

**JOINT STOCK COMPANY
AIR ASTANA**

Condensed Consolidated Interim Financial Information
for the three-month period
ended 31 March 2024 (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 THREE-MONTH PERIOD ENDED 31 MARCH 2024

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 31 March 2024, the results of its operations for the three-month period ended 31 March 2024 and 2023 and cash flows and changes in equity for the three-month period ended 31 March 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 31 March 2024, and for the three-month periods ended 31 March 2024 and 2023 was authorised for issue on 14 May 2024 by management of the Group.

On behalf of the Group’s management:


Peter Foster


Chief Executive Officer

14 May 2024
Almaty, Republic of
Kazakhstan


Ibrahim Canliel

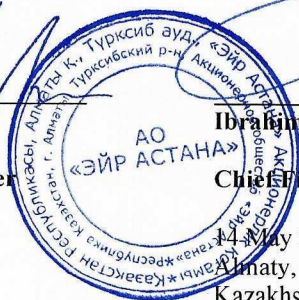
Chief Financial Officer

14 May 2024
Almaty, Republic of
Kazakhstan


Saule Khassenova

Chief Accountant

14 May 2024
Almaty, Republic of
Kazakhstan



JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Revenue and other income			
Passenger revenue	6	257,315	231,936
Cargo and mail	6	5,090	5,275
Other income	6	2,334	1,907
Total revenue and other income		264,739	239,118
Operating expenses			
Fuel and oil costs		(68,615)	(57,965)
Employee and crew costs	7	(51,678)	(41,793)
Depreciation and amortisation	11	(45,095)	(37,943)
Handling, landing fees and route charges	7	(28,146)	(22,878)
Passenger service	7	(25,422)	(20,699)
Engineering and maintenance	7	(24,096)	(24,105)
Selling costs	7	(9,292)	(9,973)
Consultancy, legal and professional services		(4,196)	(1,190)
Insurance		(3,090)	(2,545)
Information technology		(1,818)	(1,410)
Property and office costs		(1,253)	(901)
Taxes, other than income tax		(1,085)	(1,053)
Aircraft lease costs		(538)	(1,072)
Impairment loss		(6)	(1)
Other		(2,691)	(2,510)
Total operating expenses		(267,021)	(226,038)
Operating (loss)/profit before exceptional items		(2,282)	13,080
Finance income	8	5,113	2,890
Finance costs	8	(13,639)	(12,106)
Foreign exchange loss, net		(3,733)	(2,681)
(Loss)/profit before tax		(14,541)	1,183
Income tax expense	9	2,958	(254)
(Loss)/profit for the period		(11,583)	929
Basic and diluted (loss)/earnings per share (in USD)	19	(0.035)	0.003

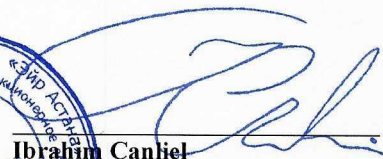
On behalf of the Group's management:


Peter Foster
Chief Executive Officer

14 May 2024


Almaty, Republic of Kazakhstan




Ibrahim Canliel
Chief Financial Officer

14 May 2024

Almaty, Republic of Kazakhstan


Saule Khassenova
Chief Accountant

14 May 2024

Almaty, Republic of
Kazakhstan

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (UNAUDITED)**
(in thousands of USD)

	Notes	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
(Loss)/profit for the period		(11,583)	929
Other comprehensive income to be reclassified into profit or loss in subsequent periods:			
Cash flow hedges – effective portion of changes in fair value	18	818	(1,304)
Corporate income tax related to cash flow hedges – effective portion of changes in fair value		(164)	261
Realised net loss from cash flow hedging instruments	24	3,155	3070
Corporate income tax related to loss from hedging instruments	24	(631)	(614)
Other comprehensive income for the period, net of income tax		3,178	1,413
Total comprehensive (loss)/income for the period		(8,405)	2,342

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (UNAUDITED) (in thousands of USD)

