3.97%	188,104	(7,468)
- over 90 days overdue	49.15%	2,185,106	(1,973,263)
Total		7,630,304	(2,043,393)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. TRADE ACCOUNTS RECEIVABLE (continued)**

<i>In thousands of tenge</i>	Loss rate	Gross carrying amount	Lifetime expected credit losses
As at 31 December 2022			
Trade accounts receivable			
- current	–	–	–
- less than 30 days overdue	1.70%	982,447	(14,485)
- 30 to 60 days overdue	2.48%	186,931	(7,417)
- 60 to 90 days overdue	4.15%	338,368	(11,864)
- over 90 days overdue	36.7%	2,139,976	(1,878,567)
Total		3,647,722	(1,912,333)

Changes in the provision for expected credit losses of trade accounts receivable and contract assets are presented below:

<i>In thousands of tenge</i>	2023	2022
As at 1 January	(1,912,333)	(1,785,391)
Accrued for the year	(364,203)	(692,359)
Recovered	233,143	565,417
As at 31 December	(2,043,393)	(1,912,333)

As at 31 December 2023 and 31 December 2022, trade accounts receivable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
Tenge	1,249,081	1,258,906
US dollars	4,335,424	446,510
Russian rouble	2,406	29,973
Total trade accounts receivable	5,586,911	1,735,389

12. ADVANCED PAID

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
For provision of services	1,200,353	460,171
For purchase of goods	26,256	1,770
Less: provision for impairment of advances paid	(65,912)	(89,069)
Total advances paid	1,160,697	372,872

As at 31 December 2023 and 31 December 2022, the change in the provision for advances paid is as follows:

<i>In thousands of tenge</i>	2023	2022
As at 1 January	(89,069)	(120,051)
Accrued for the year	(58,178)	(2,069)
Recovered	81,335	33,051
As at 31 December	(65,912)	(89,069)

13. TAXES RECOVERABLE

As at 31 December 2023 and 31 December 2022 taxes recoverable comprise the following:

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
VAT	1,282,120	937,637
Property tax	6,911	7,473
Social tax	3,280	1,633
Tax on vehicles	2,552	944
Individual income tax	617	601
Land tax	68	1,688
Other	2,874	3,324
Total taxes recoverable	1,298,422	953,300



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. SHORT-TERM FINANCIAL INVESTMENTS**

The parent company manages the free cash resources of the group's companies through cash pulling, which is represented by receipt and provision of refundable financial aid between the parent company and its subsidiaries.

As at 31 December 2023, the Company's short-term financial investments are a financial aid issued to the parent company at 0.01% per annum.

During the year ended 31 December 2023, the Group provided refundable financial aid to the parent company in the amount of 2,643,539 thousand tenge and received a refund of the provided financial aid in the amount of 9,248,996 thousand tenge (2022: 13,528,120 thousand tenge provided, 7,000,000 thousand tenge received).

15. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
Cash on current bank accounts, US dollars	9,370,906	572,889
Short-term bank deposits, tenge	1,115,744	10,549,486
Cash on current bank accounts, tenge	211,161	5,316,534
Cash on current bank accounts, Russian roubles	24,424	4,289
Cash in transit	3,226	4,582
Cash on hand	807	390
Cash on current bank accounts, Uzbek Sum	53	212
Cash on current bank accounts, Chinese Yuan	15	849
Provision for expected credit losses	(603)	(850)
Total cash and cash equivalents	10,725,733	16,448,381

As at 31 December 2023, the average interest rate on short-term bank deposits was 15.2%, and current account balances was 2%, respectively (31 December 2022: 16.2% and 7%, respectively).

16. INVESTMENTS IN ASSOCIATES

As part of the implementation of the Memorandum on Joint Development of Terminal Activities dated 1 March 2023 between JSC National Company Kazakhstan Temir Zholy and Xi'an Free Trade Port Construction and Operation Co., Ltd, concluded in order to develop terminal facilities in the territory of the Republic of Kazakhstan and the People's Republic of China, a decision was made to establish a joint enterprise China-Kazakhstan Trade and Logistics Company LLC in Xi'an, China. The purpose of the establishment of the China-Kazakhstan Trade and Logistics Company LLC is the construction and operation of a cargo terminal, the provision of multimodal transportation and terminal services.

The Group has a 49% ownership share in the China-Kazakhstan Trade and Logistics Company LLC. The Group's share in China-Kazakhstan Trade and Logistics Company LLC is accounted for in the consolidated financial statements using the equity method.

The table below contains summary of financial information on the Group's investments in China-Kazakhstan Trade and Logistics Company LLC:

	31 December 2023
Current assets	10,516,438
Non-current assets	-
Current liabilities	33,850
Non-current liabilities	-
Equity	10,482,588
The Group's share in equity - 49%	5,136,468
Goodwill	-
Carrying amount of the Group's investment	5,136,468

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. INVESTMENTS IN ASSOCIATES (continued)**

	31 December 2023
Revenue from contracts with customers	152,532
Cost of sales	(152,532)
Administrative expenses	(54,232)
Finance income	611
Other expenses	(27)
Loss before taxes	(53,648)
Income tax expense	-
Loss for the year (continuing operations)	(53,648)
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods, net of tax	-
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	-
Total comprehensive loss for the year (continuing operations):	(53,648)
Share of the Group in loss for the year	(26,288)

As at 31 December 2023, the current assets of China-Kazakhstan Trade and Logistics Company LLC included assets in the form of debt from the second participant in the amount of 4,273,860 thousand tenge, since at the reporting date the second participant had not contributed its share to the charter capital.

