

1. NATURE OF ACTIVITIES

JSC Air Astana (the “Company”) is a joint stock company as defined in the Civil Code of the Republic of Kazakhstan.

The Company was established as a closed joint stock company on 14 September 2001 by Resolution of the Government of the Republic of Kazakhstan #1118 dated 29 August 2001. Due to a change in legislation introduced in 2003, the Company was re-registered as a joint stock Group on 27 May 2005.

The Company has a subsidiary JSC “FlyArystan” (formerly JSC “Aviation Company “Air Kazakhstan”) (hereinafter – the “Subsidiary”) which was acquired in November 2019 by purchasing one hundred percent of the shares and voting interests. Together the Company and the Subsidiary are referred to as the “Group”.

The operations of Subsidiary commenced in October 2023. From December 2023 to September 2024, JSC “FlyArystan” issued additionally 3,030,000 shares in favour of the Company. The total additional investment amounted to KZT 12,120,000 thousand (USD 26,538 thousand).

The Group’s principal activity is the provision of scheduled domestic and international air services for passengers. Other business activities include freight and mail transportation.

As at 30 September 2024 and 31 December 2023, the Group operated 56 and 49 turbojet aircraft.

On 15 February 2024, the Company completed its Initial Public Offering (“IPO”), raising KZT 54,256,673 thousand (USD 121,112 thousand). The Company listed simultaneously on three exchanges: Kazakhstan Stock Exchange (“KASE”), Astana International Exchange, and London Stock Exchange. In addition to the primary offering, the existing shareholders JSC “National Welfare Fund “Samruk-Kazyna”, and BAE Systems Kazakhstan Limited both sold their shares (or GDRs representing shares), reducing their shareholdings to 41% and 16.95%, respectively. Other shareholders had less than 10% of shares post-IPO.

2. BASIS OF PREPARATION

Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023. This condensed consolidated interim financial information should be read in conjunction with those financial statements. This condensed consolidated interim financial information does not include all the information required for full annual financial statements prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (“IFRS Standards”).

Segmental Information

There are two main operating segments of the Group, full service brand Air Astana and low cost brand FlyArystan; these include information for the determination of performance evaluation and allocation of resources by the management. The Group management uses the operating profit calculated according to IFRS standards while evaluating the performance of the segments adjusted for the impact of inter-segments leases.

Functional currency

Even though the national currency of Kazakhstan is the Kazakhstani tenge (“tenge”), the Company’s functional currency is determined as the US Dollar (“USD”). The USD reflects the economic substance of the underlying events and circumstances of the Company and is the functional currency of the primary economic environment in which the Company operates. All currencies other than the currency selected for measuring items in the condensed consolidated interim financial information are treated as foreign currencies. Accordingly, transactions and balances not already measured in USD have been premeasured in USD in accordance with the relevant accounting standard requirements.

As requested by shareholders, the Group prepares two sets of financial statements with presentation currency Kazakhstani tenge and USD as shareholders believe that both currencies are useful for the users of the Group's financial statements. This condensed consolidated interim financial information for the three-month and nine-month periods ended 30 September 2024 has been presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this condensed consolidated interim financial information are the same as those applied in the last annual financial statements.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing this condensed consolidated interim financial information.

The following amended standards and interpretations are not expected to have a significant impact on the Group's condensed consolidated interim financial information:

- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1;*
- *Non-current Liabilities with Covenants – Amendments to IAS 1;*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7;*
- *Lease liability in a Sale and Leaseback – Amendments to IFRS 16;*
- *Lack of Exchangeability - Amendments to IAS 21;*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28.*

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the Group's annual financial statements for 2023 prepared in accordance with IFRS standards.

5. SEGMENT REPORTING

The Group's management makes decisions regarding resource allocation to segments based upon the results and the activities of its full service brand Air Astana and Low Cost brand FlyArystan segments for the purpose of segments' performance evaluation. The Group's main activities can be summarized as follows:

Air Astana

The brand's aviation activities consist of mainly domestic and international passenger and cargo air transportation as a full service brand.

FlyArystan

The brand's aviation activities consist of mainly domestic and international passenger and cargo air transportation as a low cost brand.

In 2023, the Group amended the treatment of intercompany leases costs between Air Astana and FlyArystan in its segment reporting to consistently apply IFRS 16 *Leases* in both operating segments. As a result of this change the Group has recognized the depreciation of right-of-use assets arising from these intercompany lease transactions with FlyArystan. These transactions are treated as inter segment transactions and are reflected in elimination section of the segment report. The amendments have been applied for the nine-month period ended 30 September 2023. The Group does not conduct a separate analysis of the financial position for each segment.

Operating results for the nine-month period ended 30 September 2024 and 30 September 2023:

'000 USD	Nine-month period ended 30 September 2024		Inter-group elimination	Total
	Air Astana	FlyArystan		
Condensed consolidated interim statement of profit or loss				
Revenue and other income				
Passenger revenue	703,501	256,845	(6)	960,340
Lease	61,863	11,314	(73,177)	-
Cargo and mail revenue	16,944	1,848	-	18,792
Other income	11,801	1,250	(886)	12,165
Gain from sale and leaseback transaction	5,196	-	-	5,196
Total revenue and other income	799,305	271,257	(74,069)	996,493
Operating expenses				
Fuel and oil costs	(168,756)	(65,659)	-	(234,415)
Employee and crew costs	(124,417)	(41,017)	627	(164,807)
Depreciation and amortisation	(123,636)	(45,353)	26,383	(142,606)
Passenger service	(77,942)	(12,558)	-	(90,500)
Engineering and maintenance	(69,418)	(43,673)	29,981	(83,110)
Handling, landing fees and route charges	(68,805)	(21,164)	-	(89,969)
Selling costs	(30,344)	(2,352)	-	(32,696)
Aircraft lease costs	(11,476)	(3,332)	10,210	(4,598)
Consultancy, legal and professional services	(6,617)	(569)	138	(7,048)
Insurance	(6,523)	(2,964)	-	(9,487)
Information technology	(3,279)	(1,386)	-	(4,665)
Taxes, other than income tax	(3,158)	(16)	-	(3,174)
Property and office costs	(3,004)	(376)	-	(3,380)
Other	(14,508)	(3,655)	(2)	(18,165)
Total operating expenses	(711,883)	(244,074)	67,337	(888,620)
Operating profit	87,422	27,183	(6,732)	107,873

'000 USD	Nine-month period ended 30 September 2023	Nine-month period ended 30 September 2023	Inter-group elimination	Total
	(unaudited)	(unaudited)		
Condensed consolidated interim statement of profit or loss	Air Astana	FlyArystan		
Revenue and other income				
Passenger revenue	666,562	211,367	-	877,929
Lease	62,423	231	(62,654)	-
Cargo and mail revenue	14,507	1,174	-	15,681
Other income	6,180	816	-	6,996
Total revenue and other income	749,672	213,588	(62,654)	900,606
Operating expenses				
Fuel and oil costs	(156,743)	(52,048)	-	(208,791)
Employee and crew costs	(110,619)	(33,024)	-	(143,643)
Depreciation and amortisation	(116,326)	(30,924)	28,821	(118,429)
Passenger service	(65,078)	(10,817)	-	(75,895)
Engineering and maintenance	(76,563)	(32,167)	25,576	(83,154)
Handling, landing fees and route charges	(60,599)	(16,828)	-	(77,427)
Selling costs	(27,351)	(2,981)	-	(30,332)
Aircraft lease costs	(1,647)	(1,625)	1,009	(2,263)
Consultancy, legal and professional services	(3,502)	(99)	-	(3,601)
Insurance	(5,701)	(2,369)	-	(8,070)
Information technology	(3,729)	(1,154)	-	(4,883)
Taxes, other than income tax	(2,885)	-	-	(2,885)
Property and office costs	(2,440)	(210)	-	(2,650)
Other	(8,954)	(754)	-	(9,708)
Total operating expenses	(642,137)	(185,000)	55,406	(771,731)
Operating profit	107,535	28,588	(7,248)	128,875