	Notes	31 March 2024 (unaudited)	31 December 2023
ASSETS			
Non-current assets			
Property and equipment	10	859,844	853,320
Intangible assets		3,373	2,836
Prepayments for non-current assets	14	29,448	18,451
Guarantee deposits	12	31,294	33,302
Deferred tax assets	10	40,868	37,040
Trade and other receivables	16	1,249	1,343
		966,076	946,292
Current assets			
Inventories	13	74,466	67,548
Prepayments	14	25,282	24,825
Income tax prepaid		23,734	13,259
Trade and other receivables	15	31,505	23,525
Other taxes prepaid	16	12,317	10,247
Guarantee deposits	12	2,708	1,979
Cash and cash equivalents	17	369,463	274,006
Other financial assets	18	945	763
		540,420	416,152
Total assets		1,506,496	1,362,444
EQUITY AND LIABILITIES			
Equity			
Share capital	19	138,112	17,000
Functional currency transition reserve		(9,324)	(9,324)
Other reserves		153	-
Reserve on hedging instruments, net of tax		(13,114)	(16,292)
Retained earnings		210,392	221,975
Total equity		326,219	213,359
Non-current liabilities			
Lease liabilities	24	544,253	543,896
Provision for aircraft maintenance	21	165,185	148,618
Employee benefits		858	623
		710,296	693,137
Current liabilities			
Loans	23	311	412
Lease liabilities	24	175,761	174,997
Deferred revenue	20	103,312	84,368
Provision for aircraft maintenance	21	104,903	105,170
Trade and other payables	22	85,694	91,001
		469,981	455,948
Total liabilities		1,180,277	1,149,085
Total equity and liabilities		1,506,496	1,362,444
Book value per common share (in USD)*		0.906	12,383.706

*The number of ordinary shares as of 31 March 2024 and 31 December 2023 was 356,526,315 and 17,000 respectively. Disclosure of the book value per common share is not covered by IFRS and is disclosed upon the request and in accordance with the rules of KASE.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Functional currency translation reserve	Reserve on hedging instruments	Retained earnings	Other reserves	Total equity
At 1 January 2023		17,000	(9,324)	(25,398)	169,990	-	152,268
Profit for the period (unaudited)		-	-	-	929	-	929
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)		-	-	1,413	-	-	1,413
Total comprehensive income for the period (unaudited)		-	-	1,413	929	-	2,342
Dividends declared (unaudited)		-	-	-	(16,776)	-	(16,776)
At 31 March 2023 (unaudited)		17,000	(9,324)	(23,985)	154,143	-	137,834
At 1 January 2024		17,000	(9,324)	(16,292)	221,975	-	213,359
Loss for the period (unaudited)		-	-	-	(11,583)	-	(11,583)
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)		-	-	3,178	-	-	3,178
Total comprehensive income/(loss) for the period (unaudited)		-	-	3,178	(11,583)	-	(8,405)
Issue of shares		121,112	-	-	-	-	121,112
Issue costs		-	-	-	-	(1,343)	(1,343)
Equity settled share-based payments		-	-	-	-	1,496	1,496
At 31 March 2024 (unaudited)		138,112	(9,324)	(13,114)	210,392	153	326,219

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
OPERATING ACTIVITIES:			
(Loss)/profit before tax		(14,541)	1,183
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets	11	45,095	37,943
Gain on sale of property, equipment and inventory		(211)	(302)
Change in impairment allowance for prepayments, trade receivables, guarantee deposits and cash and bank balances	12, 14, 15,17	(108)	(1,982)
Change in write-down of obsolete and slow-moving inventories	13	(188)	(177)
Change in vacation accrual	22	1,046	349
Change in provision for aircraft maintenance	7, 21	23,258	21,631
Change in customer loyalty program provision	20	433	(133)
Foreign exchange loss, net		3,733	2,681
Finance income, excluding impairment		(4,756)	(2,856)
Finance costs, excluding impairment		13,638	10,813
Equity-settled share-based payment	19	1,496	-
Operating cash flow before movements in working capital		68,895	69,150
Change in trade and other accounts receivables		(7,965)	(2,069)
Change in prepayments		(2,656)	(3,823)
Change in inventories		(6,555)	(10,608)
Change in trade and other payables and provision of aircraft maintenance		(14,035)	(13,682)
Change in deferred revenue		18,511	23,939
Change in other financial assets		546	(995)
Cash generated from operations		56,741	61,912
Income tax paid		(11,333)	(11,876)
Interest received		4,744	2,617
Net cash generated from operating activities		50,152	52,653
INVESTING ACTIVITIES:			
Purchase of property and equipment		(18,342)	(15,244)
Proceeds from disposal of property and equipment		334	1,169
Purchase of intangible assets		(741)	(588)
Bank and Guarantee deposits placed		(1,238)	(754)
Bank and Guarantee deposits withdrawn		502	2,815
Net cash used in investing activities		(19,485)	(12,602)

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (CONTINUED) (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
FINANCING ACTIVITIES:			
Repayment of lease liabilities	24	(43,583)	(38,972)
Interest paid	24	(11,927)	(10,089)
Repayment of borrowings and additional financing from sale and leaseback	23	(38,118)	(1,971)
Proceeds from borrowings	23	37,600	35,000
Proceeds from issuance	19	121,112	-
Net cash generated from/(used in) financing activities		65,084	(16,032)
NET INCREASE IN CASH AND BANK BALANCES			
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(293)	(790)
Effects of movements in ECL on cash and bank balances		(1)	-
CASH AND BANK BALANCES, at the beginning of the period	17	274,006	252,888
CASH AND BANK BALANCES, at the end of the period	17	369,463	276,117

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 March 2024, JSC “FlyArystan” issued additionally 2,280,000 shares in favour of the Company. The total additional investment amounted to KZT 9,120,000 thousand (USD 19,907 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 31 March 2024 and 31 December 2023, the Group operated 50 and 49 aircraft that are acquired under lease.

