

**JOINT STOCK COMPANY
AIR ASTANA**

Condensed Consolidated Interim Financial Information
for the nine-month period
ended 30 September 2023 (unaudited)

JOINT STOCK COMPANY AIR ASTANA

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

Management is responsible for the preparation and presentation of the condensed consolidated interim financial information of JSC Air Astana (the "Company") and its subsidiary (the "Group") as at 30 September 2023, the results of its operations for the three- and nine-month periods ended 30 September 2023 and 2022 and cash flows and changes in equity for the nine-month period ended 30 September 2023, in compliance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34).

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

- properly selecting and applying 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 specific requirements in IFRS Standards as issued by the International Accounting Standards Board ("IFRS Standards") are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The condensed consolidated interim financial information as at 30 September 2023, and for the three- and nine-month period ended 30 September 2023 and 2022 was authorised for issue on 9 December 2023 by management of the Group.

On behalf of the Group's management:



Peter Foster

President

9 December 2023
Almaty, Republic of
Kazakhstan



Ibrahim Canliel

Chief Financial Officer

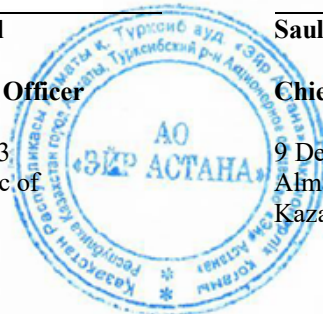
9 December 2023
Almaty, Republic of
Kazakhstan



Saule Khassenova

Chief Accountant

9 December 2023
Almaty, Republic of
Kazakhstan





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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of JSC Air Astana

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSC Air Astana (the "Company") and its subsidiary (the "Group") as at 30 September 2023 and the related condensed consolidated interim statements of profit or loss, other comprehensive income for the three- and nine-month periods ended 30 September 2023 and 2022 and the related condensed consolidated interim statements of changes in equity and cash flows for the nine-month periods ended 30 September 2023 and 2022, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our reviews.

Scope of Reviews

We conducted our reviews in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as at 30 September 2023 and for the three- and nine-month periods ended 30 September 2023 and 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.


Mukhit Kossayev
Engagement Partner

KPMG Audit LLC

Almaty, Republic of Kazakhstan

9 December 2023

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JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 30 September 2023 (unaudited)	Three-month period ended 30 September 2022 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Revenue and other income					
Passenger revenue	6	365,540	329,831	877,929	726,974
Cargo and mail	6	5,340	6,494	15,681	15,649
Other income	6	1,678	1,251	6,996	4,614
Total		372,558	337,576	900,606	747,237
Operating expenses					
Fuel		(85,824)	(79,974)	(208,791)	(163,578)
Employee and crew costs	7	(54,277)	(46,685)	(143,643)	(110,097)
Depreciation and amortisation	11	(41,438)	(33,945)	(118,429)	(98,884)
Engineering and maintenance	7	(34,215)	(32,357)	(83,154)	(81,906)
Handling, landing fees and route charges	7	(30,485)	(23,826)	(77,427)	(61,082)
Passenger service	7	(31,771)	(24,794)	(75,895)	(59,436)
Selling costs	7	(10,595)	(9,300)	(30,332)	(23,807)
Insurance		(2,909)	(2,535)	(8,070)	(5,774)
Information technology		(1,757)	(1,333)	(4,883)	(4,215)
Consultancy, legal and professional services		(1,363)	(1,287)	(3,601)	(3,359)
Taxes, other than income tax		(776)	(729)	(2,885)	(963)
Aircraft lease costs		(192)	(614)	(2,263)	(3,105)
Property and office costs		(915)	(538)	(2,650)	(1,760)
Impairment loss		(50)	(64)	(59)	(72)
Other		(2,946)	(3,826)	(9,649)	(13,310)
Total operating expenses		(299,513)	(261,807)	(771,731)	(631,348)
Operating profit		73,045	75,769	128,875	115,889
Finance income	8	4,304	2,208	10,774	3,666
Finance costs	8	(12,532)	(8,717)	(36,702)	(28,440)
Foreign exchange loss, net		(5,601)	(4,578)	(12,909)	(13,075)
Profit before tax		59,216	64,682	90,038	78,040
Income tax expense	9	(10,324)	(13,201)	(17,646)	(17,073)
Profit for the period		48,892	51,481	72,392	60,967
Basic and diluted earnings per share (in USD)	19	2,876	3,028	4,258	3,586

On behalf of the Group's management:



Peter Foster
President

9 December 2023
Almaty, Republic of Kazakhstan



Ibrahim Canliel
Chief Financial Officer

9 December 2023
Almaty, Republic of Kazakhstan



Saule Khassenova
Chief Accountant

9 December 2023
Almaty, Republic of Kazakhstan



The notes on pages 9-34 form an integral part of this condensed consolidated interim financial information.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 30 September 2023 (unaudited)	Three-month period ended 30 September 2022 (unaudited)	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Profit for the period		48,892	51,481	72,392	60,967
Other comprehensive income to be reclassified into profit or loss in subsequent periods:					
Cash flow hedges – effective portion of changes in fair value	18	1,210	(2,976)	(273)	(2,976)
Corporate income tax related to cash flow hedges – effective portion of changes in fair value		(242)	595	55	595
Realised net loss from cash flow hedging instruments	24	3,111	3,029	9,274	9,028
Corporate income tax related to loss from hedging instruments	24	(622)	(606)	(1,855)	(1,806)
Other comprehensive income for the period, net of income tax		3,457	42	7,201	4,841
Total comprehensive income for the period		52,349	51,523	79,593	65,808