17. SHARE CAPITAL

In 2023, the Company issued additional 42,142 shares, including 42,141 shares with a par value of 50 thousand tenge each, with a total value of 2,107,050 thousand tenge, and 1 share with a par value of 39,138 thousand tenge. The shareholder transferred property, plant and equipment in the amount of 2,128,364 thousand tenge, and the right to use land plots in the amount of 17,824 thousand tenge for account of payment.

The Company did not recognize the asset associated with the right to use land plots and recognized the corresponding effect within retained earnings (Note 5).

As at 31 December 2023 and 31 December 2022 the authorised, issued and fully paid share capital of the Group consisted of common shares of 1,297,384 (31 December 2022: 1,255,242 shares with a par value of 1,000 each).

Dividends

In 2023, the Company declared and paid dividends for 2022 in the amount of 13,501,680 thousand tenge (2022: 2,723,014 thousand tenge).

18. TRADE ACCOUNTS PAYABLE

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
For the services	2,920,168	2,397,733
For the goods	186,723	21,843
For property and equipment and intangible assets	110,009	33,580
Total trade accounts payable	3,216,900	2,453,156

As at 31 December 2023 and 31 December 2022, trade accounts payables are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
US dollars	1,823,649	1,159,206
Tenge	1,386,544	1,293,316
Russian rouble	5,695	120
Belorussian rouble	1,007	7
Uzbek Sum	5	507
Total trade accounts payable	3,216,900	2,453,156

Trade accounts payable are non-interest bearing and as a rule are settled on 50 day term.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>In thousands of tenge</i>	31 December 2023	31 December 2022
Provision for unused vacations	653,801	340,327
Provision for bonuses	437,610	1,289,882
Short-term warranty obligations	216,084	128,691
Liabilities on other obligatory and voluntary payments	201,195	104,418
Payables to employees	70,346	61,783
Other accounts receivable	6,232	4,036
Total other accounts payable and accrued liabilities	1,585,268	1,929,137

20. CONTRACTS LIABILITIES WITH CUSTOMERS

Contract liabilities with customers represent an advance payment received for the provision of freight forwarding services, operating services, transshipment and terminal activities. The Company expects this prepayment will be recognized as revenue over the next 12 months.

21. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are represented by post-employment benefit obligations and other defined benefit obligations.

The movements in the employee benefit obligations for the years ended 31 December 2023 and 31 December 2022 are as follows:

<i>In thousands of tenge</i>	2023	2022
Total obligations as at 1 January	325,149	196,115
Current cost of services	13,656	18,485
Benefits paid	(32,867)	(36,070)
Actuarial revaluation recognized in other comprehensive loss	(164,689)	21,019
Actuarial loss recognized in profit and loss for the period	(62,217)	105,204
Interest expenses	34,466	20,396
Total obligations at the end of the year	113,498	325,149
Including obligations maturing within one year	12,097	28,449
Obligations that mature after one year	101,401	296,700
Total obligations as at 31 December	113,498	325,149

The main assumptions used to determine defined pension and health benefit obligations for the Group's programs are listed below:

<i>In percentage terms</i>	2023	2022
Discounting rate	11.91%	10.6%
Inflation rate	6.6%	4.87%
Staff turnover	8.2%	8.5%

22. LEASE LIABILITIES

Movement of lease liabilities for the years ended 31 December 2023 and 31 December 2022 is presented as follows:

<i>In thousands of tenge</i>	2023	2022
Carrying amount as at 1 January	843,188	1,079,978
Interest expenses on lease (Note 27)	130,367	126,414
Payments	(367,101)	(307,835)
Disposal	(111,737)	(29,124)
Other	15,366	(26,245)
Carrying amount at 31 December	510,083	843,188

All lease liabilities for 2023 and 2022 relate to leases of buildings.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. LEASE LIABILITIES (continued)

Below are amounts recognised in profit or loss:

<i>In thousands of tenge</i>	2023	2022
Right-of-use assets depreciation expenses	(204,544)	(208,401)
Interest expense on lease liabilities (Note 27)	(130,367)	(126,414)
Finance income from lease modifications (Note 28)	49,245	9,619
Total	(285,666)	(325,196)

23. BONDS PAYABLE

On 4 December 2023, KTZ NC JSC, KTZ Express JSC and Kedentransservice JSC signed an agreement No.83-JSC on the transfer of Kedentransservice JSC obligations in the amount of 21,848,328 thousand tenge to KTZ Express JSC and the transfer of fitting platforms in the number of 4,401 units with a carrying amount of 26,502,913 thousand tenge.