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, Astana International Exchange, and London Stock Exchange. In addition to the primary offering, 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.

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 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 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 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 31 March 2024 and for the three-month periods ended 31 March 2024 and 2023 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 2024 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 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.*

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.

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 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 three-month periods ended 31 March 2024 and 2023. The Group does not conduct separate analyses of the financial position for each segment.

Operating results for the three-month period ended 31 March 2024 and 31 March 2023:

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2024 (unaudited)	Inter-group elimination (unaudited)	Total (unaudited)
	Air Astana	FlyArystan		
Condensed consolidated interim profit or loss statement				
Revenue and other income				
Passenger revenue	195,266	62,050	(1)	257,315
Cargo and mail	4,505	585	-	5,090
Other income	2,294	320	(280)	2,334
Lease	26,171	139	(26,310)	-
Total revenue and other income	228,236	63,094	(26,591)	264,739
Operating expenses				
Fuel and oil costs	(50,664)	(17,951)	-	(68,615)
Depreciation and amortisation	(44,247)	(13,135)	12,287	(45,095)
Employee and crew costs	(38,974)	(12,799)	95	(51,678)
Passenger service	(22,195)	(3,227)	-	(25,422)
Engineering and maintenance	(21,638)	(12,806)	10,348	(24,096)
Handling, landing fees and route charges	(21,078)	(7,068)	-	(28,146)
Selling costs	(8,617)	(675)	-	(9,292)
Consultancy, legal and professional services	(4,323)	(58)	185	(4,196)
Insurance	(2,151)	(939)	-	(3,090)
Information technology	(1,256)	(562)	-	(1,818)
Property and office costs	(1,124)	(129)	-	(1,253)
Taxes, other than income tax	(1,085)	-	-	(1,085)
Aircraft operating lease costs	(629)	(434)	525	(538)
Impairment loss on trade receivables	(7)	1	-	(6)
Other	(2,321)	(371)	1	(2,691)
Total operating expenses	(220,309)	(70,153)	23,441	(267,021)
Operating profit/(loss)	7,927	(7,059)	(3,150)	(2,282)

'000 USD Condensed consolidated interim profit or loss statement	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2023 (unaudited)	Inter-group elimination (unaudited)	Total (unaudited)
	Air Astana	FlyArystan		
Revenue and other income				
Passenger revenue	188,512	43,424	-	231,936
Cargo and mail	4,920	355	-	5,275
Other income	1,238	669	-	1,907
Lease	17,846	-	(17,846)	-
Total revenue and other income	212,516	44,448	(17,846)	239,118
Operating expenses				
Fuel and oil costs	(45,913)	(12,052)	-	(57,965)
Depreciation and amortisation	(37,346)	(9,647)	9,050	(37,943)
Employee and crew costs	(33,994)	(7,799)	-	(41,793)
Engineering and maintenance	(21,822)	(8,869)	6,586	(24,105)
Handling, landing fees and route charges	(18,239)	(4,639)	-	(22,878)
Passenger service	(17,865)	(2,834)	-	(20,699)
Selling costs	(8,670)	(1,303)	-	(9,973)
Insurance	(1,910)	(635)	-	(2,545)
Consultancy, legal and professional services	(1,167)	(23)	-	(1,190)
Information technology	(1,069)	(341)	-	(1,410)
Taxes, other than income tax	(1,053)	-	-	(1,053)
Property and office costs	(840)	(61)	-	(901)
Aircraft operating lease costs	(384)	(798)	110	(1,072)
Impairment loss on trade receivables	(1)	-	-	(1)
Other	(2,326)	(184)	-	(2,510)
Total operating expenses	(192,599)	(49,185)	15,746	(226,038)
Operating profit/(loss)	19,917	(4,737)	(2,100)	13,080

6. REVENUE AND OTHER INCOME

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Passenger revenue	<u>238,692</u>	<u>222,057</u>
Scheduled passenger flights		
<i>including:</i>		
<i>Fuel surcharge</i>	20,060	23,017
<i>Airport services</i>	12,767	10,870
<i>Excess baggage</i>	1,346	1,516
Charter flights	18,623	9,879
	<u>257,315</u>	<u>231,936</u>

Passenger revenue increased by USD 25,379 thousand, or 11%, for the period ended 31 March 2024 as compared to the same period in 2023.