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (UNAUDITED) (in thousands of USD)

	Notes	30 September 2023 (unaudited)	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	10	825,702	817,585
Intangible assets		2,567	1,553
Prepayments for non-current assets	14	17,272	15,517
Guarantee deposits	12	31,280	29,520
Deferred tax assets	9	34,802	18,487
Trade and other receivables	15	1,665	1,300
		913,288	883,962
Current assets			
Inventories	13	58,702	49,175
Prepayments	14	17,130	21,011
Income tax prepaid		1,932	8,978
Trade and other receivables	15	28,227	21,307
Other taxes prepaid	16	7,630	8,378
Guarantee deposits	12	1,722	3,516
Cash and bank balances	17	314,366	252,888
Other financial assets	18	-	1,660
		429,709	366,913
Total assets		1,342,997	1,250,875
EQUITY AND LIABILITIES			
Equity			
Share capital	19	17,000	17,000
Functional currency transition reserve		(9,324)	(9,324)
Reserve on hedging instruments, net of tax		(18,197)	(25,398)
Retained earnings		225,606	169,990
Total equity		215,085	152,268
Non-current liabilities			
Loans	23	105	4,162
Lease liabilities	24	529,566	574,211
Provision for aircraft maintenance	21	144,779	117,958
Other non-current liabilities		3,059	2,268
		677,509	698,599
Current liabilities			
Loans	23	406	7,934
Lease liabilities	24	167,413	158,593
Deferred revenue	20	91,780	80,152
Provision for aircraft maintenance	21	95,307	71,685
Trade and other payables	22	95,497	81,405
Other financial liabilities		-	239
		450,403	400,008
Total liabilities		1,127,912	1,098,607
Total equity and liabilities		1,342,997	1,250,875

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Functional currency translation reserve	Reserve on hedging instruments	Retained earnings	Total equity
At 1 January 2022		17,000	(9,324)	(35,278)	91,576	63,974
Profit for the period (unaudited)		-	-	-	60,967	60,967
Other comprehensive income: Realised loss on cash flow hedging instruments and effective portion of changes in fair value of fuel call options, net of tax (unaudited)		-	-	4,841	-	4,841
Total comprehensive income for the period (unaudited)		-	-	4,841	60,967	65,808
At 30 September 2022 (unaudited)		17,000	(9,324)	(30,437)	152,543	129,782
At 1 January 2023		17,000	(9,324)	(25,398)	169,990	152,268
Profit for the period (unaudited)		-	-	-	72,392	72,392
Other comprehensive income: Realised loss on cash flow hedging instruments and effective portion of changes in fair value of fuel call options, net of tax (unaudited)		-	-	7,201	-	7,201
Total comprehensive income for the period (unaudited)		-	-	7,201	72,392	79,593
Dividends declared (unaudited)	19	-	-	-	(16,776)	(16,776)
At 30 September 2023 (unaudited)		17,000	(9,324)	(18,197)	225,606	215,085

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(in thousands of USD)

	Notes	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
OPERATING ACTIVITIES:			
Profit before tax		90,038	78,040
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets	11	118,429	98,884
Gain on sale of property, equipment and inventory		(866)	(1,151)
Change in impairment allowance for prepayments, trade receivables, guarantee deposits and cash and bank balances	12, 14, 15,17	(299)	(2,144)
Change in write-down of obsolete and slow-moving inventories	13	(592)	4,356
Change in vacation accrual	22	287	(127)
Change in provision for aircraft maintenance	7, 21	62,648	48,239
Change in customer loyalty program provision	20	1,401	(312)
Foreign exchange loss, net		12,909	13,075
Finance income, excluding impairment		(10,388)	(3,546)
Finance costs, excluding impairment		36,273	28,437
Operating cash flow before movements in working capital		309,840	263,751
Change in trade and other accounts receivables		(6,870)	(8,470)
Change in prepayments		4,805	(2,085)
Change in inventories		(8,069)	1,070
Change in trade and other payables and provision of aircraft maintenance		3,772	(2,993)
Change in deferred revenue		10,227	34,249
Change in other financial assets		1,387	2,285
Cash generated from operations		315,092	287,807
Income tax paid		(30,277)	(9,708)
Interest received		10,148	3,546
Net cash generated from operating activities		294,963	281,645
INVESTING ACTIVITIES:			
Purchase of property and equipment		(34,116)	(27,103)
Proceeds from disposal of property and equipment		2,510	962
Purchase of intangible assets		(1,627)	(573)
Bank and Guarantee deposits placed		(6,940)	(19,992)
Bank and Guarantee deposits withdrawn		4,832	10,331
Net cash used in investing activities		(35,341)	(36,375)

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED) (UNAUDITED)

(in thousands of USD)

	Notes	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
FINANCING ACTIVITIES:			
Repayment of lease liabilities	24	(135,811)	(109,805)
Interest paid	24	(31,489)	(28,326)
Repayment of borrowings and additional financing from sale and leaseback	24	(46,540)	(102,426)
Proceeds from borrowings	24	35,000	52,706
Dividends paid	19	(16,776)	-
Net cash used in financing activities		(195,616)	(187,851)
NET INCREASE IN CASH AND BANK BALANCES			
		64,006	57,419
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(2,528)	(2,092)
Effects of movements in ECL on cash and bank balances		-	(3)
CASH AND BANK BALANCES, at the beginning of the period	17	252,888	226,357
CASH AND BANK BALANCES, at the end of the period	17	314,366	281,681

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 “Aviation Company “Air Kazakhstan” (hereinafter – the “Subsidiary”) which was acquired in November 2019. Together they are referred to as the “Group”.