6. REVENUE AND OTHER INCOME

'000 USD	Nine-month period ended 30 September 2024	Nine-month period ended 30 September 2023
	(unaudited)	(unaudited)
Passenger revenue		
Scheduled passenger flights	883,226	833,404
<i>including:</i>		
<i>Fuel surcharge</i>	73,085	84,071
<i>Airport services</i>	46,645	42,635
<i>Excess baggage</i>	4,505	5,030
Charter flights	77,114	44,525
	960,340	877,929

Passenger revenue increased by USD 82,411 thousand, or 9.4% increase, for the period ended 30 September 2024 as compared to the same period in 2023.

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Cargo and mail		
Cargo-Regular	17,052	14,142
Mail	1,740	1,539
	18,792	15,681
	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
'000 USD		
Other income		
Incidental income	6,640	1,149
Gain on disposal of spare parts and other assets	3,000	3,376
Income from ground services	1,318	1,094
Other	1,207	1,377
	12,165	6,996

The Group purchased a spare engine in June 2024 which was immediately sold as part of a sale and leaseback transaction. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group recognized a net gain of USD 5,196 thousand which represents the excess of the sale proceeds over lease liabilities and the changes in engine's related assets. The Group has sold a spare engine for the total amount of USD 18,750 thousand and recognised a right-of-use asset of USD 5,491 thousand and lease liabilities of USD 9,814 thousand. Under the lease agreement the Group has leased back the spare engine for eight years with monthly payments. The Group has recognised USD 9,519 thousand as net proceeds from the sale and leaseback transaction in investing activities in the consolidated statement of cash flows.

During the nine-months periods ended 30 September 2024 and 30 September 2023, passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations in each operating segment:

'000 USD	Operating segments			
	Nine-month period ended 30 September 2024 (unaudited) Air Astana	Nine-month period ended 30 September 2024 (unaudited) FlyArystan	Nine-month period ended 30 September 2024 (unaudited) Intergroup Eliminations	Nine-month period ended 30 September 2024 (unaudited) Total
Asia and Middle East	261,950	15,684	-	277,634
Europe	212,803	16,559	-	229,362
Domestic	185,652	203,172	(6)	388,818
CIS	60,040	23,278	-	83,318
Total revenue from passenger, cargo and mail	720,445	258,693	(6)	979,132

'000 USD	Operating segments		
	Nine-month period ended 30 September 2023 (unaudited) Air Astana	Nine-month period ended 30 September 2023 (unaudited) FlyArystan	Nine-month period ended 30 September 2023 (unaudited) Total
Europe	219,475	20,771	240,246
Asia and Middle East	214,127	13,416	227,543
Domestic	182,716	154,955	337,671
CIS	64,751	23,399	88,150
Total revenue from passenger, cargo and mail	681,069	212,541	893,610

7. OPERATING EXPENSES

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Employee and crew costs		
Wages and salaries	127,188	109,762
Accommodation and allowances	14,555	13,057
Social tax	11,206	9,492
Training	4,259	5,085
Other	7,599	6,247
	164,807	143,643

The average number of employees during the Nine-month period ended 30 September 2024 was 5,636 (30 September 2023: 5,433).

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Engineering and maintenance		
Maintenance – provisions (Note 22)	74,350	62,648
Maintenance – variable lease payments	14,422	10,827
Spare parts	11,858	9,615
Technical inspection	2,745	1,941
Maintenance – components*	(20,265)	(1,877)
	83,110	83,154

* During the Nine-month period ended 30 September 2024 and 2023 the Group received compensation amounts from suppliers of USD 28,763 thousand and USD 6,068 thousand respectively.

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Handling, landing fees and route charges		
Handling charge	38,834	31,903
Aero navigation	32,668	28,446
Landing fees	16,797	15,713
Other	1,670	1,365
	89,969	77,427

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Passenger service		
Airport charges	42,170	36,804
Catering	29,045	22,991
Security	4,986	4,515
In-flight entertainment	4,155	3,734
Other	10,144	7,851
	90,500	75,895

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Selling costs		
Reservation costs	18,487	16,591
Commissions	7,808	6,935
Advertising	5,840	6,198
Other	561	608
	32,696	30,332

8. FINANCE INCOME AND COSTS

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Finance income		
Interest income on bank deposits	15,837	10,137
Other	513	637
	16,350	10,774
'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Finance costs		
Interest expense on lease liabilities (Note 26)	40,594	32,451
Interest expense on bank loans (Note 26)	519	1,415
Other	3,485	2,836
	44,598	36,702

9. INCOME TAX EXPENSE

The Group's income tax expense for the nine-month period ended 30 September was as follows:

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Current income tax		
Current income tax	(32,411)	(37,624)
Adjustment recognised in the current year in relation to the current tax of prior years	1,781	1,862
	(30,630)	(35,762)
Deferred tax		
Deferred income tax benefit	14,560	18,116
	14,560	18,116
	(16,070)	(17,646)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In addition, as the Company has a functional currency that is different from the currency of the country in which it is domiciled, it recognises temporary differences on changes in exchange rates which lead to changes in the tax basis rather than the book basis.

The tax effect on the major temporary differences that give rise to the deferred income tax assets and liabilities as at 30 September 2024 and 31 December 2023 is presented below.

'000 USD	30 September 2024 (unaudited)	31 December 2023
Deferred tax assets		
Lease liabilities	167,337	132,305
Provision for aircraft maintenance	60,878	50,758
Trade and other payables	5,979	5,219
Trade receivables	2,992	3,674
Tax loss carried forward	-	41
Other	1,029	1,047
Total	238,215	193,044

'000 USD	30 September 2024	31 December 2023
Deferred tax liabilities	(unaudited)	(unaudited)
Right of use assets	(154,293)	(120,772)
Difference in depreciable value of property, plant and equipment and intangible assets	(30,095)	(31,309)
Inventories	(3,489)	(2,621)
Prepaid expenses	(1,598)	(477)
Other	(295)	(825)
Total	(189,770)	(156,004)
Net deferred tax assets	48,445	37,040

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 1,955 thousand related to carried forward corporate income tax losses, which were recognised in equity relating to the realised portion of deferred tax on cash flows hedge and effective portion of changes in fair value (nine-month ended 2023: USD 1,800 thousand).

In accordance with the local tax legislation both hedged and unhedged foreign currency losses are treated as deductible expenses for the purpose of corporate income tax calculations. If such deductible expenses cannot be fully utilised in the year of origination the tax code permits an entity to carry forward the accumulated tax losses for the next ten years.