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Cargo and mail		
Cargo-Regular	4,626	4,777
Mail	464	498
	<u>5,090</u>	<u>5,275</u>

During the three-months periods ended 31 March 2024 and 31 March 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		
	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2024 (unaudited)
	Air Astana	FlyArystan	Total
Asia and Middle East	92,200	2,951	95,151
Domestic	65,525	55,226	120,751
Europe	31,415	656	32,071
CIS	10,637	3,795	14,432
Total revenue from passenger, cargo and mail	<u>199,777</u>	<u>62,628</u>	<u>262,405</u>

'000 USD	Operating segments		
	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
	Air Astana	FlyArystan	Total
Asia and Middle East	83,686	2,365	86,051
Domestic	58,639	35,995	94,634
Europe	37,929	2,259	40,188
CIS	13,178	3,160	16,338
Total revenue from passenger, cargo and mail	<u>193,432</u>	<u>43,779</u>	<u>237,211</u>

7. OPERATING EXPENSES

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Employee and crew costs		
Wages and salaries	40,274	31,793
Accommodation and allowance	3,896	3,589
Social tax	3,462	2,863
Training	1,469	1,698
Other	2,577	1,850
	51,678	41,793

The average number of employees during the three-month period ended 31 March 2024 was 5,586 (31 March 2023: 5,364).

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Engineering and maintenance		
Maintenance – provisions (Note 21)	23,258	21,631
Maintenance – variable lease payments	3,652	3,241
Spare parts	3,379	2,479
Technical inspection	878	587
Maintenance – components*	(7,071)	(3,833)
	24,096	24,105

* During the three-month period ended 31 March 2024 the Group received compensation amounts of USD 9,898 thousand from suppliers (31 March 2023: USD 2,830).

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Handling, landing fees and route charges		
Handling charge	13,802	10,511
Aero navigation	9,193	7,883
Landing fees	4,614	4,006
Other	537	478
	28,146	22,878

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Passenger service		
Airport charges	11,762	10,038
Catering	8,423	6,219
In-flight entertainment	1,287	1,166
Security	1,121	1,014
Other	2,829	2,262
	25,422	20,699

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Selling costs		
Reservation costs	5,613	5,303
Commissions	1,947	2,398
Advertising	1,582	2,073
Other	150	199
	9,292	9,973

8. FINANCE INCOME AND COSTS

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Finance income		
Interest income on bank deposits	4,745	2,610
Other	368	280
	5,113	2,890
'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Finance costs		
Interest expense on lease liabilities (Note 24)	12,169	10,452
Other	1,470	1,654
	13,639	12,106

9. INCOME TAX EXPENSE

The Group's income tax expense for the three-month period ended 31 March was as follows:

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Current income tax		
Current income tax	(4,950)	(7,266)
Adjustment recognised in the current year in relation to the current tax of prior years	3,286	2,203
	(1,664)	(5,063)
Deferred tax		
Deferred income tax benefit/(expense)	4,622	4,809
	4,622	4,809
	2,958	(254)

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 31 March 2024 and 31 December 2022 is presented below.

'000 USD	31 March 2024 (unaudited)	31 December 2023
Deferred tax assets		
Lease liabilities	134,186	132,305
Provision for aircraft maintenance	54,018	50,758
Trade and other payables	4,258	5,219
Trade receivables	-	3,674
Tax loss carried forward	81	41
Other	1,236	1,047
Total	193,779	193,044
Deferred tax liabilities		
Right of use assets	(122,391)	(120,772)
Difference in depreciable value of property, plant and equipment and intangible assets	(30,238)	(31,309)
Inventories	-	(2,621)
Financial Lease Modification	(507)	-
Prepaid expenses	414	(477)
Other	(189)	(825)
Total	(152,911)	(156,004)
Net deferred tax assets	40,868	37,040

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 795 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 (three-month ended 31 March 2023: USD 353 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.