In November 2019 the Company obtained control of the Subsidiary by acquiring one hundred percent of the shares, which are 101,665 shares, and voting interests for KZT 2. At the time of the acquisition the Subsidiary had negative net assets of KZT 7 thousand (USD 18). Taking control of the Subsidiary will enable the Group segregating part of the business within the Group structure. The Subsidiary did not operate during 2022 and the nine-month of 2023. In October 2023 the Subsidiary has been renamed from JSC “Aviation Company “Air Kazakhstan” to JSC “FlyArystan”. In November JSC “FlyArystan” issued additional 240,000 shares in favor of the Company, additional investment totaled KZT 960,000 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 2023 and 31 December 2022, the Group operated 47 and 43 turbojet aircraft that are acquired under lease.

The shareholders of the Group are JSC National Welfare Fund Samruk-Kazyna (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Group, respectively.

Regional geopolitical conflicts

Following the conflict between Russia and Ukraine at the end of February 2022, the Group (under both Air Astana and FlyArystan brands) suspended flights to and over Russia and Ukraine.

In 2021, the respective revenue shares of the Group on routes to Russia and Ukraine were at 8% and 2% respectively. The management believes that the impact of the conflict is limited, as the Group has reallocated vacant capacity from suspended routes to other destinations.

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 2022. 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 operations.

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 as at 30 September 2023 and for the three- and nine-month periods ended 30 September 2023 and 2022 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. A number of new standards that came into force on 1 January 2023 did not have a significant impact on the Group’s condensed consolidated interim financial information.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 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;*
- *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12;*
- *Lease liability in a Sale and Leaseback – Amendments to IFRS 16.*

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 2022 prepared in accordance with IFRS standards.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information and the information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 2 – Functional currency;
- Note 9 – Income tax expense; and
- Note 21 – Provision for aircraft maintenance.

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 summarised as follows:

Air Astana

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

FlyArystan

The Group’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 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. treated as an inter-segment transactions reflected in elimination section of the segment report. These amendments have been applied for the nine-month periods ended 30 September 2023 and 2022. The Group does not conduct separate analyses of the financial position for each segment.

Operating results for the nine-month period ended 30 September 2023 and 30 September 2022:

'000 USD	Nine-month period ended 30 September 2023	Nine-month period ended 30 September 2023	Inter-group elimination (unaudited)	Total (unaudited)
	(unaudited)	(unaudited)		
Condensed consolidated interim profit or loss statement	Air Astana	FlyArystan		
Revenue and other income				
Passenger revenue	666,562	211,367	-	877,929
Cargo and mail	14,507	1,174	-	15,681
Other income	6,180	816	-	6,996
Lease	62,423	231	(62,654)	-
Total revenue and other income	749,672	213,588	(62,654)	900,606
Operating expenses				
Fuel	(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)
Engineering and maintenance	(76,563)	(32,167)	25,576	(83,154)
Handling, landing fees and route charges	(60,599)	(16,828)	-	(77,427)
Passenger service	(65,078)	(10,817)	-	(75,895)
Selling costs	(27,351)	(2,981)	-	(30,332)
Insurance	(5,701)	(2,369)	-	(8,070)
Information technology	(3,729)	(1,154)	-	(4,883)
Consultancy, legal and professional services	(3,502)	(99)	-	(3,601)
Taxes, other than income tax	(2,885)	-	-	(2,885)
Property and office costs	(2,440)	(210)	-	(2,650)
Aircraft lease costs	(1,647)	(1,625)	1,009	(2,263)
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

'000 USD Condensed consolidated interim profit or loss statement	Nine-month period ended 30 September 2022 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)	Inter-group elimination (unaudited)	Total (unaudited)
	Air Astana	FlyArystan		
Revenue and other income				
Passenger revenue	565,356	161,618	-	726,974
Cargo and mail	14,641	1,008	-	15,649
Other income	4,402	212	-	4,614
Lease	45,322	-	(45,322)	-
Total revenue and other income	629,721	162,838	(45,322)	747,237
Operating expenses				
Fuel	(123,844)	(39,734)	-	(163,578)
Employee and crew costs	(86,352)	(23,745)	-	(110,097)
Depreciation and amortisation	(97,282)	(22,017)	20,415	(98,884)
Engineering and maintenance	(76,396)	(24,367)	18,857	(81,906)
Handling, landing fees and route charges	(47,362)	(13,720)	-	(61,082)
Passenger service	(50,844)	(8,592)	-	(59,436)
Selling costs	(22,334)	(1,473)	-	(23,807)
Insurance	(4,194)	(1,580)	-	(5,774)
Information technology	(3,117)	(1,098)	-	(4,215)
Consultancy, legal and professional services	(3,310)	(49)	-	(3,359)
Aircraft lease costs	(2,981)	(2,343)	2,219	(3,105)
Property and office costs	(1,659)	(101)	-	(1,760)
Taxes, other than income tax	(963)	-	-	(963)
Other	(12,944)	(438)	-	(13,382)
Total operating expenses	(533,582)	(139,257)	41,491	(631,348)
Operating profit	96,139	23,581	(3,831)	115,889

6. REVENUE AND OTHER INCOME

'000 USD Passenger revenue	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
	Scheduled passenger flights	833,404
<i>including:</i>		
<i>Fuel surcharge</i>	84,071	65,842
<i>Airport services</i>	42,635	33,422
<i>Excess baggage</i>	5,030	4,950
Charter flights	44,525	52,596
	877,929	726,974

Passenger revenue increased by USD 150,955 thousand, or 21%, for the period ended 30 September 2023 as compared to the same period in 2022.