The income tax rate in the Republic of Kazakhstan, where the Group is located, at 30 September 2024 and 31 December 2023 was 20%. The taxation charge for the year is different from that which would be obtained by applying the statutory income tax rate to profit or loss before income tax.

Below is a reconciliation of theoretical income tax at 20% (2023: 20%) to the actual income tax benefit recorded in the Group's condensed consolidated interim statement of profit or loss:

'000 USD	Nine-month period ended 30 September 2024	Nine-month period ended 30 September 2023
	(unaudited)	(unaudited)
Profit before tax	67,940	90,038
Corporate income tax %	20%	20%
Income tax expense at statutory rate	(13,588)	(18,008)
USD forex effect	(194)	2,000
Tax effect of non-deductible expenses	(2,288)	(1,638)
Income tax expense	(16,070)	(17,646)

10. PROPERTY AND EQUIPMENT

'000 USD	Rotable spare parts	Office and training equipment	Building, premises and land	Technical equipment and vehicles	Aircraft	Equipment-in- transit and construction-in- progress	Total
Cost							
At 1 January 2023	102,892	11,987	38,324	2,682	1,265,967	10,179	1,432,031
Additions (unaudited)	13,737	2,513	9,119	251	101,578	1,562	128,760
Disposals (unaudited)	(4,955)	(501)	(2,139)	(65)	(14,455)	-	(22,115)
Other transfers	-	8,312	2,106	-	-	(10,418)	-
At 30 September 2023 (unaudited)	111,674	22,311	47,410	2,868	1,353,090	1,323	1,538,676
At 1 January 2024	116,178	23,435	48,084	2,868	1,415,345	2,497	1,608,407
Additions (unaudited)	28,503	3,527	6,005	1,287	288,100	3,697	331,119
Disposals (unaudited)	(2,604)	(396)	(1,384)	(112)	(34,229)	-	(38,725)
Other transfers	(9,027)	-	-	9,027	-	-	-
At 30 September 2024 (unaudited)	133,050	26,566	52,705	13,070	1,669,216	6,194	1,900,801
Accumulated depreciation							
At 1 January 202	39,485	7,595	14,051	1,534	551,781	-	614,446
Charge for the period (unaudited) (Note 11)	9,183	1,209	3,010	140	104,300	-	117,842
Disposals (unaudited)	(2,939)	(492)	(1,615)	(49)	(14,219)	-	(19,314)
At 30 September 2023 (unaudited)	45,729	8,312	15,446	1,625	641,862	-	712,974
At 1 January 2024	48,544	8,726	15,433	1,671	680,713	-	755,087
Charge for the period (unaudited) (Note 11)	9,851	1,897	3,609	175	126,410	-	141,942
Other transfers	(3,919)	-	-	3,919	-	-	-
Disposals (unaudited)	(872)	(383)	(1,345)	(79)	(31,402)	-	(34,081)
At 30 September 2024 (unaudited)	53,604	10,240	17,697	5,686	775,721	-	862,948
Net book value							
At 30 September 2023 (unaudited)	65,945	13,999	31,964	1,243	711,228	1,323	825,702
At 30 September 2024 (unaudited)	79,446	16,326	35,008	7,384	893,495	6,194	1,037,853

In determining the Group's geographical information, assets, which consist principally of aircraft and ground equipment are mainly registered in the Republic of Kazakhstan. Accordingly, there is no reasonable basis for allocating the assets to geographical segments.

As at 30 September 2024 technical equipment and vehicles includes Catering truck and five de-icing trucks with the net book value USD 4,098 thousand, which were purchased in 2023 and 2024.

Right of use assets are as follows:

'000 USD	Rotable spare parts	Building, premises and land	Aircraft	Total
Cost				
At 1 January 2023	23,874	14,290	1,265,967	1,304,131
Additions and modifications (unaudited)	27	8,853	101,578	110,458
Disposals (unaudited)	(902)	(2,139)	(14,455)	(17,496)
At 30 September 2023 (unaudited)	22,999	21,004	1,353,090	1,397,093
At 1 January 2024	22,999	21,240	1,415,345	1,459,584
Additions and modifications (unaudited)	7,229	5,694	288,157	301,080
Disposals (unaudited)	(560)	(1,384)	(34,224)	(36,168)
Purchase of the right of use assets	-	-	(55,213)	(55,213)
At 30 September 2024 (unaudited)	29,668	25,550	1,614,065	1,669,283
Accumulated depreciation				
At 1 January 2023	11,185	10,514	551,781	573,480
Charge for the period (unaudited)	2,232	2,562	104,300	109,094
Disposals (unaudited)	(883)	(1,601)	(14,219)	(16,703)
At 30 September 2023 (unaudited)	12,534	11,475	641,862	665,871
At 1 January 2024	13,264	11,288	680,713	705,265
Charge for the period (unaudited)	1,985	3,133	126,105	131,223
Disposals (unaudited)	(541)	(1,345)	(31,391)	(33,277)
Purchase of the right of use assets	-	-	(29,478)	(29,478)
At 30 September 2024 (unaudited)	14,708	13,076	745,949	773,733
Net book value				
At 30 September 2023 (unaudited)	10,465	9,529	711,228	731,222
At 30 September 2024 (unaudited)	14,960	12,474	868,116	895,550

The Group's obligations under leases for Aircraft are secured by the leased assets which have a carrying amount of USD 868,116 thousand (unaudited) (31 December 2023: USD 734,632 thousand) (Note 25).

In September 2024, the Group made full prepayments on two finance lease obligations, resulting in the transfer of title for these aircraft. Consequently, the right-of-use assets related to these aircraft are now classified as owned property. As at 30 September 2024 net book value of these owned aircraft is USD 19,483 thousand.

The total number of Aircraft as at 30 September 2024 includes 23 Airbus aircraft related to the FlyArystan division with a net book value of USD 346,091 thousand (31 December 2023: 18 Airbus aircraft with a net book value of USD 271,447 thousand).

As per the loan agreement with JSC Halyk Bank of Kazakhstan, the Technical Center (Hangar) in Astana, with a carrying amount of USD 18,107 thousand, is currently pledged in favor of JSC Halyk Bank of Kazakhstan.

The cost of fully depreciated items as at 30 September 2024 is USD 23,658 thousand (31 December 2023: USD 22,250 thousand).

11. DEPRECIATION AND AMORTISATION

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Depreciation of property and equipment (Note 10)	141,942	117,842
Amortisation of intangible assets	664	587
Total	142,606	118,429

12. GUARANTEE DEPOSITS

'000 USD	30 September 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Guarantee deposits for leased aircraft	37,658	32,233
Other guarantee deposits	1,504	1,599
Impairment allowances	(483)	(530)
	38,679	33,302
<i>Current</i>		
Other guarantee deposits	1,385	1,580
Guarantee deposits for leased aircraft	-	400
Impairment allowances	-	(1)
	1,385	1,979
	40,064	35,281

Guarantee deposits for leased aircraft comprise security deposits required by the lease agreements as security for future lease payments to be made by the Group. Guarantee deposits are denominated primarily in US Dollars. The Group assesses credit risk for such deposits as low mainly because almost all lessors are rated from AA to BBB in accordance with Standard and Poor's Global Ratings (S&P Global Ratings) credit quality grades. For those lessors who are not credit rated by international rating agencies, the management calculates the expected credit loss based on the assumption that such lessors are rated at CCC by S&P Global Ratings. The amount of deposits with such lessors is USD 3,146 thousand and USD 3,732 thousand as of 30 September 2024 and 31 December 2023, respectively.