The income tax rate in the Republic of Kazakhstan, where the Group is located, at 31 March 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	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
(Loss)/profit before tax	(14,036)	78,040
Corporate income tax %	20%	20%
Income tax expense at statutory rate	2,908	(237)
USD forex effect	647	625
Tax effect of non-deductible expenses	(597)	(642)
Income tax benefit/(expense)	2,958	(254)

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 2023	102,892	11,987	38,324	2,682	1,265,967	10,179	1,432,031
Additions (unaudited)	8,106	561	1,379	78	23,366	752	34,242
Disposals (unaudited)	(2,778)	(227)	(440)	(52)	(9,134)	-	(12,631)
At 31 March 2023 (unaudited)	108,220	12,321	39,263	2,708	1,280,199	10,931	1,453,642
At 1 January 2024	116,178	23,435	48,084	2,868	1,415,345	2,497	1,608,407
Additions (unaudited)	3,439	420	2,214	249	44,820	571	51,713
Disposals (unaudited)	(161)	(122)	-	(12)	(1,474)	-	(1,769)
At 31 March 2024 (unaudited)	119,456	23,733	50,298	3,105	1,458,691	3,068	1,658,351
Accumulated depreciation							
At 1 January 2023	39,485	7,595	14,051	1,534	551,781	-	614,446
Charge for the period (unaudited) (Note 11)	3,016	344	925	48	33,439	-	37,772
Disposals (unaudited)	(1,920)	(224)	(440)	(36)	(8,943)	-	(11,563)
At 31 March 2023 (unaudited)	40,581	7,715	14,536	1,546	576,277	-	640,655
At 1 January 2024	48,544	8,726	15,433	1,671	680,713	-	755,087
Charge for the period (unaudited) (Note 11)	3,204	586	1,095	37	39,969	-	44,891
Disposals (unaudited)	(85)	(117)	-	(9)	(1,260)	-	(1,471)
At 31 March 2024 (unaudited)	51,663	9,195	16,528	1,699	719,422	-	798,507
Net book value							
At 31 March 2023 (unaudited)	67,639	4,606	24,727	1,162	703,922	10,931	812,987
At 31 March 2024 (unaudited)	67,793	14,538	33,770	1,406	739,269	3,068	859,844

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 739,269 thousand (unaudited) (31 March 2023: USD 703,922 thousand) (Note 24). The total amount of Aircraft Under Lease as at 31 March 2023 includes 18 Airbus aircraft related to the FlyArystan division with a net book value of USD 259,848 thousand (31 March 2023: 14 Airbus aircraft with a net book value of USD 202,946 thousand).

As per the loan agreement with JSC Halyk Bank of Kazakhstan the Aviation Technical Centre and its' main land plot in Astana with a carrying amount of USD 18,276 thousand was pledged in favour of JSC Halyk Bank of Kazakhstan on 5 May 2021 (Note 23) and remains pledged till the end of availability of credit line in 2025.

The cost of fully depreciated items as at 31 March 2024 is USD 22,855 thousand (31 March 2023: USD 19,725 thousand).

11. DEPRECIATION AND AMORTISATION

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Depreciation of property and equipment (Note 10)	44,891	37,772
Amortisation of intangible assets	204	171
Total	45,095	37,943

12. GUARANTEE DEPOSITS

'000 USD	31 March 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Guarantee deposits for leased aircraft	30,254	32,233
Other guarantee deposits	1,381	1,599
Impairment allowances	(341)	(530)
	31,294	33,302
<i>Current</i>		
Other guarantee deposits	1,665	1,580
Guarantee deposits for leased aircraft	1,044	400
Impairment allowances	(1)	(1)
	2,708	1,979
	34,002	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 2,177 thousand and USD 3,732 thousand as of 31 March 2023 and 31 December 2023, respectively.

As at 31 March 2024, the Group had guarantees and stand-by letters of credit in JSC Halyk Bank of Kazakhstan in the amount of USD 10,168 thousand, USD 13,418 thousand in JSC Altyn Bank and USD 16,832 thousand in JSC Citibank Kazakhstan.

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

'000 USD	31 March 2024 (unaudited)	31 December 2023
Within one year	1,044	400
After one year but not more than five years	8,737	11,456
More than five years	21,553	20,804
	31,334	32,660
Fair value adjustment at initial recognition	(36)	(27)
	31,298	32,633

13. INVENTORIES

'000 USD	31 March 2024 (unaudited)	31 December 2023
Spare parts	44,025	41,548
Fuel	16,296	14,733
Goods in transit	5,032	4,238
Crockery	4,551	4,136
Promotional materials	2,002	2,586
Uniforms	1,680	1,825
Other	5,929	3,719
	79,515	72,785
Less: cumulative write-down for obsolete and slow-moving inventories	(5,049)	(5,237)
	74,466	67,548

14. PREPAYMENTS

'000 USD	31 March 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Prepayments for long-term assets	20,171	9,305
Advances for services	9,277	9,146
	29,448	18,451
<i>Current</i>		
Advances for services	13,867	10,934
Advances for goods	10,211	11,506
Prepayments of leases without transfer of legal title	1,388	2,569
	25,466	25,009
Less: impairment allowance for prepayments	(184)	(184)
	25,282	24,825

As at 31 March 2024 prepayments for long-term assets include prepayments to Boeing as pre-delivery payment for three aircraft (Note 26).