The difference between the carrying amount of the transferred fitting platforms and the carrying amount of the transferred bond obligations in the amount of 4,654,585 thousand tenge was recognized as accounts receivable. Management expects that the accounts receivable will be covered through the transfer of property, offset of counterclaims and/or reimbursement of the specified amount in other legal way by 31 December 2024 subject to separate agreements between Kedentransservice JSC and KTZ Express JSC. As at 31 December 2023 this amount was recognized in accounts receivables from related parties.

In addition, the amount of accrued interest on bonds for the period from 26 September 2023 in the amount of 404,194 thousand tenge is subject to transfer to KTZ Express by 25 September 2024. As at 31 December 2023, this amount was recognized as accounts payable to related parties.

On 7 December 2023, the issuer of the bond issue was replaced from JSC Kedentransservice to JSC KTZ Express, and the transaction was registered on the AIFC Exchange - Astana International Exchange Ltd (AIX).

On 13 December 2023, the Group terminated the Listing Agreement (the "Agreement") signed on 25 January 2021 with the AIFC Exchange - Astana International Exchange Ltd (AIX).

For the year ended 31 December 2023, accrued interest amounted to 1,891,853 thousand tenge (2022: 2,020,970 thousand tenge). The Group paid accrued interest for the year ended 31 December 2023 and 31 December 2022.

The table below represents the movement in bonds payable as at 31 December 2023:

<i>In thousands of tenge</i>	Platform	As at 31 December 2022	Interest costs	Payment of interest	Transfer of liabilities	Balance as at 31 December 2023
Loan	AIX	22,381,639	1,891,853	(2,020,970)	(22,252,522)	-
Total loans		22,381,639	1,891,853	(2,020,970)	(22,252,522)	-

The table below represents the movement in bond liabilities as at 31 December 2022:

<i>In thousands of tenge</i>	Platform	At 31 December 2021	Interest costs	Payment of interest	Balance as at 31 December 2022
Loan	AIX	22,381,639	2,020,970	(2,020,970)	22,381,639
Total loans		22,381,639	2,020,970	(2,020,970)	22,381,639



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. REVENUE FROM OPERATING ACTIVITIES

<i>In thousands of tenge</i>	2023	2022
Rolling stock operation	28,443,700	25,637,441
Reloading and fastening of freights related to international carriage	9,159,574	9,382,776
Transport and forwarding services	3,231,354	3,851,913
Terminal services	2,642,875	2,530,700
Cargo warehousing and storage	1,313,514	1,104,719
Operating leases	1,149,566	957,984
Income from use of railcars	190,960	544,402
Transportation fines, received and paid	155,139	-
Other operating income	52,703	6,593
Total operating income	46,339,385	44,016,528

During the year ended 31 December 2023 and 2022, all revenue from contracts with customers was recognized over time. All contract liabilities are due to be settled within 12 months after the reporting date.

Income from operation of rolling stock is presented in the operating segment "operation of rolling stock", income from transshipment services, cargo securing, terminal activities, warehousing and storage - in the segment "terminal services", income from transportation and forwarding services - in the segment "transportation and forwarding services", income from lease - in the segment "lease" (Note 5).

25. OPERATING EXPENSES

<i>In thousands of tenge</i>	2023	2022
Payroll expenses	8,306,772	7,174,304
Third party services related to principal activities*	7,044,659	5,592,137
Repair and maintenance	4,662,357	4,006,230
Lease expenses	3,817,852	1,347,372
Works and services for freight transportation and handling	2,489,868	1,591,441
Depreciation	2,403,345	2,798,725
Materials	1,596,066	1,316,584
Taxes other than income tax	789,829	452,458
Security services	349,667	324,058
Advisory and information services	332,643	217,420
Utilities	238,619	240,057
Loss from impairment of non-financial assets	187,597	94,980
Expenses on disposal of other non-current assets	133,060	-
Other	648,534	888,199
Total operating expenses	33,000,868	26,043,965

* Services of third parties mainly comprised the payment of carriage charges for local and international destinations.

26. ACCRUAL OF PROVISION FOR EXPECTED CREDIT LOSSES

<i>In thousands of tenge</i>	2023	2022
Accrual provision for expected credit losses on accounts receivable	(92,414)	(71,979)
Reversal/(accrual) of provision for expected credit losses on financial aid issued	7,032	(7,019)
Reversal/(accrual) of provision for expected credit losses on cash and cash equivalents	247	(11)
Total accrual of provision for expected credit losses	(85,135)	(79,009)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. FINANCE COSTS

<i>In thousands of tenge</i>	2023	2022
Interest expenses on bonds (Note 23)	1,891,853	2,020,970
Interest expenses on lease liabilities (Note 22)	130,367	126,414
Other finance costs	11,753	8,636
Loan interest (Note 23)	-	137,709
Write-off of investments of Transevraziya JSC	-	2,330
Total finance costs	2,033,973	2,296,059

28. FINANCE INCOME

<i>In thousands of tenge</i>	2023	2022
Interest on deposits	1,370,584	36,386
Income from government grants	287,522	9,476
Interest on current bank accounts	124,523	457,950
Income from modification of lease	49,245	9,619
Other finance income	2,500	-
Total finance income	1,834,374	513,431

During 2023, the Company wrote off deferred income from government grants in the amount of 287,522 thousand tenge due to the transfer of fitting platforms (Note 6).