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Cargo and mail		
Cargo-Regular	14,142	13,274
Mail	1,539	1,272
Cargo-Charter	-	1,103
	15,681	15,649

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Other income		
Gain on disposal of spare parts and other assets	3,376	1,150
Incidental income	1,149	1,779
Income from ground services	1,094	952
Advertising revenue	843	624
Other	534	109
	6,996	4,614

During the nine-months periods ended 30 September 2023 and 30 September 2022, passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations:

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Domestic	337,671	267,111
Asia and Middle East	227,543	160,275
Europe	240,246	225,802
CIS	88,150	89,435
Total passenger, cargo and mail revenue	893,610	742,623

7. OPERATING EXPENSES

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Employee and crew costs		
Wages and salaries	109,762	84,062
Accommodation and allowances	13,057	9,216
Social tax	9,492	8,241
Training	5,085	4,336
Other	6,247	4,242
	143,643	110,097

The average number of employees during the nine-month period ended 30 September 2023 was 6,351 (30 September 2022: 5,749).

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Engineering and maintenance		
Maintenance – provisions (Note 21)	62,648	48,239
Maintenance – variable lease payments	10,827	9,658
Spare parts	9,615	9,992
Technical inspection	1,941	1,987
Maintenance – components*	(1,877)	12,030
	83,154	81,906

* During the nine-month period ended 30 September 2023 the Group received compensation amounts of USD 6,068 thousand from suppliers.

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Handling, landing fees and route charges		
Handling charge	31,903	25,089
Aero navigation	28,446	21,558
Landing fees	15,713	13,268
Other	1,365	1,167
	77,427	61,082

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Passenger service		
Airport charges	36,804	29,202
Catering	22,991	16,265
In-flight entertainment	3,734	4,148
Security	4,515	3,078
Other	7,851	6,743
	75,895	59,436

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Selling costs		
Reservation costs	16,591	14,546
Commissions	6,935	4,896
Advertising	6,198	3,857
Interline commissions	277	252
Other	331	256
	30,332	23,807

8. FINANCE INCOME AND COSTS

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Finance income		
Interest income on bank deposits	10,137	3,546
Other	637	120
	10,774	3,666

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Finance costs		
Interest expense on lease liabilities (Note 24)	32,451	25,328
Unwinding of the discount of provision for aircraft maintenance (Note 21)	2,328	-
Interest expense on bank loans (Note 24)	1,415	3,051
Other	508	61
	36,702	28,440

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 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Current income tax		
Current income tax	(37,624)	(30,254)
Adjustment recognised in the current year in relation to the current tax of prior years	1,862	1,618
	<u>(35,762)</u>	<u>(28,636)</u>
Deferred tax		
Deferred income tax benefit	18,116	11,563
	<u>18,116</u>	<u>11,563</u>
	<u>(17,646)</u>	<u>(17,073)</u>

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 2023 and 31 December 2022 is presented below.

'000 USD	30 September 2023 (unaudited)	31 December 2022
Deferred tax assets		
Lease liabilities	126,299	123,633
Provision for aircraft maintenance	48,017	37,929
Trade and other payables	6,452	3,843
Trade receivables	4,351	3,805
Other	1,052	1,172
Total	<u>186,171</u>	<u>170,382</u>
Deferred tax liabilities		
Right of use assets	(115,090)	(113,204)
Difference in depreciable value of property, plant and equipment and intangible assets	(30,667)	(34,074)
Inventories	(3,068)	(2,809)
Prepaid expenses	(1,713)	(768)
Other	(831)	(1,040)
Total	<u>(151,369)</u>	<u>(151,895)</u>
Net deferred tax assets	<u>34,802</u>	<u>18,487</u>

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 1,800 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 2022: USD 1,211 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.

In accordance with the local tax legislation, if deductible expenses from derivative instruments 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. In previous years, the probability of gain from derivative instruments was low and no deferred asset was recognised for tax losses from derivative instruments. During 2022 the Group earned a gain from derivative instruments and utilised tax losses accumulated in prior years.

The income tax rate in the Republic of Kazakhstan, where the Group is located, at 30 September 2023 and 31 December 2022 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% (2022: 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 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Profit before tax	90,038	78,040
Corporate income tax %	20%	20%
Income tax expense at statutory rate	(18,008)	(15,608)
USD forex effect	2,000	533
Tax effect of non-deductible expenses	(1,638)	(1,998)
Income tax expense	(17,646)	(17,073)

10. PROPERTY AND EQUIPMENT

'000 USD	Rotable spare parts	Office and training equipment	Building, premises and land	Vehicles	Aircraft under lease	Equipment-in-transit and construction-in-progress	Total
Cost							
At 1 January 2022	79,514	9,107	38,049	2,781	1,083,420	184	1,213,055
Additions (unaudited)	5,859	1,028	136	116	66,461	883	74,483
Disposals (unaudited)	(6,520)	(119)	-	(84)	(3,808)	-	(10,531)
Transfers to inventory (unaudited)	(2)	-	-	-	-	-	(2)
At 30 September 2022 (unaudited)	78,851	10,016	38,185	2,813	1,146,073	1,067	1,277,005
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 (unaudited)	-	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
Accumulated depreciation							
At 1 January 2022	36,722	6,861	10,444	1,505	435,323	-	490,855
Charge for the period (unaudited) (Note 11)	6,052	650	2,710	138	88,847	-	98,397
Disposals (unaudited)	(5,669)	(108)	-	(61)	(3,798)	-	(9,636)
At 30 September 2022 (unaudited)	37,105	7,403	13,154	1,582	520,372	-	579,616
At 1 January 2023	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
Net book value							
At 30 September 2022 (unaudited)	41,746	2,613	25,031	1,231	625,701	1,067	697,389
At 30 September 2023 (unaudited)	65,945	13,999	31,964	1,243	711,228	1,323	825,702

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.