Significant increase in prepayments for long-term assets relates to purchase of additional spare engine, catering truck, aircraft modification and other projects for the modernization and enhancement of operational activities.

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	31 March 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Other financial assets	45,364	45,258
Due from employees and Ab-initio pilot trainees	1,249	1,343
	46,613	46,601
Less: impairment allowance	(45,364)	(45,258)
	1,249	1,343
<i>Current</i>		
Trade receivables	31,236	23,135
Due from employees and Ab-initio pilot trainees	1,228	1,354
	32,464	24,489
Less: impairment allowance	(959)	(964)
	31,505	23,525

The movements in impairment allowance on trade and other receivables for the three-month periods ended 31 March 2024 and 31 March 2023 were:

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
At the beginning of the period	(46,222)	(46,522)
Accrued during the period	(25)	(660)
Reversed during the period	31	684
Foreign currency difference	(107)	(164)
At the end of the period	(46,323)	(46,662)

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 31 March 2024 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 75% 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	31 March 2024 (unaudited)	31 December 2023
Tenge	23,696	16,008
US Dollar	2,048	2,070
Euro	1,683	1,757
Other	5,327	5,033
	32,754	24,868

16. OTHER TAXES PREPAID

'000 USD	31 March 2024 (unaudited)	31 December 2023
Value-added tax recoverable	11,579	9,722
Other taxes prepaid	738	525
	12,317	10,247

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	31 March 2024 (unaudited)	31 December 2023
Term deposits with an initial maturity of less than 3 months	225,645	178,313
Current accounts with foreign banks	97,358	85,661
US Treasury Bills	40,146	-
Current accounts with local banks	5,782	9,578
Cash in hand	101	111
Accrued interest	442	353
	369,474	274,016
Impairment allowance	(11)	(10)
	369,463	274,006

In February and March 2024, the Group purchased US Treasury Bills with a maturity of within 30 days in total amount of USD 39,999 thousand.

Cash and bank balances are denominated in the following currencies:

'000 USD	31 March 2024 (unaudited)	31 December 2023
US Dollar	341,069	262,832
Tenge	6,335	3,869
Euro	5,341	1,686
Indian Rupee	2,856	2,164
British Pound	1,419	1,504
Other	12,443	1,951
	369,463	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 616 thousand was added to fuel and oil costs during the three-month period ended 31 March 2024 (three-month period ended 31 March 2023: gain of USD 714 thousand).

'000 USD	Call option (purchase)
At 1 January 2023	1,660
Acquisition	1,709
Loss included in “fuel and oil costs” (unaudited)	(714)
Loss included in OCI - Net change in fair value (unaudited)	(1,304)
At 31 March 2023 (unaudited)	1,351
At 1 January 2024	763
Acquisition of fuel options (unaudited)	103
Loss included in “fuel and oil costs” (unaudited)	(616)
Payment on exercised contracts (unaudited)	(33)
Reclassification to accounts receivable on exercised instrument (unaudited)	(90)
Gain included in OCI - Net change in fair value (unaudited)	818
At 31 March 2024 (unaudited)	945

19. EQUITY

As at 31 March 2024 share capital was comprised of 356,526,315 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 31 March 2024 the Company had retained earnings, including the loss for the current period, of USD 210,392 thousand (31 December 2023: USD 221,975 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) among the Company’s shareholders in proportion to their interests. The dividends were fully paid on 26 May 2023 (no dividends were declared during the three-months ended 31 March 2023). Dividends in the amount of KZT 442 thousand (equivalent of USD 0.99 thousand) per share were declared on the 17,000 authorised ordinary shares as at declaration date.

No dividends were declared during the three-months ended 31 March 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.

On 15 February 2024, the Company completed its IPO, raising KZT 54,256,673 thousand (USD 121,112 thousand). The Company is listed simultaneously on three exchanges: Kazakhstan Stock Exchange, Astana International Exchange, and London Stock Exchange. In addition to the primary offering, 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.

As at 31 March 2024 the number of authorised but not issued shares was 9,473,685.

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 three-month period ended 31 March 2024. Comparative figures for the three-month period ended 31 March 2023 is 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 Company has no instruments with potential dilutive effect.

	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
(Loss)/Profit for the period	(11,729)	929
Number of ordinary shares	331,824,561	306,000,000
(Loss)/Earnings per share – basic and diluted (USD)	(0.035)	0.003

Book value per share

In accordance with the KASE decision from 4 October 2010, the 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.

	31 March 2024	31 December 2023
Total assets	1,506,496	1,362,444
Less: intangible assets	(3,373)	(2,836)
Less: total liabilities	(1,180,277)	(1,149,085)
Net Asset Value	322,846	210,523
Number of ordinary shares	356,526,315	17,000
Book value per common share (in USD)	(0.906)	12,383.706

Share-based payments

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

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.