29. INCOME TAX EXPENSE

The income tax rate in the Republic of Kazakhstan, where the Group operates, was 20% for the year ended 31 December 2023. Effective interest rate is 20.2%.

The Group's income tax expense for the year ended 31 December 2023 and 31 December 2022 comprised:

<i>In thousands of tenge</i>	2023	2022
Current income tax expense	4,604,378	2,720,025
Current income tax expenses for previous years	58,731	-
Deferred income tax (benefit) / expenses	(2,009,803)	706,924
Income tax expense	2,653,306	3,426,949

The following is a reconciliation of corporate income tax at the rate of 20% to the actual amount of corporate income tax recorded in the Group's consolidated statement of profit or loss and comprehensive income:

<i>In thousands of tenge</i>	2023	2022
Profit before taxes	13,003,754	16,928,629
Tax at statutory rate of 20%	2,600,751	3,385,726
Adjustments for:		
Current income tax expenses for previous years	58,731	-
Non-deductible expenses in determining taxable income	(6,176)	41,223
Income tax expense	2,653,306	3,426,949



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. INCOME TAX EXPENSE (continued)

	Consolidated statement of financial position		Recognized in profit or loss	
	31 December 2023	31 December 2022	2023	2022
<i>In thousands of tenge</i>				
Deferred tax assets				
Provision for expected credit losses	442,335	419,222	23,113	26,791
Due to employees	218,282	326,041	(107,759)	23,012
Provision for illiquid inventory	6,148	7,184	(1,036)	(841)
Taxes payable	14,203	7,396	6,807	769
Lease liabilities	102,017	168,638	(66,621)	(47,358)
Other	–	4,184	(4,184)	(921)
Deferred tax liabilities				
Property, plant and equipment, investment property and other non-current assets	(1,594,453)	(3,753,936)		
Deferred tax expenses			2,159,483	(708,376)
Net deferred tax liabilities	811,468	2,821,271	(2,009,803)	706,924
Reconciliation of deferred tax liabilities, net				
<i>In thousands of tenge</i>				
			2023	2022
As at 1 January			2,821,271	2,114,347
Deferred tax (benefit)/expenses recognized within profit or loss			(2,009,803)	706,924
As at 31 December			811,468	2,821,271

30. CONTINGENT AND CONTRACTUAL COMMITMENTS

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

Volatility in crude oil prices and the ongoing devaluation of the Kazakhstani tenge continue to have an impact on the Kazakh economy. The combination of the above along with other factors resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities regarding IFRS interpretation of recognition of revenue, expenses and other items of the financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe.

Fines are generally 80% of any taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and fines, if any, may be in excess of the amount expensed to date and accrued at 31 December 2023. The management believes that as at 31 December 2022 its interpretation of the relevant legislation is appropriate and it is probable that the Group's tax positions will be sustained, except as provided for in these consolidated financial statements.

Legal issues

The Group was and continues to be subject to legal proceedings and complaints, none of which, individually or collectively, had a significant effect on the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. CONTINGENT AND CONTRACTUAL COMMITMENTS (continued)

Capital commitments

As at 31 December 2023, the Group has capital commitments in the amount of 1,331,792 thousand tenge, including VAT (31 December 2022: 172,230 thousand tenge, including VAT). Most of this amount constitutes commitments under the agreement with BaikonurStroySnab LLP for the reconstruction of the PM-4 transshipment site in the amount of 1,096,271 thousand tenge.

31. RELATED PARTY TRANSACTIONS

The parties are generally considered to be related if they are under common control, or one party has the ability to control the other party or can significantly influence or exercise joint control over the other party's financial and business decisions. When considering relationships with each of the possible related parties, the economic content of such relationships is taken into account, and not just their legal form.

For the year ended 31 December 2023 and 31 December 2022 related party transactions were entered into on the terms and conditions agreed between the related parties, which may differ from market terms and conditions. Transactions with related parties and the amounts of such transactions for the specified year are presented as follows:

		Sales to related parties	Purchases from related parties	Due from related parties*	Due to related parties*
<i>In thousands of tenge</i>					
Parent entity (Note 14 and 23)	2023	–	–	394,142	–
	2022	–	–	6,992,567	22,381,639
Entities within the group of the Company's parent entity					
	2023	2,589,339	1,529,833	18,313,366	1,866,135
	2022	4,111,430	6,610,592	5,452,730	476,348

* These amounts include accounts receivable from related parties, advances paid to related parties and accounts payable to related parties and commitments under agreements with related parties.

Services provided by related parties primarily include carriage and other fees and charges associated with the carriage of goods and other costs of providing services. Services provided to related parties mainly include loading and unloading operations. Sales to related parties and acquisitions from related parties are based on market prices.