The Group's obligations under leases are secured by the leased assets which have a carrying amount of USD 711,228 thousand (unaudited) (30 September 2022: USD 625,701 thousand) (Note 24). The total amount of Aircraft Under Lease as at 30 September 2023 includes 17 Airbus aircraft related to the FlyArystan division with a net book value of USD 251,755 thousand (30 September 2022: 12 Airbus aircraft with a net book value of USD 129,590 thousand).

As per the loan agreement with JSC Halyk Bank of Kazakhstan the Aviation Technical Centre in Astana with a carrying amount of USD 18,638 thousand was pledged in favour of JSC Halyk Bank of Kazakhstan on 5 May 2021 (Note 23). In 2022 the land plot, where the above-mentioned Aviation Technical Centre is located, was divided into two separate parts. The main land plot where Aviation Technical Centre is located will remain pledged in JSC Halyk Bank of Kazakhstan. The second part of the land was released from pledge.

In 2021 the Group has signed agreements for Full-flight simulator delivery and Simulator centre construction in Astana. The simulator has been delivered to the airline in 2022. Full-flight simulator was installed and commissioned in 2023 (Note 26).

Rotable spare parts include aircraft modification costs.

The cost of fully depreciated items as at 30 September 2023 is USD 17,566 thousand (30 September 2022: USD 18,964 thousand).

11. DEPRECIATION AND AMORTISATION

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Depreciation of property and equipment (Note 10)	117,842	98,397
Amortisation of intangible assets	587	487
Total	118,429	98,884

12. GUARANTEE DEPOSITS

'000 USD	30 September 2023 (unaudited)	31 December 2022
<i>Non-current</i>		
Guarantee deposits for leased aircraft	31,262	29,311
Other guarantee deposits	661	481
Impairment allowances	(643)	(272)
	31,280	29,520
<i>Current</i>		
Other guarantee deposits	1,323	1,723
Guarantee deposits for leased aircraft	400	538
Guarantee deposits to secure Letters of Credit for maintenance liabilities	-	1,258
Impairment allowances	(1)	(3)
	1,722	3,516
	33,002	33,036

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 4,467 thousand and USD 1,721 thousand as of 30 September 2023 and 31 December 2022, respectively.

In 2023 the Group re-issued two standby letters of credit with JSC Halyk bank of Kazakhstan (initially issued in Citi bank Europe PLC and secured by cash) as a result, the cash collateral in the amount of USD 1,258 thousand was returned by Citi bank Europe PLC to the Group's account.

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

'000 USD	30 September 2023 (unaudited)	31 December 2022
Within one year	400	1,796
After one year but not more than five years	10,618	10,517
More than five years	20,696	18,842
	31,714	31,155
Fair value adjustment at initial recognition	(52)	(48)
	31,662	31,107

13. INVENTORIES

'000 USD	30 September 2023 (unaudited)	31 December 2022
Spare parts	40,209	36,980
Fuel	8,351	6,581
Crockery	4,058	2,879
Goods in transit	2,646	2,277
De-icing liquid	2,040	1,791
Promotional materials	1,756	670
Uniforms	1,706	1,288
Blank forms	272	269
Other	2,930	2,298
	63,968	55,033
Less: cumulative write-down for obsolete and slow-moving inventories	(5,266)	(5,858)
	58,702	49,175

14. PREPAYMENTS

'000 USD	30 September 2023 (unaudited)	31 December 2022
<i>Non-current</i>		
Advances for services	9,008	9,165
Prepayments for long-term assets	8,264	6,352
	17,272	15,517
<i>Current</i>		
Advances for services	9,714	8,138
Advances for goods	5,932	11,088
Prepayments of leases without transfer of legal title	1,668	2,003
	17,314	21,229
Less: impairment allowance for prepayments	(184)	(218)
	17,130	21,011

As at 30 September 2023 prepayments for long-term assets include prepayments to Boeing as pre-delivery payment for three aircraft (Note 26).

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 2023 (unaudited)	31 December 2022
<i>Non-current</i>		
Other financial assets	45,009	45,524
Due from employees and Ab-initio pilot trainees	1,665	1,300
	46,674	46,824
Less: impairment allowance	(45,009)	(45,524)
	1,665	1,300
<i>Current</i>		
Trade receivables	27,761	20,119
Due from employees and Ab-initio pilot trainees	1,344	1,337
Receivable from lessors – variable lease reimbursement	-	848
	29,105	22,304
Less: impairment allowance	(878)	(997)
	28,227	21,307

The movements in impairment allowance on trade and other receivables for the periods nine-months ended 30 September 2023 and 30 September 2022 were:

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
At the beginning of the period	(46,521)	(48,539)
Accrued during the period	(197)	(218)
Reversed during the period	627	952
Foreign currency difference	204	868
At the end of the period	(45,887)	(46,937)

In 2017, due to the defaults of JSC KazInvestBank and JSC Delta Bank, the management reclassified the deposits held with these banks in the amount USD 14,234 thousand and USD 44,785 thousand, respectively, from the bank deposit line item to non-current trade and other receivables and assessed them for impairment. Based on the assessment, management recognised an impairment allowance of approximately 90% for JSC KazInvestBank and JSC Delta Bank as at 31 December 2016.

As at 30 September 2023 the allowance for those banks comprises 100% of their gross balances.

Receivable from lessors represents the amount of variable lease reimbursement claimed by the Group as a result of maintenance performed that occurred prior to the reporting date.