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) is a recurring plan granted to key management personnel, following the announcement of full year results, with each award subject to the achievement of stretching performance conditions: 60% on a range of net profit margin targets in relation to the 2026 year-end number and 40% of the award will be 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 the performance conditions.

Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) is granted entitled employees. The ESOP will vest one year after the IPO, subject to continued service, with no further performance conditions.

Number of awards	Employee Incentive Plan
Outstanding at 1 January 2024	-
Granted	6,060,030
Forfeited	(253,528)
Outstanding at 31 March 2024	5,806,502

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

The fair value at grand date is the share placement price is KZT 1,073.83 (USD 2.375)

Total expense recognised in the three-month period ended 31 March 2024 in respect to equity-settled share-based payment was USD 1,496 thousand. Expenses for performance condition plans were based on the assumption of a 50% performance level.

20. DEFERRED REVENUE

'000 USD	31 March 2024 (unaudited)	31 December 2023
Unearned transportation revenue	90,951	72,440
Customer loyalty program provision	12,361	11,928
	103,312	84,368

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.

Due to the short-term nature most of the Group's performance obligations, the opening balance of unearned transportation revenue less the refunded amounts was recognised as revenue in 2024.

21. PROVISION FOR AIRCRAFT MAINTENANCE

'000 USD	31 March 2024 (unaudited)	31 December 2023
Engines	228,242	210,975
D-Check	22,111	22,486
Landing gear	6,133	6,141
Provision for redelivery of aircraft	6,027	5,864
Auxiliary Power unit	4,966	5,328
C-Check	2,609	2,994
	270,088	253,788

The movements in the provision for aircraft maintenance were as follows for the three-month periods ended 31 March 2024 and 31 March 2023:

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
At 1 January	253,788	189,643
Accrued during the period (Note 7)	23,922	22,773
Reversed during the period (Note 7)	(664)	(1,142)
Unwinding of the discount	921	1,192
Used during the period	(7,879)	(6,780)
At 31 March (unaudited)	270,088	205,686

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	31 March 2024 (unaudited)	31 December 2023
Within one year	104,903	105,170
During the second year	42,984	62,411
During the third year	54,152	59,412
After the third year	68,049	26,795
Total provision for aircraft maintenance	270,088	253,788
Less: current portion	104,903	105,170
Non-current portion	165,185	148,618

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	31 March 2024 (unaudited)	31 December 2023
Trade payables	57,077	62,929
Deposits received from agents	7,755	7,250
Due to employees	7,524	6,860
Advances received	6,540	8,570
Taxes payable	3,399	1,637
Vacation pay accrual	2,051	1,005
Pension contribution	1,188	1,014
Other	160	1,736
	85,694	91,001

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

'000 USD	31 March 2024 (unaudited)	31 December 2023
Tenge	32,971	43,945
US Dollar	31,060	37,505
Euro	5,684	4,395
British Pound	1,137	958
Other	14,842	4,198
	85,694	91,001

23. LOANS

'000 USD	31 March 2024 (unaudited)	31 December 2023
<i>Current</i>		
Current portion of loan	311	412
	311	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. As per the loan agreement with JSC Halyk Bank of Kazakhstan the Technical Center (Hangar) in Astana with a carrying amount of USD 18,276 thousand was pledged in favor of JSC Halyk Bank of Kazakhstan on 5 May 2021 (Note 10). In 2022, the land plot, where the 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.

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 31 December 2023 the Group had available credit lines totalling USD 153,000 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 31 March 2024 and 31 December 2023 the Group's loans are fully denominated in US Dollar.

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 31 March 2024 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 31 March 2024 and 31 March 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 739,269 thousand (31 March 2023: USD 703,269 thousand) (Note 10).

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2024 (unaudited)	31 December 2023	31 March 2024 (unaudited)	31 December 2023
'000 USD				
Not later than one year	215,458	214,585	175,761	174,997
Later than one year and not later than five years	516,613	512,484	434,432	431,400
Later than five years	118,926	121,453	109,821	112,496
	850,997	848,522	720,014	718,893
Less: future finance charges	(130,983)	(129,629)	-	-
Present value of minimum lease payments	720,014	718,893	720,014	718,893
Included in the financial information as:				
- current portion of lease obligations			175,761	174,997
- non-current portion of lease obligations			544,253	543,896
			720,014	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 23) (unaudited)	Lease liabilities (unaudited)	Total (unaudited)
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	-	(43,583)	(43,583)
Interest paid	(519)	(11,408)	(11,927)
Repayment of additional financing	(101)	-	(101)
Total changes from financing cash flows	(1,037)	(54,991)	(56,028)
The effect of changes in foreign exchange rates	417	91	508
Other changes			
New leases and modifications	-	43,852	43,852
Interest expense (Note 8)	519	12,169	12,688
Total other changes	519	56,021	56,540
Balance as at 31 March 2024	311	720,014	720,325