As at 30 September 2024, the Group had guarantees and stand-by letters of credit in JSC Halyk Bank of Kazakhstan in the amount of USD 10,043 thousand, USD 13,430 thousand in JSC Altyn Bank and USD 19,122 thousand in JSC Citibank Kazakhstan.

Guarantee deposits for leased aircraft and maintenance liabilities are receivable as follows:

'000 USD	30 September 2024 (unaudited)	31 December 2023
Within one year	-	400
After one year but not more than five years	10,150	11,456
More than five years	27,519	20,804
	37,669	32,660
Fair value adjustment at initial recognition	(11)	(27)
	37,658	32,633

13. INVENTORIES

'000 USD	30 September 2024 (unaudited)	31 December 2023
Spare parts	46,025	41,548
Fuel	10,127	14,733
Goods in transit	4,903	4,238
Crockery	4,054	4,136
Promotional materials	1,790	2,586
Uniforms	1,504	1,825
Other	5,431	3,719
	73,834	72,785
Less: cumulative write-down for obsolete and slow-moving inventories	(5,146)	(5,237)
	68,688	67,548

14. PREPAYMENTS

'000 USD	30 September 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Prepayments for long-term assets	10,633	9,305
Advances for services	9,984	9,146
	20,617	18,451
<i>Current</i>		
Advances for services	13,310	11,506
Advances for goods	7,923	10,934
Prepayments of leases without transfer of legal title	2,302	2,569
	23,535	25,009
Less: impairment allowance for prepayments	(138)	(184)
	23,397	24,825

As at 30 September 2024 prepayments for long-term assets include prepayments to Boeing as pre-delivery payment for three aircraft (Note 27).

The impairment allowance includes advance payments made by the Group to suppliers which are currently subject to legal claims for recovery due to the suppliers' inability to complete the transactions.

15. TRADE AND OTHER RECEIVABLES

'000 USD	30 September 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Other financial assets	44,837	45,258
Due from employees and Ab-initio pilot trainees	636	1,343
	45,473	46,601
Less: impairment allowance	(44,837)	(45,258)
	636	1,343
<i>Current</i>		
Trade receivables	32,164	23,135
Due from employees and Ab-initio pilot trainees	1,631	1,354
	33,795	24,489
Less: impairment allowance	(882)	(964)
	32,913	23,525

The movements in impairment allowance on trade and other receivables for the periods Nine-months ended 30 September 2024 and 30 September 2023 were:

	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
'000 USD		
At the beginning of the period	(46,222)	(46,521)
Accrued during the period	(1,568)	(197)
Reversed during the period	1,676	627
Foreign currency difference	395	204
At the end of the period	(45,719)	(45,887)

In 2016, due to the significant credit quality deterioration, KazInvestBank JSC announced that its banking license was recalled, and Delta Bank JSC experienced temporary suspension of its license for accepting new deposits and opening new accounts on 22 May 2017. Consequently, the management reclassified all funds held with these banks from the bank deposit line item to non-current trade and other receivables and recognised an impairment allowance of approximately 90% of the funds as at 31 December 2016.

As at 30 September 2024 the allowance for those banks comprises 100% of their gross balances.

Amounts due from trainees of the Ab-initio pilot program in respect of the portion of their initial training costs are classified as interest free loans. The remaining costs are classified by the Group as a prepayment of its expenses and are amortised over a period of seven years, during which period the Group has a right to oblige these expenses also to become payable by the pilot trainees should such pilot trainee terminate his/her employment. The alumni of the Ab-initio pilot program can either repay the remaining training cost by cash or defer for the future so that this amount becomes payable only if they leave the Company. Amounts due from those cadets who selected the option were reclassified to deferred expenses and are amortized using the straight-line method over the remaining amortization term.

The Group's net trade and other receivables are denominated in the following currencies:

	30 September 2024 (unaudited)	31 December 2023
'000 USD		
Tenge	23,695	16,008
US Dollar	2,558	2,070
Euro	1,458	1,757
Other	5,838	5,033
	33,549	24,868

16. OTHER TAXES PREPAID

	30 September 2024 (unaudited)	31 December 2023
'000 USD		
Value-added tax recoverable	11,174	9,722
Other taxes prepaid	6	525
	11,180	10,247

17. CASH AND BANK BALANCES

	30 September 2024 (unaudited)	31 December 2023
'000 USD		
Term deposits with an initial maturity of less than 3 months	361,116	178,313
Current accounts with foreign banks	106,278	85,661
Current accounts with local banks	5,742	9,578
Accrued interest	656	353
Cash in hand	102	111
	473,894	274,016
Impairment allowance	(13)	(10)
	473,881	274,006

Cash and bank balances are denominated in the following currencies:

'000 USD	30 September 2024	31 December 2023
	(unaudited)	
US Dollar	452,504	262,832
Tenge	10,883	3,869
Indian Rupee	3,741	2,164
Euro	3,031	1,686
British Pound	1,134	1,504
Other	2,588	1,951
	473,881	274,006

18. OTHER FINANCIAL ASSETS

The Group signed agreements and entered into transactions with various financial institutions to manage the risk of significant changes in aviation fuel prices. In accordance with the terms, the financial institutions agreed to compensate the Group the excess between the actual price of crude oil and the ceiling price specified in the agreements. The fair value has been determined using a valuation model with market observable parameters.

Loss on fuel options of USD 1,647 thousand was added to fuel costs during the nine-month period ended 30 September 2024 (nine-month period ended 30 September 2023: loss of USD 2,509 thousand).

'000 USD	Call option (purchase)
At 1 January 2023	1,660
Loss included in "fuel costs"	(2,509)
Acquisition of fuel options	1,709
Loss included in OCI - Net change in fair value	(273)
Payment on exercised contracts (unaudited)	(8)
Reclassification to accounts receivable on exercised instrument (unaudited)	(579)
At 30 September 2023 (unaudited)	-
At 1 January 2024	763
Loss included in "fuel costs"	(1,647)
Loss included in "finance cost" as ineffective part	(58)
Acquisition of fuel options	1,722
Gain included in OCI - Net change in fair value	247
Payment of exercised contracts	(644)
At 30 September 2024 (unaudited)	383

19. EQUITY

As at 30 September 2024 share capital was comprised of 353,475,987 authorised, issued and fully paid ordinary shares (31 December 2023: 17,000 ordinary shares). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS standards. A distribution cannot be made when equity is negative or if distribution would result in negative equity or the Company's insolvency.

As at 30 September 2024 the Company had retained earnings, including the profit for the current period, of USD 273,792 thousand (31 December 2023: USD 221,975 thousand), and total equity of USD 390,247 thousand (31 December 2023: USD 213,359 thousand).