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 amortised using the straight-line method over the remaining amortisation term.

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

'000 USD	30 September 2023 (unaudited)	31 December 2022
Tenge	19,047	8,161
US Dollar	2,960	8,353
Euro	2,205	1,232
Other	5,680	4,861
	29,892	22,607

16. OTHER TAXES PREPAID

'000 USD	30 September 2023 (unaudited)	31 December 2022
Value-added tax recoverable	7,628	7,826
Other taxes prepaid	2	552
	7,630	8,378

Value-added tax receivable is recognised within current assets as the Group annually applies for reimbursement of these amounts.

17. CASH AND BANK BALANCES

'000 USD	30 September 2023 (unaudited)	31 December 2022
Term deposits with an initial maturity of less than 3 months	203,653	155,476
Current accounts with foreign banks	101,881	82,254
Current accounts with local banks	8,384	14,712
Cash in hand	102	183
Accrued interest	355	272
	314,375	252,897
Impairment allowance	(9)	(9)
	314,366	252,888

Cash and bank balances are denominated in the following currencies:

'000 USD	30 September 2023 (unaudited)	31 December 2022
US Dollar	297,400	229,006
Euro	7,905	4,634
Tenge	2,776	12,766
British Pound	2,058	1,520
Indian Rupee	1,999	2,705
Other	2,228	2,257
	314,366	252,888

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 2,509 thousand was added to fuel costs during the nine-month period ended 30 September 2023 (nine-month period ended 30 September 2022: gain of USD 14,646 thousand).

'000 USD	Call option (purchase)
At 1 January 2022	7,383
Gain included in "fuel costs" (unaudited)	14,646
Payments on exercised contracts (unaudited)	(15,916)
Reclassification to accounts receivable on exercised instrument (unaudited)	(1,015)
Loss included in OCI - Net change in fair value (unaudited)	(2,976)
At 30 September 2022 (unaudited)	2,122
At 1 January 2023	1,660
Acquisition of fuel options (unaudited)	1,709
Loss included in "fuel costs" (unaudited)	(2,509)
Payment on exercised contracts (unaudited)	(8)
Reclassification to accounts receivable on exercised instrument (unaudited)	(579)
Loss included in OCI - Net change in fair value (unaudited)	(273)
At 30 September 2023 (unaudited)	-

19. EQUITY

As at 30 September 2023 and 31 December 2022, share capital was comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of KZT 147,150 per share (equivalent to USD 1,000 per share) at the time of purchase.

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 2023 the Company had retained earnings, including the profit for the current period, of USD 225,606 thousand (31 December 2022: USD 169,990 thousand), and total equity of USD 215,085 thousand (31 December 2022: USD 152,268 thousand).

On 8 July 2022 the Company changed the number of authorised ordinary shares from 17,000 to 1,700,000 (not yet outstanding as at the date of approval of the condensed consolidated interim financial information). The ownership proportion of the shareholders remains the same: JSC National Welfare Fund Samruk-Kazyna (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Company, respectively.

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 2022).

In 2023 dividends in the amount of KZT 442 thousand (equivalent of USD 0.99 thousand) per share were declared (2022: nil).

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 period of 17,000 shares (2022: 17,000). The Company has no instruments with potential dilutive effect.

	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Profit for the period	72,392	60,967
Number of ordinary shares	17,000	17,000
Earnings per share – basic and diluted (USD)	4,258	3,586

20. DEFERRED REVENUE

	30 September 2023 (unaudited)	31 December 2022
'000 USD		
Unearned transportation revenue	81,225	70,998
Customer loyalty program provision	10,555	9,154
	91,780	80,152

Unearned transportation revenue represents the value of sold but unused passenger tickets, the validity period of which has not expired, excluding recognised 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.

21. PROVISION FOR AIRCRAFT MAINTENANCE

'000 USD	30 September 2023 (unaudited)	31 December 2022
Engines	199,615	155,955
D-Check	17,805	13,464
Landing gear	6,054	4,880
C-Check	5,970	5,683
Provision for redelivery of aircraft	5,566	4,963
Auxiliary Power unit	5,076	4,698
	240,086	189,643

The movements in the provision for aircraft maintenance were as follows for the nine-month periods ended 30 September 2023 and 30 September 2022:

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
At 1 January	189,643	127,166
Accrued during the period (Note 7)	64,252	50,118
Reversed during the period (Note 7)	(1,604)	(1,879)
Unwinding of the discount (Note 8)	2,328	-
Used during the period	(14,533)	(16,275)
At 30 September (unaudited)	240,086	159,130

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 2023 (unaudited)	31 December 2022
Within one year	95,307	71,685
During the second year	47,658	38,651
During the third year	61,933	46,648
After the third year	35,188	32,659
Total provision for aircraft maintenance	240,086	189,643
Less: current portion	95,307	71,685
Non-current portion	144,779	117,958

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.