As at 31 December 2023 amounts due from related parties are presented net of provision for expected credit losses in the amount of 21,378 thousand tenge (2022: 37,513 thousand tenge). The movement in the provision for expected credit losses on related party receivables is as follows:

	2023	2022
<i>In thousands of tenge</i>		
At 1 January	(37,513)	(42,279)
Accrued for the year	(196,665)	(100,563)
Recovered	212,800	105,329
As at 31 December	(21,378)	(37,513)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Loss rate	Gross carrying amount	Lifetime expected credit losses
<i>In thousands of tenge</i>			
As at 31 December 2023			
Trade accounts receivable			
- current	–	–	–
- less than 30 days overdue	1,70%	4,803,111	(712)
- 30 to 60 days overdue	2,48%	96,919	(95)
- 60 to 90 days overdue	4,15%	125,029	(7,411)
- over 90 days overdue	36,7%	32,458	(13,160)
Total		5,057,517	(21,378)



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RELATED PARTY TRANSACTIONS (continued)

<i>In thousands of tenge</i>	Loss rate	Gross carrying amount	Lifetime expected credit losses
As at 31 December 2022			
Trade accounts receivable			
- current	-	-	-
- less than 30 days overdue	1.70%	1,243,488	(21,139)
- 30 to 60 days overdue	2.48%	216,925	(5,380)
- 60 to 90 days overdue	4.15%	47,427	(1,968)
- over 90 days overdue	36.7%	15,675	(9,026)
Total		1,523,515	(37,513)

Compensation to key management personnel of the Group

Key management personnel include the CEO, deputy CEOs and members of the Board of Directors of the Group, a total of 9 persons for the year ended 31 December 2023 (2022: 7 persons). Total remuneration of the Group's key management personnel included in salary expenses in this consolidated financial statement of profit or loss and other comprehensive income amounted to 274,048 thousand tenge for the year ended 31 December 2023 (2022: 86,775 thousand tenge). Compensation paid to key management personnel primarily consists of contractual salary expenses and other payments based on the achieved performance results.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management function of the Group is carried out in relation to financial, operational and legal risks. Financial risks include market risk (consisting of currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Operational and legal risk management should ensure the proper functioning of the internal policies and procedures in order to mitigate these risks. The Group's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk that the Group will incur financial losses because the counterparty will not meet its obligations under a financial instrument or customer contract. The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities including deposits with banks and financial institutions, currency transactions and other financial instruments.

Credit risk arising from the default of the counterparties with respect to the Group's financial instruments is generally limited by amounts, if any, the counterparties liabilities exceed the Group's liabilities to these counterparties. It is the Group's policy to enter into financial instrument transactions with creditworthy counterparties. Maximum credit risk exposure equals to the carrying amount of each financial asset. The Group considers its maximum exposure to be the sum of trade receivables (Note 11), other receivables and related party receivables (Note 31), as well as the sum of short-term financial investments (Note 14) and cash and cash equivalents (Note 15), less provisions for expected credit losses recorded at the reporting date.

Concentrations of credit risk may arise from exposures to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Group has a policy stipulating continuous monitoring to ensure that transactions are executed with the customers having an adequate credit history and do not exceed the established crediting limits. Due to the fact that liabilities of counterparties are mainly represented by liabilities from related parties, the Group believes that these liabilities will be settled on demand. The Group does not act as a guarantor for the liabilities of the third parties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The following table presents an analysis of cash and cash equivalents by credit quality as at 31 December 2023 and 31 December 2022:

<i>In thousands of tenge</i>	Ratings		31 December 2023	31 December 2022
	2023	2022		
Halyk Bank JSC	BBB- Fitch Ratings	BBB- Fitch Ratings	8,959,770	10,584,113
ForteBank JSC	BB Fitch Ratings	-	960,105	-
Altyn Bank JSC	BBB Fitch Ratings	BBB- Fitch Ratings	799,491	5,857,487
Cash in transit	Not available	Not available	3,226	4,582
	Baa3 Moody's	-		
KazPost JSC	rating		2,483	988
Cash in hand	Not available	Not available	807	390
National Bank for Foreign Economic Activity of Uzbekistan	BB- Fitch Ratings	BB- Fitch Ratings	439	822
Bank of China	A Fitch Ratings	A Fitch Ratings	15	849
Provision for credit losses			(603)	(850)
Total cash and cash equivalents			10,725,733	16,448,381

Capital risk management

The Group manages its capital risk to ensure that the Group can continue as a going concern while maximizing return for shareholders by optimizing the debt and equity balance.

The capital structure of the Group includes share capital, retained earnings as disclosed in the consolidated statement of changes in equity.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when revenue or expense is denominated in a foreign currency).

With respect to currency risk, management sets limits on the level of exposure by currency and in general. The table below summarizes the Group's exposure to changes in foreign exchange rates at the end of the reporting period.

<i>In thousands of tenge</i>	Increase / decrease in US Dollar rate	Effect on profit before income tax
2023	+14.15%	2,380,902
	-14.15%	(2,380,902)
2022	21.00%	280,610
	-21.00%	(280,610)

Movements in the effect on profit before taxes are due to changes in U.S. dollar-denominated monetary assets and liabilities.