On 31 March 2023, a general annual meeting of the Company's shareholders was held. The general meeting decided to distribute 20% of the Company's net profit for 2022 in the amount of KZT 7,516,580 thousand (equivalent of USD 16,776 thousand) between the Company's shareholders in proportion to their interests. The dividends were fully paid on 26 May 2023.

No dividends were declared during the nine months ended 30 September 2024.

On 8 July 2022 the Company changed the number of authorised ordinary shares from 17,000 to 1,700,000. On 10 January 2024 existing shares were split to 306,000,000 shares and additional 60,000,000 shares were authorised for issue.

As at 30 September 2024 the number of authorised but not issued shares is 9,473,685.

On 30 April 2024 the Company announced buyback programme to purchase ordinary shares of the Company and global depositary receipts representing shares. The purpose of the programme is to meet the Company's obligations arising from its employee incentive programmes. For the first part of the programme, the Company intends to purchase up to 4,786,800 shares (in the form of shares and GDRs), which currently constitutes approximately 1.3% of the total number of placed shares of the Company (including those represented by GDRs), for a maximum consideration of USD 12,000 thousand (including ancillary costs). This part of the programme commenced on 30 April 2024 and ends no later than 8 February 2025.

The calculation of basic earnings per share is based on profit or loss for the period and the weighted average number of ordinary shares outstanding during the reporting periods. Comparative figures for the nine-month period ended 30 September 2023 are based on profit or loss for the period and the updated number of ordinary shares outstanding after the share split of 306,000,000.

The total amount of treasury share as at 30 September 2024 is 3,050,328 shares.

	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Profit for the period	51,870	72,392
Weighted average number of ordinary shares in issue used for basic earnings per share	347,499,406	306,000,000
Earnings per share – basic (USD)	0.149	0.237

	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Profit for the period	51,870	72,392
Weighted average number of ordinary shares used for diluted earnings per share	347,499,406	306,000,000
Earnings per share – diluted (USD)	0.149	0.237

Outstanding employee share schemes does not have a dilutive impact on the earnings per share for the nine-month period ended 30 September 2024.

Book value per share

In accordance with the KASE decision dated 4 October 2010, financial statements must contain information on the book value per share (common and preferred) as of the reporting date, calculated in accordance with the rules approved by the KASE.

	30 September 2024	31 December 2023
Total assets	1,762,686	1,362,444
Less: intangible assets	(4,629)	(2,836)
Less: total liabilities	(1,372,439)	(1,149,085)
Net Asset Value	385,618	210,523
Number of ordinary shares	353,475,987	17,000
Book value per ordinary share (in USD)	1.091	12,383.706

20. SHARE-BASED PAYMENTS

The Group operates share-based payment programs as part of the total remuneration package provided to employees. These programs include share award plans in which shares are provided to employees at no cost, subject to the Group achieving specified performance targets. All the programs imply equity settlement.

IPO Award

The IPO Award plan is granted to key management personnel. The IPO Award plan vests after one year from the IPO date, subject to continued service, with no further performance conditions. The fair value

of IPO Award is based on the market value of the share at the reporting date, KZT 818.02 (USD 1.7).

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) is a recurring plan granted to the key management personnel, following the announcement of full year results of each third IPO anniversary. The LTIP award is subject to the achievement of performance conditions: 60% of the award is based on a range of net profit margin targets for the 2026 year-end, and 40% of the award is based on the Company’s total shareholder return (“TSR”) performance against a peer group of other airlines. The total award amount is determined by the fulfilment of these performance conditions. The plan terminates on the tenth anniversary. The fair value of LTIP is based on the market value of the share at the reporting date, KZT 818.02 (USD 1.7).

The fair value of awards granted within LTIP was determined at reporting date using a binomial model (The Cox-Ross-Rubinstein binomial model) for TSR and Monte Carlo model for EPS with the following assumptions:

Inputs into the Models	Long-Term Incentive Plan
Market share price	1.7
Expected volatility	4.05%
Expected dividends	dividend payment is not expected
Risk-free interest rate (based on US Treasury bonds)	4.67%

The expected volatility of Group’s share return was determined as the median volatility of peer companies’ share returns. Based on the model, as of 30 September 2024, the weighted average performance conditions level for EPS and TSR is 72%.

Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) is granted to eligible employees who had worked for the company for at least 1 year prior to the IPO. The ESOP will vest one year after the IPO with no further performance conditions except for continuous service.

The fair value of awards granted within the ESOP is based on the market value of the share at the reporting date, which is KZT 818.02 (USD 1.7).

Total Number of Awards Granted

Number of awards	Employee Incentive Plan
Outstanding at 1 January 2024	-
Granted	6,189,494
Forfeited	(359,890)
Outstanding at 30 September 2024	5,829,604

The fair value of share rights at reporting date granted to employees is recognised as an expense, within “Employee and crew costs” in profit or loss, over the vesting periods (1 and 3 years). The corresponding entry is reflected directly in equity.

Total expense recognised in the nine-month period ended 30 September 2024 in respect to equity-settled share-based payment was USD 5,999 thousand before income tax of USD 1,200 thousand.

21. DEFERRED REVENUE

'000 USD	30 September 2024 (unaudited)	31 December 2023
Unearned transportation revenue	85,772	72,440
Customer loyalty program provision	14,608	11,928
	100,380	84,368

Unearned transportation revenue represents the value of sold but unused passenger tickets, the validity period of which has not expired, excluding recognized passenger revenue in respect of the percentage of tickets sold that are expected not to be used or refunded.

Deferred revenue attributable to the customer loyalty program refers to the Group's Nomad Club program.

22. PROVISION FOR AIRCRAFT MAINTENANCE

'000 USD	30 September 2024 (unaudited)	31 December 2023
Engines	257,764	210,975
D-Check	22,023	22,486
Provision for redelivery of aircraft	6,831	5,864
C-Check	6,743	2,994
Landing gear	6,175	6,141
Auxiliary Power unit	4,852	5,328
	304,388	253,788

The movements in the provision for aircraft maintenance were as follows for the nine-month periods ended 30 September 2024 and 30 September 2023:

'000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
At 1 January	253,788	189,643
Accrued during the period (Note 7)	75,294	64,252
Unwinding of the discount	3,269	2,328
Recognised in property, plant and equipment	856	-
Reversed during the period (Note 7)	(944)	(1,604)
Used during the period	(27,875)	(14,533)
At 30 September (unaudited)	304,388	240,086

Under the terms of certain lease agreements without transfer of title for aircraft, the Group is obliged to carry out and pay for maintenance based on use of the aircraft and to return aircraft to the lessors in a satisfactory condition at the end of the lease term. The maintenance cost estimates used for calculating the provisions are stated in US Dollars.

The planned utilisation of these provisions is as follows:

'000 USD	30 September 2024 (unaudited)	31 December 2023
Within one year	62,353	105,170
During the second year	90,869	62,411
During the third year	68,432	59,412
After the third year	82,734	26,795
Total provision for aircraft maintenance	304,388	253,788
Less: current portion	62,353	105,170
Non-current portion	242,035	148,618

The shop visit dates have been revised due to changes in schedule in 2024. These changes affected the shop visit plan and the maturity dates of provisions.