22. TRADE AND OTHER PAYABLES

'000 USD	30 September 2023 (unaudited)	31 December 2022
Trade payables	55,199	47,425
Accrued bonuses	13,979	6,559
Advances received	7,798	12,232
Deposits received from agents	7,185	6,844
Due to employees	6,591	5,071
Taxes payable	2,153	1,065
Vacation pay accrual	1,608	1,321
Pension contribution	877	773
Other	107	115
	95,497	81,405

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

'000 USD	30 September 2023 (unaudited)	31 December 2022
Tenge	38,953	33,088
US Dollar	37,695	33,230
Euro	5,560	3,900
British Pound	849	671
Other	12,440	10,516
	95,497	81,405

23. LOANS

'000 USD	30 September 2023 (unaudited)	31 December 2022
<i>Non-current</i>		
Loan	105	4,162
	105	4,162
<i>Current</i>		
Current portion of loan	406	7,889
Interest payable	-	45
	406	7,934

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 loan with EBRD for the hangar and aviation technical centre in Astana was fully refinanced with JSC Halyk Bank of Kazakhstan's credit facilities on 20 September 2020. The credit line in JSC Halyk Bank of Kazakhstan allows to take borrowings both in KZT and USD. During 2022 the Group has fully repaid all the borrowed facilities from JSC Halyk Bank of Kazakhstan. In 2022, the land plot, where the above-mentioned Aviation Technical Center is located, was divided into two separate parts. The main land plot where Aviation Technical Center is located will remain pledged in JSC Halyk Bank of Kazakhstan till the end of availability of credit line in 2025.

On 31 August 2021 the Group entered into a multi-currency Loan Agreement with EBRD for the total amount of USD 50,000 thousand. Uncommitted Tranche 2 in the amount of USD 15,000 thousand was for the purpose of financing capital expenditures (flight simulation facility, which planned to be pledged to the EBRD) and Committed Tranche 1 in the amount of USD 35,000 thousand is for working capital needs (COVID-19 package). In February and March 2022 the Group withdrew USD 5,000 thousand and USD 10,000 thousand, respectively for working capital needs. In April 2022 EBRD upgraded status of Tranche 2 to committed. In March 2023 the Group received USD 20,000 thousand for working capital needs and USD 15,000 thousand for the reimbursement of capital expenditures related to purchase of the Flight Simulation Equipment. The Group fully repaid the loan in July 2023.

As at 30 September 2023 and 31 December 2022 the Group's loans are fully denominated in US Dollar.

As of 30 September 2023 the Group had available credit lines totalling USD 143,700 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 City Bank.

24. 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 eight years without repurchase options at the end of the lease terms.

As at 30 September 2023 the Group has five Airbus and three Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2022: five Airbus and three Boeing 767 aircraft).

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 2023 and 30 September 2022.

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 711,228 thousand (30 September 2022: USD 625,701 thousand) (Note 10).

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2023 (unaudited)	31 December 2022	30 September 2023 (unaudited)	31 December 2022
'000 USD				
Not later than one year	204,092	196,804	167,413	158,593
Later than one year and not later than five years	504,358	537,167	428,642	463,293
Later than five years	108,615	119,600	100,924	110,918
	817,065	853,571	696,979	732,804
Less: future finance charges	(120,086)	(120,767)	-	-
Present value of minimum lease payments	696,979	732,804	696,979	732,804
Included in the financial information as:				
- current portion of lease obligations			167,413	158,593
- non-current portion of lease obligations			529,566	574,211
			696,979	732,804

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 23) (unaudited)	Lease liabilities (unaudited)	Total (unaudited)
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

'000 USD	Loans (Note 23) (unaudited)	Lease liabilities (unaudited)	Total (unaudited)
Balance as at 1 January 2022	62,286	726,893	789,179
Changes from financing cash flows			
Repayment of borrowings	(102,058)	-	(102,058)
Proceed from borrowings	52,706	-	52,706
Repayment of lease liabilities	-	(109,805)	(109,805)
Interest paid	(3,167)	(25,159)	(28,326)
Repayment of additional financing	(368)	-	(368)
Total changes from financing cash flows	(52,887)	(134,964)	(187,851)
The effect of changes in foreign exchange rates	1,610	(376)	1,234
Other changes			
New leases and modifications	-	61,108	61,108
Interest expense (Note 8)	3,051	25,328	28,379
Total other changes	3,051	86,436	89,487
Balance as at 30 September 2022	14,060	677,989	692,049

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 2023, a foreign currency loss of 22,746 USD thousand (31 December 2022: USD 32,020 thousand), before income tax of USD 4,549 thousand (31 December 2022: USD 6,404 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 nine months of 2023 the amount reclassified from the hedging reserve to foreign exchange loss in the condensed consolidated interim statement of other comprehensive income was USD 9,274 thousand (before income tax of USD 1,855 thousand) (nine months ended 30 September 2022: USD 9,028 thousand (before income tax of USD 1,806 thousand)).

25. 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 23 and 24) 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 2023 and 31 December 2022 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 a result of the increased credit risks on some of the banks, the Board of Directors of the Group approved its cash management policy in May 2019 and set required minimum credit ratings for banks to be added to the list of accredited banks of the Group and placed 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 2023 and 31 December 2022, the majority of current accounts with local banks are placed with top rated local Kazakhstan banks with a credit rating of BBB-, Fitch.

As at 30 September 2023 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 mainly 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 22.

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
		2023	2023	2022	2022
'000 USD		KZT	EUR	KZT	EUR
		(unaudited)	(unaudited)		
Assets					
Other taxes prepaid	16	7,630	-	8,378	-
Trade and other receivables	15	19,047	2,205	8,161	1,232
Income tax prepaid		1,932	-	8,978	-
Cash and bank balances	17	2,776	7,905	12,766	4,634
Guarantee deposits		178	307	177	306
Total		31,563	10,417	38,460	6,172
Liabilities					
Trade and other payables	22	38,953	5,560	33,088	3,900
Lease liabilities		4,410	-	3,260	-
Total		43,363	5,560	36,348	3,900
Net position		(11,800)	4,857	2,112	2,272

As at 30 September 2023 the following table details the Group's sensitivity of weakening of the US Dollar against the Tenge by 10% (31 December 2022: 21%) and Euro by 10% (31 December 2022: 10.6%) and strengthening of the US Dollar against the Tenge by 10 % (31 December 2022: 21%) and Euro by 10% (31 December 2022: 10.6%).