Market risk

Market risk relates to possible fluctuations in the value of financial instruments due to changes in market interest rates. Due to the fact that the Group holds a dominant position on the market, the risk of possible fluctuations in the value of a financial instrument as a result of changes in market prices is remote.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Liquidity risk**

The ultimate responsibility for liquidity risk management rests with the Group's shareholders who have established the necessary liquidity risk management system for the Group's management in accordance with requirements for managing liquidity and short-term, medium-term and long-term financing. The Group manages its liquidity risk by maintaining adequate reserves, bank loans and credit lines, by monitoring projected and actual cash flows and comparing maturity dates of financial assets and liabilities.

The following tables present the contractual terms of the Group's non-derivative financial liabilities. The table was prepared using undiscounted cash flows on financial liabilities based on the earliest date at which the Group may be required to pay. The table includes both interest and principal cash flows.

<i>In thousands of tenge</i>	Weighted average effective interest rate	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2023							
Trade and other payables		3,203,048	4,447	4,111	5,294	-	3,216,900
Accounts payable to related parties		153,701	6,477	405,688	-	-	565,866
Lease liabilities	15.4%-20.58%	30,284	60,568	272,557	385,034	-	748,443
		3,387,033	71,492	682,356	390,328	-	4,531,209

<i>In thousands of tenge</i>	Weighted average effective interest rate	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022							
Trade and other payables		1,733,561	719,595	-	-	-	2,453,156
Accounts payable to related parties		414,358	39,996	-	-	-	454,354
Lease liabilities	11.70%-20.20%	27,981	55,962	251,829	691,185	-	1,026,957
Bond liabilities	9.25%	-	-	2,020,970	24,149,989	-	26,170,959
		2,175,900	815,553	2,272,799	24,841,174	-	30,105,426

Fair value of financial instruments

The Company uses the following hierarchy for determining the fair value of financial instruments broken down by valuation models: (i) Level 1 includes evaluations on quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 includes evaluations obtained using valuation techniques in which all used significant inputs are directly or indirectly observable for the asset or liability (i.e., price derivatives), and (iii) assessment of Level 3, which are evaluations not based on observable market data (i.e. based on unobservable inputs). Management uses judgment in classifying financial instruments in the fair value hierarchy.

If the fair value measurement uses observable inputs that require a significant adjustment, it is classified as Level 3. The significance of the data used is assessed for the collective fair value measurement.

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. Since no readily available market mechanisms for determining fair value exist for a large part of the Company's financial instruments, assumptions based on current economic conditions and the specific risks attributable to the instrument must be used in measuring the fair value.

As at 31 December 2023, the fair value of financial assets and financial liabilities, excluding loans and debt securities issued, did not differ materially from their carrying amounts.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Fair value of financial instruments (continued)**

The carrying and fair values of financial assets and financial liabilities as at 31 December 2023 and 31 December 2022 were as follows:

<i>In thousands of tenge</i>	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Loan liabilities	-	-	-	-
Bond liabilities	-	-	22,381,639	18,921,894

The table below discloses the measurement hierarchy for assets and liabilities of the Group at the fair value.

Fair value hierarchy as at 31 December 2023

<i>In thousands of tenge</i>	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Investment property	-	-	7,289,037	7,289,037
Total	-	-	7,289,037	7,289,037

Liabilities for which fair values are disclosed

Lease liabilities	-	-	652,250	652,250
Total	-	-	652,250	652,250

Fair value hierarchy as at 31 December 2022

<i>In thousands of tenge</i>	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Investment property	-	-	6,924,363	6,924,363
Total	-	-	6,924,363	6,924,363

Liabilities for which fair value are disclosed

Lease liabilities	-	-	810,717	810,717
Bonds payable	-	-	18,921,894	18,921,894
Total	-	-	19,732,611	19,732,611

For the years ended 31 December 2023 and 31 December 2022, there were no transfers between Levels 1, 2 and 3 of the financial instruments' fair value.

Fair value measurement of financial instruments

At 31 December 2023 and 31 December 2022, management determined that the fair value of the Group's financial instruments, such as trade and other receivables and payables, cash and cash equivalents, short-term financial investments, approximate their carrying amount, mainly due to short-term maturities of these instruments.

Fair value measurement

The fair value of the loan, lease and bond obligations as at 31 December 2023 is the present value of future cash flows discounted at market interest rates of 19.47% (2022: 19.84%)

33. SUBSEQUENT EVENTS

In January 2024, the Specialized Interdistrict Economic Court of Astana has accepted and is considering a civil case in which AGM-Trans LLP is claiming that the Group recover lost profits in the amount of 208,620 thousand tenge for storing railcars in the repair depot.