Significant judgment is involved in determining the provision for aircraft maintenance. Management has engaged an independent specialist to assist in estimating the timing and cost of expected engine maintenance activities. The estimate by the independent specialist is prepared based on the current condition of aircraft, historical flight hours and cycles, expected future utilisation of the aircraft over the remaining life of the leases without transfer of title as well as requirements for returnable condition when the lease term is concluded.

The estimates are based on the following key assumptions:

- expected utilisation rate for flight hours and cycles is based on historical data and actual usage;
- market prices are used for services and parts;
- it is assumed that aircraft will be operated within standard norms and conditions; and
- and no provisions have been made for unscheduled maintenance.

23. TRADE AND OTHER PAYABLES

'000 USD	30 September 2024 (unaudited)	31 December 2023
Trade payables	56,332	62,929
Taxes payable	11,088	1,637
Deposits received from agents	9,108	7,250
Accrued bonuses	8,368	1,637
Advances received	7,217	8,570
Due to employees	7,026	6,860
Vacation pay accrual	2,368	1,005
Pension contribution	1,218	1,014
Other	143	99
	102,868	91,001

During nine-month period ended 30 September 2024, the Company fully utilized its tax loss carry forwards resulting in the accrual of CIT expenses in the amount of USD 5,989 thousand.

The Group's trade and other payables are denominated in the following currencies:

'000 USD	30 September 2024 (unaudited)	31 December 2023
Tenge	59,517	43,945
US Dollar	29,051	37,505
Euro	8,951	4,395
British Pound	830	958
Other	4,519	4,198
	102,868	91,001

24. LOANS

'000 USD	30 September 2024 (unaudited)	31 December 2023
<i>Current</i>		
Current portion of bank loan	105	412
	105	412

On 12 August 2019 the Group opened a Credit Line in JSC Halyk Bank of Kazakhstan for USD 40,000 thousand for 3 years, for the purpose of working capital financing. Later, during 2020 the credit line was increased up to USD 160,000 thousand and tenor extended until 10 September 2025. The Technical Center (Hangar) in Astana, with a carrying amount of USD 18,276 thousand, is pledged in favor of JSC Halyk Bank of Kazakhstan (Note 10).

During January and February 2024, the Group obtained new short-term loans for working capital needs from JSC Halyk Bank of Kazakhstan and JSC Citibank Kazakhstan in amount of KZT 9,000,000 thousand (USD 19,733 thousand) and KZT 8,000,000 thousand (USD 17,792 thousand). The loans were fully repaid in February 2024.

As of 30 September 2024 the Group had available credit lines totalling USD 142,956 thousand with the option to be utilised until September 2025 at JSC Halyk Bank of Kazakhstan. Additionally, there are revolving credit line of USD 20,000 thousand at Citibank Kazakhstan JSC. Both credit lines are for financing working capital management.

As at 30 September 2024 and 31 December 2023 the Group's loans are fully denominated in US Dollar.

25. LEASE LIABILITIES

During the years from 2012 to 2014 the Group acquired ten aircraft under fixed interest lease agreements with transfer of title. The lease term for each aircraft is twelve years. The Group has an option to purchase each aircraft for a nominal amount at the end of the lease. Other aircraft lease contracts are concluded for the period between 3 to 12 years without repurchase options at the end of the lease terms.

As at 30 September 2024 the Group has three Airbus and three Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2023: five Airbus and three Boeing 767 aircraft), as in September

2024 the Group has made in advance full prepayments with relation to two aircraft with transfer of title lease obligations.

Loans provided by financial institutions to the lessors in respect of five new Airbus aircraft which were delivered during 2012 and 2013 were guaranteed by European Export Credit Agencies while three Boeing 767 aircraft which were delivered in 2013 and 2014 were guaranteed by the US Export Import Bank.

The Group's leases with transfer of title are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met as at 30 September 2024 and 30 September 2023.

All other aircraft leases other than described above are contracted without the right for purchase at the end of the lease term.

The Group's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 868,116 thousand (31 December 2023: USD 734,632 thousand) (Note 10).

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2024 (unaudited)	31 December 2023	30 September 2024 (unaudited)	31 December 2023
'000 USD				
Not later than one year	233,587	214,585	180,318	174,997
Later than one year and not later than five years	632,972	512,484	521,090	431,400
Later than five years	175,479	121,453	162,447	112,496
	1,042,038	848,522	863,855	718,893
Less: future finance charges	(178,183)	(129,629)	-	-
Present value of minimum lease payments	863,855	718,893	863,855	718,893
Included in the financial information as:				
- current portion of lease obligations			180,318	174,997
- non-current portion of lease obligations			683,537	543,896
			863,855	718,893

The Group's lease obligations are mainly denominated in US Dollars.

Reconciliation of movements of loans and lease liabilities to cash flows arising from financing activities

'000 USD	Loans (Note 24)	Lease liabilities	Total
Balance as at 1 January 2024	412	718,893	719,305
Changes from financing cash flows			
Repayment of borrowings	(38,017)	-	(38,017)
Proceed from borrowings	37,600	-	37,600
Repayment of lease liabilities	-	(138,072)	(138,072)
Interest paid	(519)	(38,553)	(39,072)
Repayment of additional financing	(307)	-	(307)
Total changes from financing cash flows	(1,243)	(176,625)	(177,868)
The effect of changes in foreign exchange rates	417	(421)	(4)
Other changes			
New leases and modifications	-	287,121	287,121
Non-cash settlement due to netting with guarantee deposits	-	(2,832)	(2,832)
Revenue from early return	-	(2,875)	(2,875)
Interest expense (Note 8)	519	40,594	41,113
Total other changes	519	322,008	322,527
Balance as at 30 September 2024	105	863,855	863,960

'000 USD	Loans (Note 24)	Lease liabilities	Total
Balance as at 1 January 2023	12,096	732,804	744,900
Changes from financing cash flows			
Repayment of borrowings	(46,250)	-	(46,250)
Proceed from borrowings	35,000	-	35,000
Repayment of lease liabilities	-	(135,811)	(135,811)
Interest paid	(1,460)	(30,029)	(31,489)
Repayment of additional financing	(290)	-	(290)
Total changes from financing cash flows	(13,000)	(165,840)	(178,840)
The effect of changes in foreign exchange rates	-	(114)	(114)
Other changes			
New leases and modifications	-	97,678	97,678
Interest expense (Note 8)	1,415	32,451	33,866
Total other changes	1,415	130,129	131,544
Balance as at 30 September 2023	511	696,979	697,490

On 1 July 2015 the Group designated a portion of its US dollar lease obligations as hedges of highly probable future US Dollar revenue streams. The Group applied the cash flow hedge accounting model to this hedging transaction, in accordance with IAS 39.

In connection with the transition of the functional currency to US Dollar, this hedge ceased to be economically effective from 31 December 2017. At 30 September 2024, a foreign currency loss of 10,082 USD thousand (31 December 2023: USD 19,613 thousand), before income tax of USD 2,016 thousand (31 December 2023: USD 3,923 thousand) on the lease liabilities with transfer of title, representing an effective portion of the hedge, is deferred in the hedging reserve within equity. As a result of the change, the hedge relationship has been discontinued so that starting from 1 January 2018 no further foreign currency translation gains or losses are transferred from profit or loss to the hedge reserve, and the hedge reserve recognised in equity as at 31 December 2017 is reclassified to profit or loss in line with the forecasted hedge recognition which is expected to happen annually until 2025.