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 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 (unaudited)		Strengthening of US Dollar (unaudited)	
	Tenge	Euro	Tenge	Euro
30 September 2023	10%	10%	(10%)	(10%)
Profit/(loss)	(944)	389	944	(389)
'000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
31 December 2022	21%	10.6%	(21%)	(10.6%)
Profit/(loss)	355	193	(355)	(193)

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 2023					
(unaudited)					
Financial assets					
<i>Non interest bearing</i>					
Trade and other receivables	26,883	1,344	1,665	-	29,892
Guarantee deposits	633	1,089	11,239	20,093	33,054
Cash and bank balances	314,366	-	-	-	314,366
Financial liabilities					
<i>Non interest bearing</i>					
Trade and other payables	78,361	7,185	-	-	85,546
<i>Fixed rate</i>					
Loans	133	273	105	-	511
Lease liabilities	50,429	153,663	504,358	108,615	817,065

'000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 December 2022					
Financial assets					
Trade and other receivables	20,117	1,190	1,300	-	22,607
Guarantee deposits	1,096	2,420	11,459	18,109	33,084
Cash and bank balances	252,888	-	-	-	252,888
Financial liabilities					
<i>Non-interest bearing</i>					
Trade and other payables	61,264	6,844	-	-	68,108
<i>Variable rate</i>					
Loans	2,082	6,057	3,890	-	12,029
<i>Fixed rate</i>					
Loans	96	294	412	-	802
Lease liabilities	49,099	147,705	537,167	119,600	853,571

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 analysing 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.

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. Management believes that their fair values are lower than carrying amounts by approximately 1.8% (31 December 2022: lower by 3.6%).

26. COMMITMENTS AND CONTINGENCIES

Capital commitments

In 2011 the Group finalised 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 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 fourth quarter of 2023 to 2025:

'000 USD	30 September 2023 (unaudited)	31 December 2022
Within one year	21,470	14,070
After one year but not more than five years	529,275	406,869
More than five years	922,309	747,355
	1,473,054	1,168,294

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 2022 three A320neo aircraft were delivered in September, November and December 2022, three A321neo aircraft were delivered in May, October and December 2022, and one A320neo aircraft was delivered in May 2022, rest are expected during 2023 and 2024.

During 2023 three A320neo aircraft were delivered in March, July and September and three more expected till end of 2023.

In 2023 the Group has signed operating lease agreements for two Airbus 320neo aircraft, both were delivered in June and August 2023. Also, the Airline executed operating lease contracts for two A320neo aircraft and three A321neo aircraft with deliveries in 2024-2025.

In 2021 the Group has signed agreements for Full-flight simulator delivery and Simulator center construction in Astana. The simulator has been delivered to the airline in 2022. Full-flight simulator was installed and commissioned in 2023 (Note 10).

Non-cancellable commitments related to the Simulator project:

'000 USD	30 September 2023 (unaudited)	31 December 2022
Within one year	-	993
	-	993

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.

Types of insurance coverage are stated below:

- Aviation Hull, Total Loss Only and Spares All risks and Airline Liability including Passenger Liability;
- Aircraft Hull and Spare Engine Deductible;
- Aviation Hull and Spares "War and Allied Perils";
- Aviation War, Hi-Jacking and Other Perils Excess Liability.

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, as follows:

- Medical insurance of employees;
- Directors, Officers and Corporate liability insurance;
- Property insurance;
- Comprehensive vehicle insurance;
- Compulsory insurance of employee from accidents during execution of labour (service) duties;
- Commercial general liability insurance (Public Liability);
- Pilot's loss of license insurance;
- Insurance of goods at warehouse;
- Cyber Insurance.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised 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. The Group initially incurred a fine imposed by the court following an investigation by the Antimonopoly agency of the Republic of Kazakhstan regarding an alleged non-compliance in the collection of fuel surcharge from passengers for services rendered during the period January 2021 – May 2022. Initially, the court determined a penalty amounting to KZT 6,806,138 thousand (USD 15,041 thousand); however, after the Group appealed the court decision, the fine was decreased significantly to the amount of KZT 876,863 thousand (USD 1,848 thousand). The Group has not made provision as at 30 September 2023. Following the initial court decision, the Group faces the possibility of legal proceedings with the Antimonopoly agency of the Republic of Kazakhstan concerning an alleged non-compliance in the collection of fuel surcharge from passengers for services rendered starting from June 2022. If such legal proceedings were to occur, the Group may be subject to a fine which cannot be estimated reliably because the principle underlying the assessment of the fine by the latest court was unclear. 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.

27. RELATED PARTY TRANSACTIONS

Control relationships

The shareholders of the Group are JSC National Welfare Fund Samruk-Kazyna (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Group, respectively.

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 year, which is included in employee costs:

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)
Wages and salaries	5,338	5,081
Social tax	481	458
	5,819	5,539

Transactions with related parties

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

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 2023 (unaudited)	30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)	31 December 2022
	Transaction value	Outstanding balance	Transaction value	Outstanding balance
State-owned companies	100,000	(52)	101,289	(2,279)
Shareholders and their subsidiaries	46,682	(1,883)	15,005	(3,236)
	146,682	(1,935)	116,294	(5,515)

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

'000 USD	Nine-month period ended 30 September 2023 (unaudited)	30 September 2023 (unaudited)	Nine-month period ended 30 September 2022 (unaudited)	31 December 2022
Services provided by the Group	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Shareholders and their subsidiaries	905	140	890	205
	905	140	890	205

All outstanding balances with related parties are to be settled in cash within nine 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.

28. 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 9 December 2023.