GLOSSARY

JSC «NC «Kazakhstan Temir Zholy»	JSC «National Company «Kazakhstan Temir Zholy»
JSC «Samruk-Kazyna»	National Welfare Fund «Samruk-Kazyna»
JSC «Kedentransservice»	Kedentransservice Company
AMS	Administrative and Management Staff
PRC	People's Republic of China
PRC-EU	China – European Union
PRC-RF	China – Russian Federation
PRC-UZ	China – Uzbekistan
KPI	Key Performance Indicators
LCC	Large-Capacity Container
Regional Branches	Regional Branches of Kedentransservice
PFC	Planning and Finance Committee
AC	Audit Committee
HRRC	Human Resources, Remuneration, and Social Issues Committee
TRACECA	Transport Corridor Europe-Caucasus-Asia
TEU	Twenty-foot Equivalent Unit
GDP	Gross Domestic Product
LTIFR	Lost Time Injury Frequency Rate
FER	Fuel and Energy Resources
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBITDA Margin	EBITDA Margin
GRI	Global Reporting Initiative
OSJD	Organization for Cooperation of Railways
UIC	International Union of Railways
EAEU	Eurasian Economic Union
ESG	Environmental, Social, and Corporate Governance
UTLC-ERA	United Transport and Logistics Company – Eurasian Railway Alliance
TITR	Trans-Caspian International Transport Route
MCI	Monthly Calculation Index
CIT	Corporate Income Tax
Inventory	Inventory
IFRS	International Financial Reporting Standards
VAT	Value Added Tax
GAE	General and Administrative Expenses
ROACE	Return on Average Capital Employed
Board of Directors	Board of Directors
CRM	Customer Relationship Management System
OHSMS	Occupational Health and Safety Management System
MSW	Municipal Solid Waste
AIFC	Astana International Financial Centre
CRMS	Corporate Risk Management System



The purpose of this Integrated Annual Report is to provide comprehensive and reliable information to our stakeholders about the Company and its activities across the three pillars of sustainable development – economic, social, and environmental. This report not only reflects the current state of affairs but also outlines the long-term goals and development strategy of the Company.

The report includes data for the period from January 1 to December 31, 2023, as well as information from previous periods and forecasted values to illustrate trends in performance.

This approach ensures a comprehensive view of the results achieved and anticipated trends. The current report indicates that no changes have been made to the information presented in previously published annual reports. It is also noted that external assurance of the report was not conducted during this period.

Reports are published annually and are available on the Company's website at <https://www.kdts.kz/ru/aktsioneram/godovaya-i-finansovaya-otchetnost/>. The Company strives for maximum transparency

in communication with its stakeholders, and therefore, access to the report is organized in such a way that anyone can easily familiarize themselves with its content.

The report was prepared in accordance with international GRI standards for ESG disclosure, with a focus on the most important aspects of sustainability. It is based on active engagement with stakeholders, which allowed for adherence to the principle of completeness and consideration of a broader sustainability context.

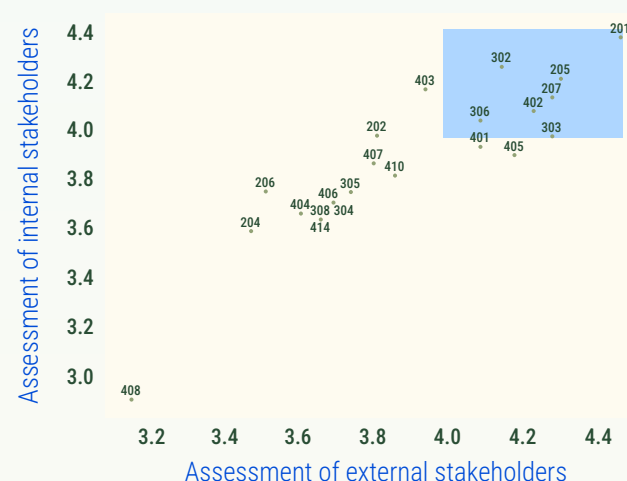


DEFINING KEY TOPICS OF THE REPORT

The selection of key topics for the report was based on the materiality principle, which identifies aspects that significantly impact stakeholders and the environment. This process involved identifying stakeholders, analyzing their interests and expectations, and assessing the impact on environmental, social, economic, and governance aspects. Prioritization of topics was carried out based on the criteria of frequency and significance of impact, as well as the strength, scale, and scope of these impacts.

The importance of each topic was assessed using a 5-point scale, where the relevance of a topic was rated from 0 to 5 points. Based on these assessments, a weighted average score was calculated to objectively determine the significance of each topic. Considering the opinions and evaluations of both internal and external stakeholders, the most important topics were identified, receiving priority attention in the preparation of the Annual Report. Special emphasis was placed on those aspects that were most significant to the Company's development strategy.

Picture 5 – Significant topics to be disclosed in the Annual Report for 2023 of JSC «Kedentransservice»



- | | |
|---|--|
| 201. Economic Indicators (2016) | 205. Anti-corruption (2016) |
| 302. Energy Consumption (2016) | 402. Labor-Management Relations (2016) |
| 204. Procurement Practices (2016) | 303. Water and Effluents (2018) |
| 401. Employment (2016) | 207. Taxes (2019) |
| 206. Anti-competitive Behavior (2016) | 405. Diversity and Equal Opportunity (2016) |
| 404. Training and Education (2016) | 306. Waste (2020) |
| 202. Market Presence (2016) | 407. Freedom of Association and Collective Bargaining (2016) |
| 403. Occupational Health and Security (2018) | 408. Child Labor (2016) |
| 304. Biodiversity (2016) | 410. Safety Practices (2016) |
| 305. Emissions (2016) | 414. Supplier Social Assessment (2016) |
| 406. Non-discrimination (2016) | |
| 308. Supplier Environmental Assessment (2016) | |