'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	(2,067)	-	(2,067)
Proceed from borrowings	35,000	-	35,000
Repayment of lease liabilities	-	(38,972)	(38,972)
Interest paid	(207)	(9,882)	(10,089)
Repayment of additional financing	96	-	96
Total changes from financing cash flows	32,822	(48,854)	(16,032)
The effect of changes in foreign exchange rates	-	100	100
Other changes			
New leases and modifications	-	22,208	22,208
Interest expense (Note 8)	341	10,452	10,793
Total other changes	341	32,660	33,001
Balance as at 31 March 2023	45,259	716,710	761,969

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 31 March 2024, a foreign currency loss of 16,458 USD thousand (31 December 2023: USD 19,613 thousand), before income tax of USD 3,292 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 three-months 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 3,155 thousand (before income tax of USD 631 thousand) (three-months ended 31 March 2023: USD 3,070 thousand (before income tax of USD 614 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 31 March 2024 and 31 December 2023 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 31 March 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 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	31 March 2024	31 March 2024	31 December 2023	31 December 2023
		KZT (unaudited)	EUR (unaudited)	KZT	EUR
'000 USD					
Assets					
Other taxes prepaid	16	12,317	-	10,247	-
Trade and other receivables	15	23,696	1,683	16,008	1,757
Income tax prepaid		23,734	-	13,259	-
Cash and bank balances	17	6,335	5,341	3,869	1,686
Guarantee deposits		358	305	341	313
Total		66,440	7,329	43,724	3,756
Liabilities					
Trade and other payables	22	32,971	5,684	43,945	4,395
Lease liabilities		6,542	-	4,832	-
Total		39,513	5,684	48,777	4,395
Net position		26,927	1,645	(5,053)	(639)

As at 31 March 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 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
31 March 2024	10%	10%	(10%)	(10%)
Profit/(loss)	2,154	132	(2,154)	(132)
'000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
31 December 2023	10%	10%	(10%)	(10%)
Profit/(loss)	(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
31 March 2024 (unaudited)					
Financial assets					
<i>Non interest bearing</i>					
Trade and other receivables	30,864	641	1,249	-	32,754
Guarantee deposits	342	2,366	9,324	21,934	33,966
Cash and bank balances	369,463	-	-	-	369,463
Financial liabilities					
<i>Non interest bearing</i>					
Trade and other payables	67,818	8,788	-	-	76,606
<i>Fixed rate</i>					
Loans	106	211	-	-	317
Lease liabilities	53,994	161,464	516,613	118,926	850,997

'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
<i>Fixed rate</i>					
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 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.

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 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 2024 to 2026:

'000 USD	31 March 2024 (unaudited)	31 December 2023
Within one year	34,670	22,166
After one year but not more than five years	577,012	511,496
More than five years	876,211	852,470
	1,487,893	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.

In 2024 the Group signed operating lease agreements for two A320ceo, one A320neo and one A321neo aircraft with expected delivery dates in 2024-2025.

In the first quarter 2024 one A321neo was delivered.

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:

'000 USD	31 March 2024 (unaudited)	31 December 2023
Within one year	2,014	1,054
	2,014	1,054

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 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 fully repaid the fine in January 2024. 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 might 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

As of March 31, 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 year, which is included in employee costs:

'000 USD	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Wages and salaries	3,537	2,833
Share-based payment	1,366	-
Termination benefits	268	-
Social tax	329	263
	5,500	3,096

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	Three-month period ended 31 March 2024 (unaudited)	31 March 2024 (unaudited) Outstanding balance	Three-month period ended 31 March 2023 (unaudited) Transaction value*	31 December 2023 Outstanding balance
Services received	Transaction value			
State-owned companies	48,429	685	38,921	10
Shareholders and their subsidiaries	6,687	(869)	16,292	4,867
	55,116	(184)	55,213	4,877

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

'000 USD	Three-month period ended 31 March 2024 (unaudited)	31 March 2024 (unaudited) Outstanding balance	Three-month period ended 31 March 2023 (unaudited) Transaction value*	31 December 2023 Outstanding balance
Services provided by the Group	Transaction value			
Shareholders and their subsidiaries	284	232	325	184
	284	232	325	184

* Transaction values with related parties for 2024 was presented without value-added tax amounts. Comparative figures for 2023 were adjusted accordingly.

All outstanding balances with related parties are to be settled in cash within three 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 14 May 2024.