During the first half of 2024 the amount reclassified from the hedging reserve to foreign exchange loss in the condensed consolidated interim statement of other comprehensive income was USD 9,530 thousand (before income tax of USD 1,906 thousand) (nine months ended 30 September 2023: USD 9,274 thousand (before income tax of USD 1,855 thousand)).

26. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, currency and commodity price risk arises in the normal course of the Group's business. The Group does not hedge its exposure to such risks, other than commodity price risk as discussed below.

Capital management

The Group manages its capital to ensure the Group will be able to continue as going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's current 10-year development Strategy was approved in 2017 and covers the years 2017-2026.

The capital structure of the Group consists of net debt (comprising loans and lease obligations in Notes 24 and 25) and equity of the Group (comprising issued capital, functional currency transition reserve, reserve on hedging instruments and retained earnings as detailed in Note 19).

The Group is not subject to any externally imposed capital requirements.

The Group does not have a target gearing ratio.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The maximum exposure to credit risk related to financial instruments, such as cash, guarantee deposits and accounts receivable, is calculated on basis of their book value.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

As at 30 September 2024 there was no significant concentration of credit risk in respect of trade accounts receivable (Note 15).

The Group uses reputable banks and has established a prudent cash investment policy which limits the credit risk related to bank accounts and deposits.

As per the Group's cash management policy minimum credit ratings are required for banks to be added to the Group's list of accredited banks. The Group places its main amounts due from banks in banks with ratings of BBB-, or higher. The carrying amounts of financial assets represent the maximum credit exposure.

As at 30 September 2024 management believes that there has been no significant increase in credit risk of major banks and debtors in comparison to the prior year end.

Interest rate risk

The Group is not exposed to significant interest rate risk because the Group borrows funds at fixed interest rates.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the US dollar. The currency giving rise to this risk is primarily the Tenge. For amounts of assets and liabilities denominated in foreign currencies refer to Notes 15, 17 and 23.

The Group management believes that it has taken appropriate measures to support the sustainability of the Group business under the current circumstances in respect of foreign currency risk.

Foreign currency sensitivity analysis

The Group is mainly exposed to the risk of change of exchange rates of the USD against tenge.

The carrying value of the Group's monetary assets and liabilities in foreign currency as at the reporting date has been provided below. This disclosure excludes assets and liabilities denominated in other currencies as they do not have significant effect on the condensed consolidated interim financial information of the Group.

	Notes	30 September	30 September	31 December	31 December
		2024	2024	2023	2023
'000 USD		KZT	EUR	KZT	EUR
		(unaudited)	(unaudited)		
Assets					
Other taxes prepaid	16	11,180	-	10,247	-
Trade and other receivables	15	23,695	1,458	16,008	1,757
Income tax prepaid		-	-	13,259	-
Cash and bank balances	17	10,883	3,031	3,869	1,686
Guarantee deposits		338	317	341	313
Total		46,096	4,806	43,724	3,756
Liabilities					
Trade and other payables	23	59,517	8,951	43,945	4,395
Lease liabilities		6,618	-	4,832	-
Total		66,135	8,951	48,777	4,395
Net position		(20,039)	(4,145)	(5,053)	(639)

As at 30 September 2024 the following table details the Group's sensitivity of weakening of the US Dollar against the Tenge by 10% (31 December 2023: 10%) and Euro by 10 % (31 December 2023: 10%) and strengthening of the US Dollar against the Tenge by 10 % (31 December 2023: 10%) and Euro by 10 % (31 December 2023: 10%).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for above mentioned sensitivity ratios. The sensitivity analysis includes trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, financial assets and liabilities at fair value through profit or loss and lease liabilities.

A negative number below indicates a decrease in profit or loss and positive number would be an increase on the profit or loss.

'000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
30 September 2024	10%	10%	(10%)	(10%)
Profit/(loss)	(1,603)	(332)	1,603	332
'000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
31 December 2023	10%	10%	(10%)	(10%)
(Loss)/profit	(404)	(51)	404	51

The Group limits the currency risk by monitoring changes in exchange rates of foreign currencies in which trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, financial assets and liabilities at fair value through profit or loss, loans and lease liabilities are denominated.

Liquidity risk management

Liquidity risk is the risk that a Group will encounter difficulty in meeting the obligations associated with its liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Group's Management. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

'000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 September 2024 (unaudited)					
Financial assets					
<i>Non interest bearing</i>					
Trade and other receivables	31,820	1,093	636	-	33,549
Guarantee deposits	735	672	10,823	27,845	40,075
Cash and bank balances	473,881	-	-	-	473,881
Financial liabilities					
<i>Non interest bearing</i>					
Trade and other payables	67,084	17,479	-	-	84,563
<i>Fixed rate</i>					
<i>Loans</i>	105	-	-	-	105
Lease liabilities	59,777	173,810	632,972	175,479	1,042,038

000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 December 2023					
Financial assets					
Trade and other receivables	22,778	747	1,343	-	24,868
Guarantee deposits	384	1,595	12,230	21,099	35,308
Cash and bank balances	274,006	-	-	-	274,006
Financial liabilities					
<i>Non-interest bearing</i>					
Trade and other payables	73,544	7,250	-	-	80,794
Fixed rate					
Loans	106	317	-	-	423
Lease liabilities	53,282	161,303	512,484	121,453	848,522

Fair values

Cash and bank balances

The carrying value of cash and bank balances approximates their fair value as they either have short-term maturity or are interest-bearing and hence are not discounted.

Fuel call options

The Group uses options to hedge the risk of jet fuel price movement. The Group uses standard market instruments for fuel hedging purposes, such as “call option” (where the premium is paid in advance by the Group to cover the risk of increases of commodity price above the predetermined level). Since there is no possibility to hedge the risk of changes in jet fuel prices purchased in domestic market, the Group hedges only the amount of fuel purchased outside the Republic of Kazakhstan by signing a general agreement with several international banks on the conclusion of derivative transactions. The management of the Group determines the volume of jet fuel that will be hedged before executing the deal. Hedging is carried out according to the Fuel hedging policy approved by the directors and shareholders of the Company. The Group determines the economic relationship between the hedge instrument and the hedge item by analyzing the historic price movement of aviation fuel and Brent by performing a regression analysis. The resulting Beta coefficient is assessed for statistical significance and used as a hedge ratio.

The hedge ineffectiveness comes from the probability that due to constantly changing economic conditions the highly probable transaction, purchase of aviation fuel, might not occur.

These hedge items are highly probable future transactions planned for the fourth quarter of 2024 and for the first quarter of 2025. The hedging instrument is a crude oil call option with the strike prices of USD 85, USD 80 and USD 75 per barrel. Based on a hedge ratio of 1,439, the Group hedged 255,130 barrels of fuel as of 30 September 2024 (31 December 2023: 353,884 barrels of fuel). Due to the short-term maturity the Group does not expect significant changes in the fair value of the instruments.

The fair values (FV) of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 2 fair values for financial assets and liabilities at fair value through profit or loss have been generally derived using the fair value valuation reports provided by the banks which participate in hedging transactions. The most significant input into this valuation approach are time left to maturity of the deal, implied volatility for Brent Crude Oil, forward and spot prices of crude oil.