Table 21 – GRI reporting elements

Themes	The GRI standard
Economic indicators	201
Anti-corruption	205
Taxes	207
Energy industry	302
Water and discharges	303
Wastes	306
Training and education	404

DISCLOSURE INDEX FOR GRI STANDARDS

Indicator	Disclosure	Report Section /Comment	Page
SDG, GRI 1: Fundamentals (2016, 2018, 2019, 2021)			
GRI 2: The Company and its Reporting Practices (2021)			
2-1	Information about the organization	3. About the Company	12
		5. Geography of presence	16
		7. Main activities	20
		The Company's goals and objectives for 2024	30
		14. Contact information	169
2-2	Entities included in the reporting of the organization for	Information about subsidiaries and affiliates	42
2-3	Sustainable development	2. About the Report	162
2-4	Reporting period,	2. About the Report	162
2-5	Frequency and contacts	2. About the Report	162
SDG, GRI 2: The company's activities and its employees (2021)			
2-6	Company activities, value chain and other business relationships	7. The main activities of the company	20
		8. Business model	21
		The Company's tariff policy	31
2-7	Staff	Social responsibility	73
		Company Staff	73
2-8	Freelance staff	The company does not have freelance employees	



Indicator	Disclosure	Report Section /Comment	Page
Corporate governance			
SDG, GRI 2: Corporate Governance (2021)			
2-9	Structure and composition of management bodies	13. Corporate Governance Report	80
2-10	Appointment and selection of the highest governing body	The procedure for forming the composition of the Board of Directors	87
		The procedure for forming the Management Board of Directors	97
2-11	Chairman of the supreme governing body	The Board of Directors	85
		The Management Board	97
2-12	The role of the supreme governing body in overseeing impact management	The Board of Directors	85
		The Management Board	97
2-13	Delegation of responsibility for impact management	Social responsibility	73
2-14	The role of the supreme governing body in reporting on sustainable development	The Board of Directors	85
		The Management Board	97
2-15	Conflicts of interest	Goal No. 5. Ensuring the sustainable development of the Company	50
		Conflict of Interest Resolution Policy	67
2-16	Informing senior management about the most important issues	Anti-corruption	64
2-17	Collective knowledge of the highest governing body	Staff development	78
2-18	Assessment of the activities of the supreme governing body	The process of evaluating the activities of the Board of Directors	86
2-19	Remuneration Policy	Remuneration of members of the Board of Directors	86
2-20	The process of determining remuneration	Remuneration of members of the Board of Directors	86
2-21	Annual total remuneration ratio	Comment: the information is confidential	-
GRI 2: Strategy, Policy, Practice			
2-22	Statement on the Sustainable Development Strategy	Address by the Chairman of the Board of Directors	8
		Address by the Chairman of the Management Board	10
2-23	Commitment to politics	Goal No. 5. Ensuring the sustainable development of the Company	50

Indicator	Disclosure	Report Section /Comment	Page
2-24	Fulfillment of the obligations assumed	Goal No. 5. Ensuring the sustainable development of the Company	50
2-25	Elimination of negative effects	Anti-corruption	64
2-26	Mechanisms for obtaining advice and expressing concerns	Conflict of Interest Resolution Policy	67
2-27	Compliance with the law	Compliance with laws and regulations	67
2-28	Membership in associations and international organizations	Participation in international organizations, associations and adherence to international principles	24
2-29	Approach to stakeholder engagement	Stakeholders and aspects of Interaction with stakeholders	53 53
2-30	Collective agreements	Additional social guarantees	77
GRI 3: Main topics (2021)			
3-1	The process of identifying significant topics	2. About the Report	162
3-2	List of significant topics	2. About the Report	162
Economy			
GRI 201: Economic indicators (2016)			
201-2	Financial impact and other risks opportunities due to climate change	The organization's activities do not have a direct impact on climate change.	
201-3	Defined benefit obligations and other pension plans	All employees of the Company are covered by the state pension system and pay mandatory pension contributions	
GRI 205: anticorruption (2016)			
205-2	Assessment of activities for risks related to corruption	Results of the Company's Compliance Controller activity in 2023	65
		Compliance with laws and regulations	67
GRI 207: Taxes (2019)			
207-1	Description of the Tax accounting policy	Tax deductions	57
Environmental aspects			
GRI 302: Energy industry (2016)			
302-1	Energy consumption within the organization	Environmental responsibility	68
GRI 303: Water and wastewater (2018)			
303-5	Water consumption	Environmental responsibility	68



Indicator	Disclosure	Report Section /Comment	Page
GRI 306: Wastes (2016)			
306-1	Waste generation and significant waste-related impacts	Environmental responsibility	68
306-2	Managing significant waste-related impacts	Environmental responsibility	68
Social aspects			
GRI 404: Professional training and education (2016)			
404-1	The average number of hours of training per year per employee	1. JSC «Kedentransservice» in figures	4

CONTACT INFORMATION

GRI 2-1

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JSC Kedentransservice Website:
<https://www.kdts.kz/ru/>

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<https://www.facebook.com/Kedentransservice.kz>

Instagram: <https://www.instagram.com/kdts.kz?igsh=aGk2M3kzaWdieHcy>

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