The Group has no other financial and non-financial instruments that are measured subsequently to initial recognition at fair value, grouped into Levels 1 to 3 of fair value hierarchy.

Guarantee Deposits

Guarantee Deposits are recognised at amortised cost. Management believes that their carrying amounts approximate their fair value.

Trade and other receivables and payables

For receivables and payables with a maturity of less than six months fair value is not materially different from the carrying amount because the effect of the time value of money is not material. Ab-initio receivables are recorded at fair value at initial recognition and subsequently measured at amortised cost. Management believes that their carrying amounts approximate their fair value.

Loans

Loans are recognised at amortised cost. Management believes that their carrying amounts approximate their fair values.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

27. COMMITMENTS AND CONTINGENCIES

Capital commitments

In 2011 the Group finalized an agreement with Boeing to purchase three Boeing 787-8 aircraft (Note 14). The Group is committed to pre-delivery payments in accordance with the agreed payment schedule. The Group have an option to make further changes to the Purchase agreement.

The terms of the Group’s contract with the above suppliers precludes it from disclosing information on the purchase cost of the aircraft.

Future commitments

Aircraft

Aircraft leases are for terms of between 3 to 12 years. Lease contracts contain market review clauses in the event that the parties agree to renew the leases. The Group may not have an option to purchase the leased aircraft at the expiry of the lease period.

The fixed and variable lease payments are denominated and settled in US Dollars. This currency is routinely used in international commerce for aircraft operating leases.

Commitments for leases of aircraft to be delivered from the second half of 2024 to 2026:

'000 USD	30 September 2024 (unaudited)	31 December 2023
Within one year	23,217	22,166
After one year but not more than five years	799,646	511,496
More than five years	913,194	852,470
	1,736,057	1,386,132

In 2022 the Group signed operating lease agreements for twelve A320neo aircraft and for three A321neo aircraft with expected delivery dates in 2023-2025 both for expansion and replacement of retiring aircraft. Also, the Airline signed the operating lease for three B787-9 aircraft with deliveries in 2025-2026.

During 2023 four A320neo, two A320ceo and one A321neo aircraft were delivered.

In 2023, the Group signed operating lease agreements for two A320neo, two A321neo and four A321neoLR aircraft with expected delivery dates in 2024-2026 both for expansion and replacing of retiring aircraft.

During the 2024 the Group signed operating lease agreements for five A320 ceo family aircraft and nine A320neo family aircraft with expected delivery dates in 2024-2026. Additionally, aircraft lease extension for two A320ceo family aircraft and two A320neo family aircraft were executed.

During the 2024 one A321neo, six A320neo, two A320ceo were delivered and two Embraer E190-E2 were redelivered.

In 2023 and 2024 the Group signed various contracts aimed at implementing projects for the modernization and enhancement of its operational activities.

Non-cancellable commitments related to the Simulator project and other projects:

'000 USD	<u>30 September 2024</u>	<u>31 December 2023</u>
Within one year	1,828	1,054
	<u>1,828</u>	<u>1,054</u>

Insurance

Aviation insurance

The Group puts substantial attention in conducting insurance coverage for its aircraft operations and hence hedges aviation risks in major international insurance markets (e.g. Lloyd’s) with a high rating of financial stability through the services of an international reputable broker.

Non – Aviation Insurance

Apart from aviation insurance coverage the Group constantly purchases non-aviation insurance policies to reduce the financial risk of damage to property and general liability, as well as covering employees from accidents and medical expenses.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS standards treatment of revenues, expenses and other items in the condensed consolidated interim financial information. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

The management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this condensed consolidated interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

The functional currency of the Company is US Dollar, as it best reflects the economic substance of the underlying events and circumstances of the Company. The Tax Code of the Republic of Kazakhstan does not contain provisions which would regulate questions arising from the application of functional currency in accounting books different from tenge. However, the Tax Code requires all taxpayers in Kazakhstan to maintain their tax records and to settle tax liabilities in tenge. Therefore, the Group also maintains records and conducts calculations in tenge for the purpose of taxation and settlement of tax liabilities and makes certain estimates in this respect. The management believes that such approach is the most appropriate under the current legislation.

Operating Environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations.

In response to an Antimonopoly agency investigation, the Group initially incurred a fine of KZT 6,806,138 thousand (USD 15,041 thousand) due to alleged non-compliance in fuel surcharge collection from passengers between January 2021 and May 2022. Following an appeal, the fine was reduced to KZT 876,863 thousand (USD 1,848 thousand) and fully repaid in January 2024. The Group may face further legal proceedings regarding alleged non-compliance in fuel surcharge collection from September 2022 onwards, with potential fines that remain indeterminable due to unclear assessment criteria in the latest court ruling.

The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. As Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Depreciation of the Kazakhstan Tenge, volatility in the global price of oil and geopolitical conflicts have also increased the level of uncertainty in the business environment. The condensed consolidated interim financial information reflect the management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from the management’s assessment.

28. RELATED PARTY TRANSACTIONS

Control relationships

As of 30 September 2024, shareholders holding 10% or more of the Company’s shares include JSC “National Welfare Fund “Samruk-Kazyna”, which owns 41.0%, and BAE Systems Kazakhstan Limited, which owns 16.95%. The Company’s free float stands at 42.05% and is traded on the Kazakhstan Stock Exchange, Astana International Exchange, and London Stock Exchange

Management remuneration

Key management that have authority and responsibility regarding management, control and planning of the Group’s activity received the following remuneration during the period, which is included in employee costs:

’000 USD	Nine-month period ended 30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)
Wages and salaries	7,315	5,338
Share-based payment	1,462	-
Termination benefits	326	-
Social tax	668	481
	9,771	5,819

Transactions with related parties

Related parties comprise the shareholders of the Group exercising the significant influence and all other companies in which those shareholders, either individually or together, have a controlling interest.

The Group provides air transportation services to Government departments, Government agencies and State-controlled enterprises. The Group has established its buying and approval process for purchases and sales of products and services. Both sales and purchase transactions are conducted in the ordinary course of the Group’s business on terms comparable to those with other entities that are not state-controlled.

The following transactions require disclosure as related party transactions:

’000 USD	Nine-month period ended 30 September 2024 (unaudited)	30 September 2024 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)	31 December 2023
	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Services received				
Shareholders’ subsidiaries	99,583	(3,643)	46,682	(1,598)
State-owned companies	95,445	1,165	100,000	1,332
	195,028	(2,478)	146,682	(266)

Services from related parties are represented by airport, navigation and meteorological forecasting services.

'000 USD	Nine-month period ended 30 September 2024	30 September 2024	Nine-month period ended 30 September 2023	31 December 2023
	(unaudited)	(unaudited)	(unaudited)	
	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Services provided by the Group				
Shareholders' subsidiaries	1,014	150	905	1,018
	1,014	150	905	1,018

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

Transactions with government-related entities

The Group transacts with a number of entities that are controlled by the Government of Kazakhstan. The Group applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

The Group transacts with a number of entities that are related to the Government of Kazakhstan. These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related.

29. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was approved by management of the Group and authorised for issue on 4 November 2024.